

EIR

Executive Intelligence Review

November 6, 1992 • Vol. 19 No. 44

\$10.00

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How 'psychological testing' brainwashes youth
New U.S. assault on Ibero-American military

**The case for maglev:
paying more is cheaper**



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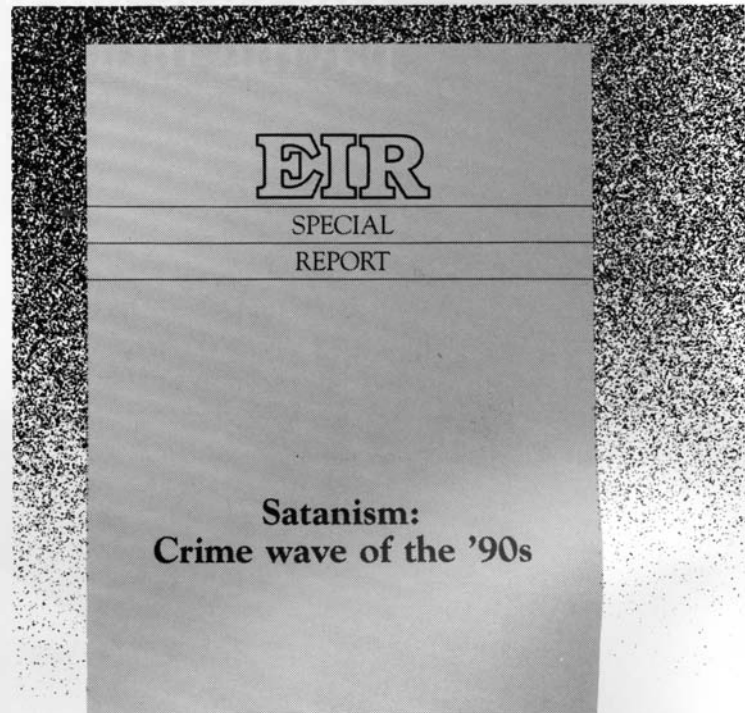
Crime Wave of the '90s

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EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by *EIR News Service Inc.*, 333½ Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.

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In Mexico: *EIR*, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

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Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Editor

If the Chicago Federal Reserve Board's thinking about what is "cost effective" in transportation had been around in the last century, no railways would have been built. No one would have even bothered to tame horses in an earlier era. See the *Feature* to learn why.

As author Chris White states, "This article reviews the case for maglev as a transport system, by way of a review of flawed earlier studies on high-speed rail options for the United States. This is to establish economic cost parameters in this area of infrastructure development, and to debunk the prevailing, usurious financial criteria which are used to determine the viability, or non-viability, of such projects."

And he adds later, "The conclusion ought to be drawn that this new propulsion method for ground transportation should become the technology of choice as rapidly as possible. Why waste money and labor perpetuating systems of transportation which are rendered obsolescent in ways more profound than was the horse by the steam engine, or the steam engine by electric traction? And which will have correspondingly earth-shaking benefits outside the field of transportation as such."

This week's *Feature* ought to be required study material for high school courses in what used to be called "civics." It will certainly do more for the future of families than so-called family life education or the "psychological testing" skewered in our lead book review. And it merits careful study by every candidate for a public office in the United States.

Otherwise, we have assembled a powerful strategic briefing for *EIR* readers about the world emerging in the wake of the U.S. elections. In Britain, the Major government could be history by the time you read this. The Lithuanian election results cast a lengthening shadow of impending misery, loss of sovereignty, and even potential war over the former Soviet Union.

The latest rampage against our Ibero-American neighbor nations by the State Department, in the form of renewed attempts to wreck the armed forces, is the other face of plans to make Ibero-America a matter of "domestic policy" under the NAFTA free-trade accord. Your special attention is drawn to the article on the trial of Laith Shubeilat in Jordan, signaling a sharp worsening of U.S. policy toward that part of the world.

Nora Hamerman

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Feature



Germany's Transrapid maglev model, viewed from below. The elevated guideway design seems to increase the investment cost, but also the productivity of the system.

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Paying more is cheaper

Washington officials are talking about spending \$30 million to "study" options for high-speed rail transportation. But there is already one viable option available for upgrading U.S. surface transportation, the magnetic levitation system. Sure it costs money, but looked at from the standpoint of the real, productive economy, it's a bargain at the price. Chris White continues *EIR's* series of studies of the physical economy.

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Federal regulators fear a banking panic

by John Hoefle

The fear of a public panic is never far from the minds of federal banking regulators these days, as evidenced by an extraordinary press conference on the health of the banks held by regulators in Washington on Oct. 23. Federal Reserve System governor John LaWare, in his capacity as chairman of the Federal Financial Institutions Examination Council, called it to denounce the recent "Banking on the Brink" study by Roger Vaughan and Edward Hill. Joining LaWare were Andrew Hove, acting chairman of the Federal Deposit Insurance Corp. (FDIC), and representatives of the Office of the Comptroller of the Currency and the Office of Thrift Supervision.

"In our judgment," LaWare said, "the estimates in Messrs. Vaughan and Hill's study are alarmingly high and almost totally out of line with our analysis and realistic expectations. Public confidence in the banking system is essential for the smooth operation of the economy, and it is not in the public interest to have that confidence undermined by misleading research conclusions."

LaWare's attack on the study for alarming the public and undermining public confidence in the banking system is a continuation of the deliberate policy by federal regulators of concealing the insolvency of the U.S. banking system as a whole, and of the big banks in particular. Were the public to learn the truth about the banking system, the resulting panic would quickly overwhelm the regulators' covert bailout of the big banks, and bring down the entire house of cards.

The 'December Surprise'

The regulators' "speak no bankruptcy" policy continued at an Oct. 26 hearing of the Senate Banking Committee, called to discuss the possibility of a "December Surprise" rash of bank failures beginning Dec. 19, when the 2% tangible capital-to-assets ratio mandated by the FDIC Improvement Act of 1991 takes effect. On that date, banks which fail

to meet the 2% standard will have no more than 90 days to find new capital, sell themselves to healthier institutions, or convince regulators they are on a path to do so; otherwise, regulators will be required by law to close them down.

Committee chairman Don Riegle (D-Mich.) opened the hearings by noting that the FDIC had projected that 200 banks with assets of more than \$80 billion would fail in 1992, but that through the end of September, only 80 banks with assets of almost \$22 billion had been closed. This discrepancy has caused many observers to accuse the agency of slowing the pace of closings for political purposes.

Such accusations were quickly denied by Hove. "The fewer than expected closures of banks thus far in 1992 have been due to low interest rates and the ability of some troubled banks to improve their condition," Hove claimed, citing the mythical \$16.7 billion increase in the total equity capital of the U.S. banking system during the first six months of 1992, thanks to two quarters of mythical record profits. Hove further claimed that the 85 banks with total assets of some \$29 billion, which the FDIC had closed through Oct. 16, represented "an extremely high number by historical standards."

There will be no "December Surprise," Hove testified. As of June 30, only 263 FDIC-insured banks with assets of \$98 billion were considered undercapitalized, compared to 432 at the end of 1991. Of those 263, only 60 banks with assets of \$25 billion were considered "critically undercapitalized," and 14 of them, with assets of \$6.7 billion, had been closed by Oct. 16. That leaves 46 banks, with assets of some \$17.3 billion, on the list. But, as Hove noted, those numbers will change before the deadline.

Hove projected that 100-120 banks with assets of some \$37 billion would fail in 1992, meaning that another 15-35 banks, with assets of \$8 billion, are expected to close by Dec. 31. The agency expects another 100-125 banks, with

assets of \$76 billion, to fail in calendar year 1993. During the entire 1992 to 1996 period, Hove said, the assets of failed banks should total \$268 billion.

The Fed's LaWare continued the regulatory coverup, claiming that the slowed pace of bank closures was solely due to "conditions at each bank." He criticized the Hill-Vaughan study for its "extremely pessimistic" assumptions, "serious errors and shortcomings," and poor methodology. While there are a few problems, LaWare said, "a turn-around in the commercial banking industry seems well under way," and that process would be accelerated were Congress to reduce the "regulatory burden on banks."

LaWare denied that the Fed had been subsidizing the banking system through lower interest rates. "We do not make monetary policy for the benefit of any industry," he stated, directly contradicting statements by Fed Chairman Alan Greenspan earlier this month and in July, that the purpose of the Fed's series of interest rates cuts was "to facilitate the adjustment process" and help the banks "rebuild their balance sheets."

Acting Comptroller of the Currency Stephen Steinbrink completed this sideshow by warning that "even the strongest banking system cannot survive a crisis of public confidence" and voicing his concern "that reports of a 'December surprise' and allegations of undisclosed bank problems raise needless fears on the part of the public."

Dishonesty exposed

The dishonesty of the regulators' position was exposed by three witnesses in the second panel: Edward Kane, a professor of finance from Boston College; economist Dan Brumbaugh; and author Martin Mayer.

Kane testified that the accounting practices used by the banks "have much in common with the rigged scales butchers use to overcharge their clients. With a show of precision, they systematically and repeatedly mismeasure" the true financial conditions of the banks by allowing "large embedded losses to be hidden from public view." He accused regulators of "feigning ignorance about the extent of these hidden losses" and "allowing a risk-loving horde of living-dead institutions to prey on financial markets.

"The economic condition of crippled banks today parallels that of an AIDS victim who has been lucky enough to get over a bout of pneumonia," Kane said. "Although each crippled bank has received a welcome gift of time, its condition remains terminal."

Brumbaugh testified that while 92% of all banks, with 60% of all bank assets, were "healthy," the remaining 97 banks which are "unhealthy" contain 40% of all bank assets, or \$1.5 trillion, a figure larger than the entire S&L sector at its peak. While these unhealthy banks do not pose an "immediate threat" to the FDIC's Bank Insurance Fund (BIF), he said, "one can easily think of plausible scenarios in the near future when large numbers of banks with significant assets could deteriorate precipitously and pose a threat to the BIF."

Brumbaugh noted that "the number of banks and assets in banks on [the FDIC's] problem list are at historically unprecedented levels. The assets on the problem list are more than half of all the assets in savings and loans and twice the assets in credit unions. Yet, the number of failures has been falling since 1988, and the length of time has grown between the point when a bank that ultimately fails is put on the problem list and is closed. Since 1986, the FDIC and BIF reserves have fallen from a reported \$18.3 billion to a negative \$5.6 billion, and the BIF is drawing down on the \$70 billion authorized by Congress in 1991." The BIF "is now relying on loans from the taxpayer to meet its obligations," he said.

Most of the 97 "unhealthy" banks that have "tangible capital below 6% are showing definite signs of substantial trouble," Brumbaugh said, noting that a Brookings Institution task force concluded in 1989 that "adequate capital was 8% in market value terms and any level below that was weakly capitalized or worse." The 636 banks with \$1.1 trillion in assets with tangible capital levels of 5-6%, on average, "do not meet the minimum net worth requirement" of 5% that was in place for the S&Ls in 1980, making them "extremely vulnerable to deterioration that in short order could pose a threat to the BIF," he said.

Another 181 banks with assets of \$377 billion have tangible capital of 3-4%. This group, Brumbaugh said, "must include many banks that are deeply troubled. . . . Many of these banks almost assuredly pose an immediate threat to the BIF. . . . All of the remaining 180 banks with \$51 billion in assets have depleted capital and on average are earning negative net income." He added, "Most, if not all, of these banks pose an immediate threat to the BIF."

Mayer charged that the Federal Reserve had "single-mindedly targeted the profitability of the banks as its policy objective for two years, encouraging them to exploit the steepest yield curve we have ever seen in this country—475 basis points between the cost of three-month money and the yield on 30-year Treasury bonds; 250 basis points and more between the cost of nine-month money and five-year money." As a result, banks "cut their expenses by laying off loan officers" and pumped their money into Treasuries and government-insured mortgage paper. "The Fed made a bad scene worse by assigning a zero risk weighting to government bonds and a 20% risk weighting to Fannie [Mae] and Freddie [Mac] paper. . . . Thus a bank needed \$8 of capital to back every \$100 of loans, but only \$1.60 to back the ownership of \$100 of collateralized mortgage paper, and none at all to hold government bonds."

Further, Mayer said, the Treasury has "effectively leaned on bank examiners to revise their already permissive rules for the valuation of commercial real estate loans and owned properties, and to let banks create fake capital by claiming that these loans and investments are worth just about twice their real value. . . . The fundamental truth about our banking system is that there simply aren't enough good bankable assets to cover the \$3.5 trillion in bank liabilities."

Europe feuds with U.S. over GATT

by Marcia Merry

In October, the Bush administration, along with the British government of John Major, made a grandstand play to get a deal between the European Community (EC) and the United States over disputed farm and food policies before the Nov. 3 election, so Bush could announce that the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) might reach a world "free trade" treaty this winter. But as of Halloween eve, no such luck for Bush.

France and several European nations have not acceded to Anglo-American demands for deeper cuts in the already-reduced farm supports of the EC Common Agriculture Program—a concession considered mandatory by London and Washington. Thus, during October, GATT talks were a circus between the EC and U.S. representatives.

This fall marks the sixth year of negotiations for a worldwide free trade treaty under GATT, which began in 1986 in Punta del Este, Uruguay. The "Uruguay Round" was intended to be completed by 1990, but resistance has continued among the 105 member-nations of GATT.

However, with or without the niceties of a signed and sealed treaty, the Anglo-American bloc that is demanding a GATT deal is on a rampage to force "free" trade practices wherever they choose, and to break the political and economic opposition centered in continental Europe.

First, the Anglo-American interests want independent farm output potential destroyed in Europe, because they view it as threatening their domination of world food supplies from the U.S.A., Canada, and Australia. The latter nations account for over half of all world grains traded annually. Second, the Anglo-American financial interests are anxious for loot from free trade, to attempt to prop up their tottering debt and currency structures.

Grandstand for GATT

The play for a GATT agreement began on Oct. 8, when Bush announced meetings in Brussels for Oct. 11 between U.S. and EC officials. No agreement was reached. Over the following weekend, so-called technical talks were held in Canada. Still no agreement. President Bush sent a personal letter to each of the 12 EC member-nations calling for cooperation. On Oct. 21, yet another conference took place in Europe. This time the talks were a definitive bust, and for several days afterwards there were accusations as to which side was responsible for the breakdown. The United States re-

called its negotiator, Joe O'Mara. The planned followup meeting in Dublin was called off.

On Oct. 25, French Agriculture Minister Jean-Pierre Soisson held talks with six of his EC counterparts in Paris and arrived in Luxembourg the next day for an EC agricultural meeting, saying that many ministers now agreed there could be no deal before Nov. 3. A brigade of 600 French farmers blocked the highway at Colmar, near Strasbourg, to protest U.S. GATT demands.

British Agriculture Secretary John Gummer tried to smooth things over at the Oct. 26 meeting, but to no avail. France's biggest ally was Germany, whose Agriculture Minister Ignaz Kiechle said in Paris that the U.S. position was not acceptable.

Yet London and Washington persisted. Speaking at an Iowa campaign event on Oct. 27 called "Ask George," Bush said, "I'm confident we'll get an agreement." The same day, British Foreign Minister Douglas Hurd called on the EC to use today's "dramatic opportunity" for a GATT deal. EC External Trade representative Frans Andriessen canceled a trip to Asia, to wait for a potential GATT summit.

The rumor was that a deal was in the works, but a Clinton backer was in Europe to stall agreement until after Nov. 3.

A senior official of the GATT Secretariat in Geneva put the matter in historical perspective, of why elite financial interests are bent on getting a global treaty. On Oct. 26, Paulo Roberto Barto Rosa told the BBC, "The GATT is not an institution like the World Bank or IMF" (International Monetary Fund). He bemoaned the fact that in 1947, the International Trade Organization, which was to be the sister institution to the World Bank and IMF, was rejected by the negotiating countries. They would only agree to a treaty organization. So today, Barto Rosa said, GATT is "a contract in search of an institutional basis." The Uruguay Round treaty is needed to provide a "solid legal basis for autonomous decisions."

NAFTA 'across the Pacific'

Even as the GATT negotiations stall, there are talks aimed at roping in Australia, New Zealand, Chile, and other non-Atlantic countries into an expanded North American Free Trade Agreement (NAFTA). This fall Bush made a speech on American renewal and mentioned free trade "across the Pacific." Though Australian Prime Minister Keating does not say anything publicly, there are confidential activities on potential free trade deals. Judith Trotter, the New Zealand high commissioner to Canada, describes her government as "extremely interested in the negotiations" on NAFTA. Frank Lavin, U.S. deputy assistant secretary of commerce for East Asia, on Oct. 10, nominated Australia, New Zealand, Singapore, Hong Kong, and Taiwan for inclusion into NAFTA.

Chapter 22, Article 2205 of the draft NAFTA treaty allows for the inclusion of other nations. "Any country or group of countries may accede to this agreement," it reads.

GM directors bigger idiots than Stempel

by Anthony K. Wikrent

Faced with continuing multibillion-dollar losses and increasing pressure from his outside directors, General Motors chairman Robert Stempel resigned on Oct. 26. This stunning upheaval at the world's largest industrial corporation was hailed in the U.S. business media as auguring a new era of board activism. As usual, the pundits have got it all wrong. The board coup that toppled Stempel is only the latest portent of the brutal austerity that is about to be imposed on the U.S. population—right after the election, and regardless of who wins.

After a decade of grooming by the GM bureaucracy, Stempel was made chairman in August 1990. The appointment was a break from GM's tradition of having a financier as chairman: Stempel rose through GM's ranks as an engineer, and there were great hopes that finally having a "car guy" at the helm would help turn around the ailing company. GM's market share has shriveled from nearly half of the U.S. market in the 1960s and early 1970s, to little more than one-third in the late 1980s. Like Ford and Chrysler, GM needed to achieve a capacity utilization of about 85% to break even; but at the time Stempel took over, GM was operating at less than 70%, and would soon be operating at only 55%. In January 1991, GM told its workers not to return from their Christmas break for a week or two, initiating a new phase in the physical collapse of the U.S. economy.

GM's losses in 1990 were \$2.0 billion. By the summer of 1991, GM was losing over \$500 million a month in North America. Losses for the year were a devastating \$7 billion in North America, but GM's overseas profits reduced the loss to \$4.5 billion—still the largest ever annual losses by a private corporation. In December, Stempel announced a massive downsizing program, to bring operating capacity up to nearly 100% by closing 21 parts and assembly plants, and eliminating 71,000 jobs.

Stempel's undoing was that the United Auto Workers refused to play dead. In August, the UAW struck a stamping plant in Lordstown, Ohio, crippling production of GM's best-selling Saturn cars. UAW members also struck another plant and authorized strikes at two others, to protest job cuts and work rules changes. The UAW's national leadership had approved all four strikes.

With red ink gushing from everywhere, and both blue-collar and white-collar morale reportedly on the skids, it didn't take much to convince GM's outside directors (who control the GM board) that the UAW was seeking to sabotage

the massive cuts Stempel had announced back in December. Faced with the prospect of continuing losses for the next two years, and with a labor contract that has GM paying laid-off workers up to 90% of their base pay, the activists on GM's board began pressuring Stempel to confront the UAW.

Morgan interests lead the attack

Already in April, the outside directors, led by former Proctor and Gamble chairman John Smale—reportedly close to the Morgan banking interests—had demoted Stempel's hand-picked heir apparent, Lloyd Reuss, from his position as president, replacing him with John F. Smith, Jr. Smith was given greater day-to-day oversight of the company, intruding on Stempel's powers. Smith also replaced Stempel as chairman of the board's executive committee. According to reports, these changes rendered Stempel's functions largely ceremonial.

The Oct. 27 *Washington Post* reported that the effective sacking of Stempel was spearheaded by Ira Millstein, the attorney for the outside directors and a senior partner at the elite Wall Street law firm of Weill Gotshal and Manges. Back in 1990, Millstein had warned the outside directors that increasing unrest by some of GM's large institutional stockholders, such as the California Public Employees Retirement Fund, could possibly lead to "legal liability and public embarrassment."

According to the *Post*, after Stempel collapsed from hypertension in Washington, D.C. on Oct. 13, Millstein began calling Stempel loyalists in GM's hierarchy, telling them to urge Stempel to resign for medical reasons.

Joining Smale and Millstein in pressuring Stempel were Marriott Corp. chief executive J. Willard Marriott, Jr.; former Labor Secretary Ann D. McLaughlin; former CBS chairman and current chairman of the U.S. arm of S.G. Warburg, Thomas H. Wyman; NBD Bancorp chairman Charles T. Fisher III (described as "a pivotal figure in Detroit's business establishment"); and J.P. Morgan and Co. chairman Dennis Weatherstone.

But as John Nash, president of the National Association of Corporate Directors, asked the *Post*, "Where's the board been for the last 10 years?" Fisher has been a director for 20 years, Smale for 10, Wyman for 7, and Weatherstone for 6 years. Stempel had been chairman for only about two years.

To quote Michael Moore, producer of the movie "Roger and Me" that excoriates Stempel's predecessor, "What wasn't [Stempel] doing fast enough? Laying off people?" With or without Stempel, the auto management known as "Detroit" is continuing to preside over the extermination of once useful companies because of their subservience to Wall Street. Moreover, the mass layoffs under way at GM, along with the layoffs throughout the skilled work force in auto, aerospace, and related sectors, marks the end of the industrial capacity of the United States, unless emergency measures for economic recovery are implemented.

Mass protests against U.K. austerity regime

by Mark Burdman

A crowd estimated at 200,000 people demonstrated in London on Oct. 25, in a show of solidarity with 30,000 coal miners threatened with losing their jobs because of government austerity measures. The demonstration was more than three times larger than the last mass protest in London, in 1989, when tens of thousands marched against the "poll tax" imposed by then-Prime Minister Margaret Thatcher. For Britons, the scene was reminiscent of the protests of the 1960s, or even of the manifestations of unity in the face of the Nazi threat during World War II. The Oct. 25 gathering brought together an unusual broad alliance of trade unionists, businessmen, members of the House of Lords, and spokesmen for all the major parties, as well as peace activists and pro-defense stalwarts marching side by side. This is all the more amazing, since in the Thatcher years, the miners had been systematically ostracized, cast as forces of disruption of the economy.

Now, 47 years after the end of the last world war, the enemy is within. It is the economic policy of a government that has become the object of opprobrium and ridicule, not only within large segments of the population, but even within the establishment.

As emotional as the support for the miners may be, they have become a symbol of the victims of an austerity regime run amok. While the Major government was forced into a tactical retreat on the announced policy of immediately closing 31 of Britain's remaining 50 mines, the layoff wave has been rapidly spreading into other sectors. Reports have emerged that 20,000 health workers are to lose their jobs, as a result of government plans to shut or merge several leading hospitals in London; that some 15,000 railway workers will be sent to the welfare lines, due to the phasing-out of rail construction plans by the mid-1990s; and that 75,000 workers in various manufacturing sectors will be laid off during the next three months, according to an estimate made public by the Confederation of British Industry on Oct. 27.

The satirical magazine *Private Eye* in its Oct. 23 edition ran a story, headlined "Government to Close Down Country; 56 Million Jobs to Go," which said: "The prime minister last night announced the most wide-ranging shakeout in Britain's history. As from this Friday, the entire country is to be closed

down. 'I deeply regret that we have to make this move,' Mr. Major explained, 'but the country is no longer economically viable.' "

An accompanying *Eye* piece lampooned Chancellor of the Exchequer Norman Lamont, who is "cited" making "the startling revelation that there had been a large increase in the manufacturing of figures over the past six months." The article "quoted" Lamont: "From the election onwards we have produced more encouraging statistics than any other western economy. And, as every economist knows, the upturn in figure manufacture has a kick-start effect on the whole statistical fabrication industry." The item was accompanied by a graph showing rising curves for "outlooks, predictions, forecasts, and analyses."

A Major fiasco for Nov. 4?

It is being openly mooted that Prime Minister John Major could be out of power by as early as the week of Nov. 2, i.e., days after the election in the United States, where Major's fate should be providing object lessons. George Bush has modeled his campaign, in great part, on that carried out by the British Tories for their April 1992 victory in Britain's national elections. As for Bill Clinton, on Oct. 18, in an exclusive interview with the *Sunday Express*, he said he hoped to "be able to forge a strong and trusting relationship with John Major." Clinton may be better off continuing to forge close links with the late Elvis Presley.

Major's government has become a national embarrassment, ever since it pulled the British pound out of the European Exchange Rate Mechanism, on "Black Wednesday," Sept. 16. As recently as Oct. 14, the government was faced with a repudiation of its mine-closure plans in the House of Commons, until it made a last-minute retreat. But now the new "H-Day" (H for Humiliation) could be Nov. 4.

Major insists on scheduling a motion in the Parliament on that date, on the issue of the Maastricht treaty. The motion itself is unnecessary, from the standpoint of what passes for constitutional law in Britain, but Major insists on forcing it through, as a test of his regime's commitment to the unpopular treaty. So dogmatic is his support for Maastricht, that he has suggested that he would resign and force new general elections, were he defeated in Parliament on Nov. 4. During the week of Oct. 19, Major declared: "If people don't trust me, they should find someone they do trust."

Then, while he was away on a trip to Egypt, senior officials in London insisted that this was a resignation threat. It is not to be excluded that relevant senior officials, frantic to get him out, encouraged that interpretation of Major's words. The other interpretation is that he is bluffing, in order to have his opponents in the Conservative Party back down on Maastricht. That bluff may backfire. As Nov. 4 neared, some 40 Tories were planning to vote against the government, enough to ensure a defeat. There is even speculation that Major may withdraw the Maastricht bill, to avoid humiliat-

tion. But should he do so, he will be pilloried for a new U-turn.

'Throwing himself on barbed wire'

London *Observer* political commentator Simon Hoggart characterized Major's strategy thusly, in an Oct. 25 article entitled "A Whiff of Defeat in the Air": "It seems now that every time John Major sees a roll of barbed wire, he is seized by the impulse to throw himself upon it. . . . It is conceivable that he might not be prime minister two weeks from now." Hoggart derided Major for insisting, against all reason, that the Parliament approve his Maastricht policy, or he will resign.

Hoggart said that Major has made every possible mistake there is to make in the weeks after Black Wednesday. Since Sept. 16, Britain has had four different economic policies. Among the insiders in the Whitehall civil service, who occupy eminent posts as permanent secretaries in various ministries, the Major government is perceived as the most incompetent in memory. Indeed, the government "has been in a state of almost continual crisis" since Sept. 16, "exacerbated by a constant refusal to recognize how deeply in trouble they are." So despised are its policies that there is even a mood of nostalgia in certain quarters for Margaret Thatcher to come back as prime minister! According to Hoggart, Major is increasingly "emulating Field Marshal Haig," the World War I general who sacrificed the lives of tens of thousands of British youths in battles that never had to be fought: "Major has decided to hurl himself at yet more unnecessary enemies."

A similar view was taken by *Financial Times* commentator Joe Rogaly on Oct. 27: "No sane government ties a hand-grenade round its waist and threatens to pull the pin if it does not get its way. For Mr. Major and his colleagues to do so is a clumsy confidence trick." Until that, Rogaly noted, he had doubted that Major would be out of office soon, despite the big political-economic crisis in Britain and his loss of credibility. But now, "what point is there in Mr. Major carrying on" if the Maastricht bill is indeed defeated Nov. 4?

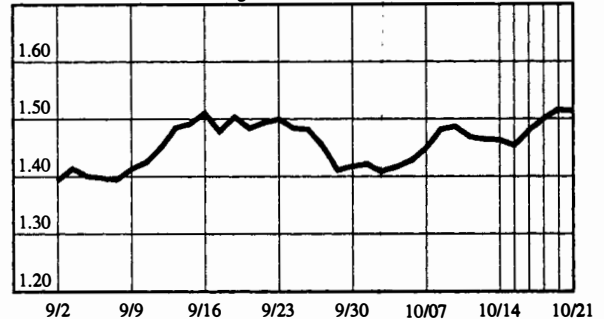
Britain's tabloids are having a field day, speculating that Major has become mentally unhinged. The *Sun* of Oct. 23 headlined, "Are You Going Bonkers in a Major Way?" The *Mirror* of Oct. 27 quoted one unnamed cabinet minister: "It could be the time for the men in white coats."

More seriously, a new Labour Party report entitled "Crumbling Britain," documents that Britain under the Tories has invested less in schools, roads, and housing than any industrialized country excepting Greece. Another relevant comment was that of London *Guardian* finance editor Will Hutton. He wrote on Oct. 27 that what is needed is "thinking about the interrelationships between public infrastructure spending, the real economy, and the consequent impact on public finances." Among his various proposals, he insisted that Britain create a "national investment bank."

Currency Rates

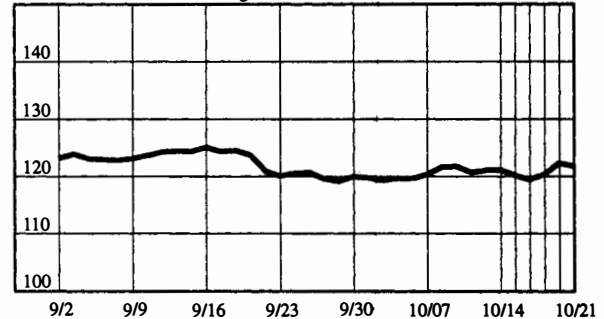
The dollar in deutschemarks

New York late afternoon fixing



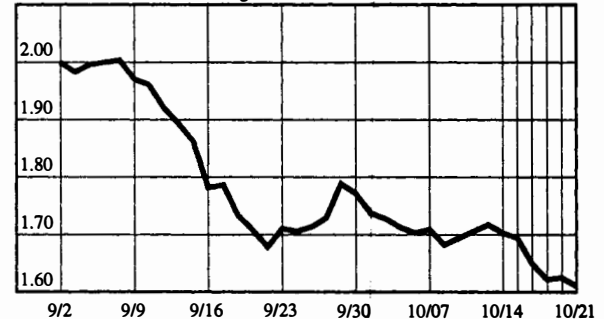
The dollar in yen

New York late afternoon fixing



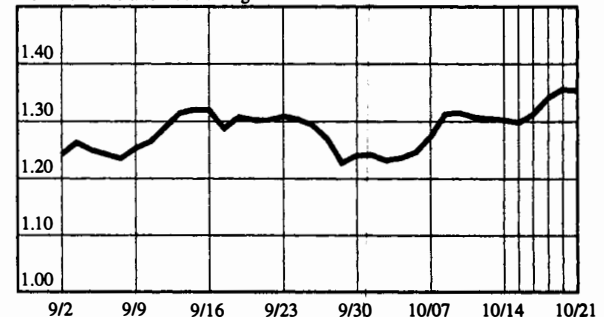
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



World Bank splits on Indian river project

by Susan B. Maitra

On Oct. 23, the World Bank Board of Executives, after an unusual, seven-hour heated debate, on a split verdict decided to continue its support to the Narmada River Valley project, now well under construction. Activists within and outside of the bank had launched a no-holds-barred attack on the bank, urging it to discontinue its financial support and condemn the \$5 billion river valley project.

The bank, in extending its support, however, has made it conditional and has asked the government of India to rectify the alleged deficiencies in the rehabilitation and resettlement program, the bone of contention among the activists, within the next six months. The bank also said that it would send a fact-finding team in April 1993, to evaluate the actions to be taken by the Indians in order to meet the bank's requirements.

The Narmada River project is mammoth; work on it began over two decades ago. The project encompasses construction of 30 major dams, 135 medium dams, 3,000 minor dams, and more than 75,000 kilometers of canals. The total project area is 96,350 square kilometers and involves three Indian provinces.

Environmentalist assault

The environmentalists' efforts to stop the construction of the major dams and canals received a boost recently when an independent commission, headed by a former U.S. congressman, Bradford Morse, and sponsored by the bank, was released in June. The independent review, the first of its kind ever of thousands of projects funded by the World Bank, had strongly criticized the bank management's approach and had called for an immediate suspension of the bank's support. Morse, who has since turned into a full-fledged activist, fired off a letter to the bank president urging him to cancel the project, citing the bank's misrepresentation of findings and conclusions of his report. The bank president, Lewis T. Preston, however, had come out strongly in support of the bank's staying with the project, and called Morse's assertions "disconcerting."

The Morse Report did provide the militant environmentalists, inside and outside India, the necessary fodder. Following Morse's press conference in Washington, the issue was given the boost by such well-heeled environmentalist

groups as the Environmental Defense Fund (EDF), in conjunction with the human rights activists of Asia Watch. EDF lawyer Lorie Udall told newsmen at a press conference in Washington in June that she and others had finally convinced two World Bank executives, who, in the process, convinced Barber Conable (then bank president) that the Morse Report was "a good way to settle things" and that the study "will have far-reaching implications for other bank projects."

Udall's activism, however, did not stop at that. One full-page ad appeared in the *New York Times* and another in the London *Financial Times* on Sept. 21, apparently to exert more pressure on the bank executives scheduled to decide whether the bank would continue its support to the project. The paid ads carried names of various environmental organizations from around the world. However, a few well-funded groups such as the Friends of the Earth, EDF, International NGO Forum on Indonesia, and the Sierra Club had footed the bill. Calling the river valley project "one of the worst human and environmental disasters the World Bank has ever funded," these ads appealed to U.S. taxpayers to stop the bank from continuing its support to the project.

The September-October issue of the *Ecologist*, a magazine printed on recycled paper whitened by hydrogen peroxide and published from Agricultural House (more appropriate perhaps would have been the Vegetable House) in Dorset, England, carried an open letter to the bank president, drafted by its editors. The editorial board, which includes representatives from such semi-terrorist outfits as Probe International and Consumer Association of Penang (Malaysia), anchored its argument on the Morse Report and added further color to it. The editorial urged the bank to withdraw its support because the project is environmentally unsound, and also it made known that "tens of thousands in the Narmada Valley have vowed to drown rather than leave their homes."

The *Ecologist*, known for its propensity to promote "monumental frauds," wrote that the project would die a natural death if the World Bank discontinues its support, because the Indian government will not be able to secure the funds "to continue its massive folly."

Project will proceed

However, the truth is just the opposite. A senior bank official, Mohammad L. Ashray, two days before the executives met, told an Indian newsmen that the Narmada Dam will rise "whether we like it or not." He pointed out that "this is an Indian project and the project of three states—Gujarat, Maharashtra, and Madhya Pradesh." The project would cost about \$5 billion. As against this, the World Bank assistance amounted only to \$350-400 million. Ashray said it is unrealistic, therefore, to focus on the World Bank role, even though the issue has created sharp differences within the bank staff, executives, and board. However, the project is now part of the "green politics," with participation from hardcore greens and bank executives, at the expense of the Indian people.

FDIC stomps out farms

The case of the foreclosure of the Zenker family farm in North Dakota reveals rampant corruption of federal agencies.

Beginning Dec. 19, or even sooner, the Federal Deposit Insurance Corp. can be expected to conduct wholesale shutdowns of local banks. Moreover, the recent history of the FDIC shows naked corruption in the way it is moving against farmer borrowers, as the case of the Zenker family in North Dakota demonstrates.

In Regent, N.D., the family farm run by La Verne and Kay Zenker has been served notice of foreclosure action because of a series of blatant wrongdoings by federal agencies, including the FDIC, the Farmers Home Administration (FmHA—the U.S. Department of Agriculture's farm lender of last resort), and local, state, and federal law enforcement officials.

In the course of such FDIC and FmHA foreclosure actions against farmers, profiteering middlemen are making huge gains because they have bought up FmHA-guaranteed loans to farmers, so when the farmer is shut down, the middleman collects. One of the largest profiteers is the giant Rabobank, based in the Netherlands, which has bought masses of U.S. government-backed farm loans.

Understanding the case of the Zenker family is part of mobilizing to enforce national emergency action to stay farm, home, and essential business foreclosures, and to replace the regime of the Federal Reserve with a credit system in service of agriculture and industry.

Over the past year, the Zenker case has been publicized by the Schiller Institute's Food for Peace effort and its collaborators. Lately, on the

eve of the Nov. 3 election, Keith Magruder, a farm activist in the Dakotas, wrote a letter to the editor of *Farm and Ranch Guide*, which was published on Oct. 23, to sound the alarm on the criminality perpetrated against the Zenkers and other farmers. We publish first the background to the case, then excerpts from Magruder's letter.

In 1987, the Zenkers applied for a loan to the First State Bank of Regent to buy a farm. The bank wouldn't lend the money without a loan guarantee, which was approved by FmHA. The bank also agreed to provide operating money for fuel and repairs, and to allow the Zenkers to lease 66 milking cows in order to generate sufficient income to make their payments.

Within 18 days, First Bank of Regent had sold the Zenkers' loan for cash to Rabobank. First Bank then proceeded to renege on the agreement to provide operating funds, to the point that the family lacked fuel for machinery to harvest crops in the field. There was no money for repairs or for shipping of hay for livestock. The promised cows never arrived.

After this sabotage, the First Bank then moved to foreclose in 1989, whereupon Rabobank immediately cashed in the loan guarantee. First Bank was paid off, Rabobank promptly got its government money, while the Zenkers and their four children were cast onto the scrapheap.

However, before foreclosure proceedings were finalized in 1990, First Bank was seized by the State Bank Commissioner and the FDIC, and is now under investigation. The Zenkers

are still living on their land, but the FDIC is moving for summary judgment on behalf of FmHA.

Magruder's letter quotes a statement by La Verne and Kay Zenker:

"The FDIC and FmHA know we never received all our dairy cows after our FmHA guaranteed loan was closed. Therefore, we were unable to repay our loan. The FDIC and FmHA knew this, but approved foreclosing our farm anyway.

"We now have a judgment against our farm by the FDIC. Why is the FmHA allowing this? How can a bank tell the FmHA in writing that our loan would be repaid with milk income from cows that did not exist? . . .

"The day after the loan closing we went to the bank to get money for the cows. The bank said they never agreed to provide them! The FDIC has closed the bank, and is investigating the banker for potential criminal fraud on many loans. The FDIC said to us, you signed a note. You aren't paying it. Get off your farm and surrender to the FDIC. . . .

"The FDIC admits they are collecting for the FmHA! Why did the FmHA approve this loan without first checking the condition of the cows, the payment source for the loan? (At least to make sure they existed before giving the bank \$250,000.) The FDIC says we have no rights to sue for defense of this fraud and deceit. . . .

"So far, neither our congressman, senator, ag commissioner, U.S. attorney, or attorney general have helped us. We can prove there are many more in our local bank treated like we were. How many are there statewide?"

Magruder wrote, "I resigned from Farm Credit Services because I saw too much of this type of abuse. Few listened to me or even cared. I sincerely hope you do care and will act to save us taxpayers and farmers needless grief."

Business Briefs

Debt

Repudiate malthusian conditions, say Catholics

A proposal to suspend repayment on all loans which were contingent on adoption of malthusian policies was put forward by a group of lay Catholics at the Latin American Bishops Conference (CELAM), which began meeting on Oct. 12 in Santo Domingo, the Dominican Republic.

"We know and have proof that loans from various international agencies, for the last 20-30 years, are contingent on the recipient country imposing birth control programs," charged Cristina Vollmer, head of the lay group, from the plenary floor. When debtor countries balk at such policies, she explained, they are simply denied credit.

"Birth control in Latin America and the Caribbean is a form of racism which greatly favors large multinational corporations," said Vollmer, a Venezuelan who was the Holy See's envoy to the Earth Summit in Rio de Janeiro last June. She singled out the Ford and Rockefeller foundations for coordinating such policies, and added that she is "certain" that the U.S. Agency for International Development (AID) and the World Bank practice such policies as well.

Israel

'Free market' economics a disaster, says Zvi

Hershel Zvi attacked free market economics in a commentary in the Oct. 22 edition of the weekly *Houston, Texas Jewish Herald-Voice*. The piece was in response to an accompanying article by Hollinger Corp. head Conrad Black which was syndicated by the *Jerusalem Post*. Zvi assailed Black for his argument that Israel needs more free market economics of the kind associated with former British Prime Minister Margaret Thatcher and the Reagan-Bush team in the United States.

As the result of the free market deregulation of the Thatcher and Reagan eras, wrote Zvi, "today, Britain and the United States are

mired in a deep recession, one that a handful of honest economists now admits is really a depression. . . .

"The economic miracle which enabled Israel to survive and prosper in the decades after its birth was based on precisely the outlook which Black has attacked, one in which the state plays a critical role. It was through the state's role in directing credit, enforcing regulations, and adopting protectionism, that scientific and technological progress was fostered," Zvi wrote.

"While there are economic problems facing Israel, many of them stem from the advance of a global depression, one which has been caused by the implementation of the policies promoted by Black. For Israel to adopt his proposals would be a prescription for disaster."

Ukraine

New prime minister rejects 'shock therapy'

Ukrainian Prime Minister Leonid Kuchma rejected the Polish "shock therapy" model, in an interview in the Oct. 21 French daily *Le Figaro*. At the same time, Kuchma praised the slave-labor "China model" as an ostensible "alternative" to the International Monetary Fund (IMF) policies. Backing for the China model coupled with attacks on the IMF and "shock therapy" has become characteristic of the military-industrial complex faction in the former Soviet Union, including from Russian Civic Union head Arkady Volsky in recent weeks.

"I appreciate the situation in Hungary. I don't understand, on the other hand, the privatization *à la Polonoise*, is like an earthquake. By contrast, I very much like the Chinese variant," Kuchma said. When asked, "Including its political consequences?" Kuchma responded, "You understand perfectly well what I want to say. It is not a matter of tanks. In any case, the primary thing that the Chinese have done, is to distribute land to the peasants. Additionally, there was the creation of free economic zones." *Le Figaro* persisted, "How can that be transposed into Ukraine?" Kuchma answered that such zones could be created in

"Crimea, Odessa, the Transcarpathians," adding that the appropriate economic infrastructure requires, obviously, the avoidance of political instability.

Kuchma is critical of the IMF, saying that while he looks forward to cooperating with the IMF, that must be "without diktat," especially if the IMF demands overly severe budget cuts.

According to *Le Figaro*, Kuchma was making his first visit abroad to Russia, arriving in Moscow on Oct. 22. He is taking this trip "even before he has formed his cabinet." Kuchma stressed the importance of maintaining good relations with Russia: "To say, today, that we can take a path separate from that of Russia is not serious. We must harmonize our economic policies, but that does not mean that Ukraine must submit to Russia."

Cold Fusion

'Direct evidence' of deuterium reaction found

Researcher Eiichi Yamaguchi observed helium-4, one of the products of deuterium fusion, in five separate cold fusion experiments, the Nippon Telegraph and Telephone Corp. (NTT) announced at a press conference in Tokyo, the Oct. 23 *Wall Street Journal* reported. An NTT spokesman said, "This success will be an important step toward the realization of clean energy for the future."

Yamaguchi's experiment differs from the usual cold fusion experiments. He takes a small plate of palladium metal coated with gold on one side and manganese oxide on the other, saturates this with deuterium, and then heats it in a vacuum chamber. He describes his experiment in an interview in the Fall 1992 issue of *21st Century Science & Technology* magazine. However, his finding of helium-4 occurred later.

The Oct. 19 *Wall Street Journal* reported on cold fusion experiments using light water (ordinary H₂O) as opposed to heavy water. Whatever is happening in the experiments, reporter Jerry Bishop said, "it isn't the nuclear fusion" that the scientists originally thought. Light water has no deuterium, the heavy isotope of hydrogen, and therefore deuterium fusion could not take place.

Briefly

Curiously, Bishop reports only on the five labs that have achieved excess heat using light water, and makes no mention of the many experiments with heavy water that have replicated and expanded on the original experiments of Martin Fleischmann and Stanley Pons in the United States, Japan, Russia, India, France, and elsewhere. Among the light water results he mentions are those of Randell Mills (covered in the Spring 1992 issue of *21st Century Science & Technology*) and those of the Bhabha Atomic Research Center in Trombay, India, where "all but one of 25 light water experiments have produced excess heat."

Eastern Europe

Western aid not matched to needs

The Organization for Economic Cooperation and Development (OECD) has found that western aid offered is not what eastern European republics want or need. In a new study on western aid to the new republics of eastern Europe and Central Asia, based on a computer list of 750 requests for aid and 2,600 offers of aid compiled since July, the OECD found that there were huge mismatches between what was desired and needed, and what was being provided, the Oct. 17 London *Financial Times* reported.

While there has been duplication in the food and medicine being provided by the West, the republics say they have been given insufficient aid in shelter, housing, and construction, there is not enough assistance to convert military industries to peaceful uses or to improve the ability to provide health services, and there is not enough support for democratic institutions. At the same time, there are too many offers to teach "management skills" or provide "comprehensive economic reform plans."

On Oct. 29-30, ministers and senior officials from 70 donor and recipient countries will meet in Tokyo to review the aid given so far, and its efficacy. It is expected that the conference will propose changes in the aid programs of western nations.

AIDS

Kenya could be wiped out, President warns

"If there is anything that could wipe out Kenya's population, it is AIDS," Kenyan President Daniel Arap Moi warned, according to coverage in Oct. 19 German newspapers. Moi noted that there is a dramatic increase in the number of people sick with AIDS from 1990 until now.

According to World Health Organization (WHO) figures, every 40th African is already infected with the HIV virus—compared to every 250th person worldwide.

The World Bank has already adjusted its projections for life expectancy, and it expects a decrease of the average life expectancy from 62 to 48 years of age in Africa.

Health

New diseases pose serious threat to U.S.

"The emergence of new infectious diseases such as AIDS and the reappearance of old scourges such as tuberculosis pose a serious public health threat that the United States is ill-prepared to address, an expert panel of the Institute of Medicine warned," the Oct. 16 *Houston Chronicle* reported, in an article headlined "Panel Warns that New Diseases Pose Serious Threat to Nation." The panel echoed warnings against the threat of new diseases made by independent presidential candidate Lyndon LaRouche beginning in the mid-1970s.

The report is entitled "Microbial Threats to Health in the United States," (National Academy Press, 1992, 308 pages).

The panel attributes the problem of re-emerging diseases to complacency going back to the late 1950s when "many public health officials began to believe the war on infectious diseases had been won." The *Houston Chronicle*, however, makes no mention of inadequate funding for health care. To deal with the problem, the panel recommended that "the United States beef up its vigilance in tracking and responding to new outbreaks."

● **THE WORLD BANK** has found that one-third of its projects fail to meet objectives, according to an internal study, the Oct. 17 *Journal of Commerce* reported. One standard which must be met for the bank to grant its support, is that a project "earn the equivalent of a 10% return on the bank's money."

● **AFRICA** needs the Japan economic model, Bolya Baenga of Zaire told Reuters Oct. 20. "To follow Japan is the best method for Africa. The Meiji model is a universal experience just like the democratic political system and human rights of the West," said Bolya, author of *Africa in Kimono*.

● **THE REAGAN-BUSH** administration has "unscrupulously sacrificed the interests of a civilized society," the German financial daily *Handelsblatt* charged Oct. 22 in a survey on the U.S. economy. The vast debt burden is not the root of the underlying problems, but is preventing a solution, it said.

● **PUBLIC CONSTRUCTION** collapsed by 30% in 1991 in Italy, partly as a result of the "Milagate" scandal, the National Association of Building Contractors, *L'Unita* reported Oct. 23. "For a large number of companies, already facing a deadly financial crisis, this could be the final shot, opening the way to a buy-out campaign at sale prices . . . probably from foreign giants."

● **RUSSIA** is "politically and economically on the scrap heap" as a result of the policies of the Gaidar government, declared Russian Vice President Aleksandr Rutskoy, the Oct. 22 *Rossiiskaya Gazeta* reported. If the "so-called reforms" go any further, then Russia should "invite the Italian Mafia" to give "practical training," he said.

● **BURUNDI** is trying to stop a meningitis epidemic, and the health minister has announced the closing of primary schools. In a few weeks, more than 1,200 cases have occurred and 207 patients have died.

The case for maglev: Paying more is cheaper

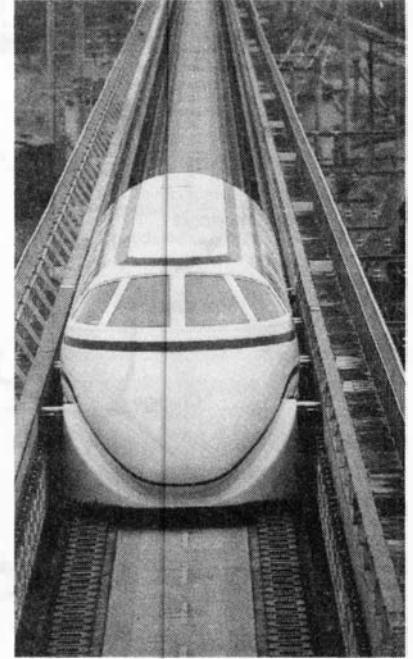
by Chris White

This article on infrastructure and economic development costs in transportation, is part of an ongoing series of economic studies of the physical economy. The first in the series, entitled "Infrastructure and Economic Development," appeared in the May 29 EIR.

The Bush administration has announced plans to spend \$30 million over the next six years "to study" high-speed rail transportation in five so-called "corridors." The funding for the studies was provided under the five-year, \$150 billion Transportation Act of 1991. The five corridors include lines from Chicago to Detroit, Milwaukee, and St. Louis; a stretch between Miami, Tampa, and Orlando; a line linking Washington, D.C. with Charlotte, North Carolina via Richmond, Virginia; various routes in California; and a link between Seattle and Vancouver, British Columbia. Ceremonies are being organized in different parts of the country to celebrate the announcements. It is not known how much of the first \$7 million outlay will be spent for the celebrations.

The study plans are another absurdity, presumably to be inherited by whoever becomes President after Nov. 3. There is one viable option for upgrading U.S. surface transportation, the magnetic levitation system known as maglev. No more studies are needed to establish that. The system, in its first-generation form, will provide a starting point for providing this country, and any other, with a transportation system fit for the twenty-first century. It will upgrade inter-city transportation, and will provide a means for modernizing broken-down urban mass transit systems or developing them where they do not exist. Maglev will revitalize manufacturing industries and bombed-out industrial urban centers alike.

This article reviews the case for maglev as a transport system, by way of a review of flawed earlier studies on high-speed rail options for the United States. This is to establish economic cost parameters in this area of infrastructure development, and to debunk the prevailing, usurious financial criteria which are used to



Left to right: the French high-speed TGV; Amtrak's Metroliner; and a Japanese magnetically levitated MLU 001, a test model running on a u-shaped track which must be specially built for it. Which approach is really the most economical?

determine the viability, or non-viability, of such projects.

The study projects announced by Transportation Secretary Andrew Card during October are nothing new. With the exception of the link between Seattle and Vancouver, all of the identified projects have been studied repeatedly since 1980. Nothing has been done on any of them. I have before me a selection of such study reports and project prospectuses. They include the Office of Technology Assessment's 1983 study entitled "U.S. Passenger Rail Technologies"; the 1984 assessment entitled "High Speed Rail in the Midwest," prepared by the Federal Reserve Bank of Chicago; the prospectus prepared by the Advanced Rail Consortium, entitled "High-Speed Rail Service in the Detroit-Chicago Corridor," issued in 1985; "Jobs With a Future," a 1984 report to document the employment-creating benefits of a high-speed rail program in Ohio for the Ohio Rail Transportation Authority; the Florida High Speed Rail Committee's 1984 report "Florida's Future Advanced Transportation"; and the June 1985 final report of the Ohio High Speed Rail Task Force.

These by no means exhaust the list of projects which were prepared beginning in 1978. What motivated the reports, primarily, was not the question of transportation, but rather how to create useful jobs to provide productive work for the millions of industrial workers who found themselves out on the streets because of the economic lunacy of Jimmy Carter and Paul Volcker. **Figure 1** shows some, but not all, of the routes which were under consideration in the Northeast and Midwest during the early 1980s. The three solid lines represent those

which Card now proposes to study anew.

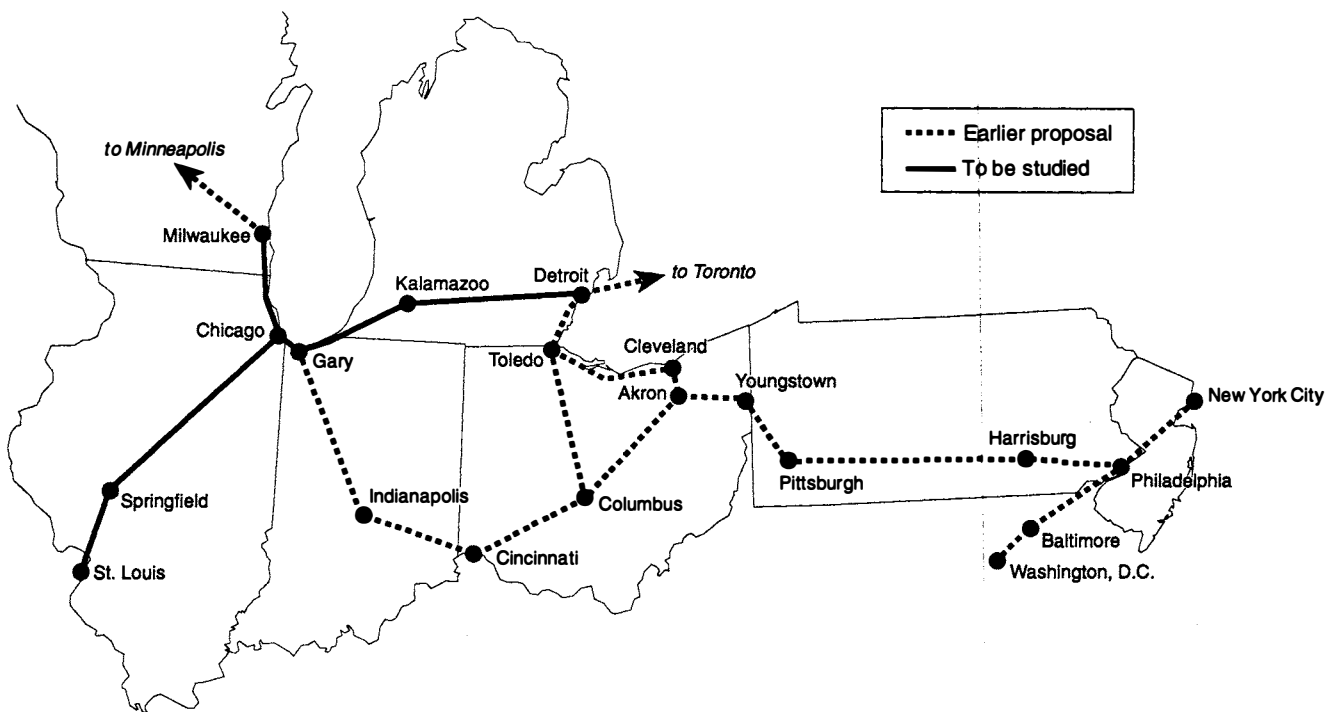
Employment creation was then as useful an objective as it is an urgent one today. And it remains true that the relationship posed between employment infrastructure projects, and employment in ancillary industries, in the Ohio study still holds. The authors estimated that construction of a line between Detroit and Toledo would create 34,000 jobs directly, and another 34,000 in ancillary industries once construction work was under way. But all those studies were flawed by economic idiocies associated with the ruling conception of cost. The Federal Reserve Bank's Midwest study is exemplary of the problem. It is not merely a problem limited to so-called experts. The blunders they make are the same as those which anybody who has had any kind of high school-level mis-education would also make.

Finance dominates over economics

The idiocies come up in the relationship, or lack thereof, between cost as an economic function, and financial considerations concerning how such projects should be paid for. To the extent there is ignorance of the economics of production, and there is a lot of it, such studies as the Chicago Federal Reserve's typifies end up being politely worded manuals for bankers on how to loot physical investment in capital improvements, through transforming the anticipated earnings of a project into a maximized cash stream flowing into the accounts of the bond-holders who "financed" the project. In this, bond-holders' concerns over the maintenance of a

FIGURE 1

High-speed rail lines proposed for the Northeast and Midwest



Source: U.S. Congress, Office of Technology Assessment, "U.S. Passenger Rail Technologies," 1983.

cash stream dominate in the definition of project viability, not economics per se.

This will undoubtedly be a major feature of whatever follows from the announcement of the renewed project studies. However, it is not only a matter for the United States. The method employed by the Chicago Federal Reserve to determine the viability of infrastructure development projects is the same employed the world over, through such agencies as the World Bank and related international organizations. To show how this approach leads to economic absurdity is therefore to help debunk the approach which is impelling the entire world into depression and genocide in the name of "cost efficiency." It also helps in the necessary work of developing rational alternatives to such criteria for developing investment priorities in the urgent global work of infrastructural development.

It as well to be clear about what is involved.

The Chicago Federal Reserve took three categories of high-speed rail transportation: High Speed, Very High Speed, and Super High Speed. In the first category were systems such as Amtrak's 87-mile-per-hour (mph) Metroliner service in the Northeast corridor, and Britain's 125-mph High Speed Train (HST) which entered service in 1972. In the second category were France's TGV and the Japanese Shinkansen, which are steel-wheel on steel-rail technologies,

which were then operating at speeds in excess of 160 mph. And in the third, Germany's wheel-less, linear-induction motor-powered maglev system; capable of operating speeds of 300 mph, under entirely new physical principles—no moving parts, using electro-magnetic effects.

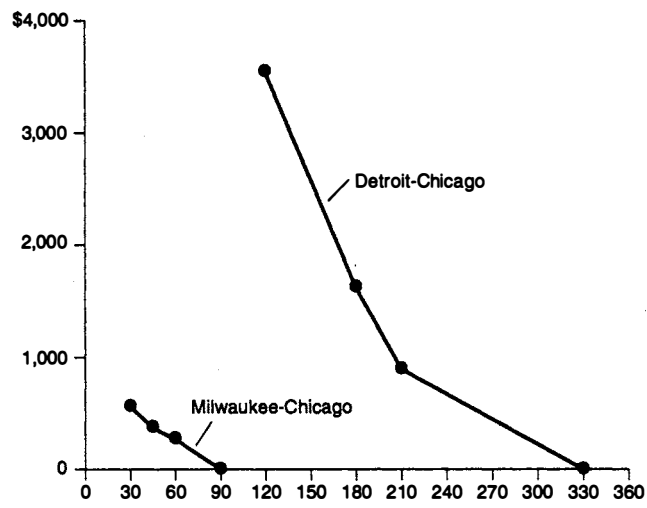
The report's conclusions were that "the capital costs for a Very High Speed system are double those for a High Speed system, and the capital costs for a Super High Speed system are double those for a Very High Speed system. Thus, it appears that the cost of increasing rail operating speed increases at an increasing rate . . . [and] the frequency of service for which the system is designed has a significant impact on costs. . . . Improving rail service by adding more trains per day is costly, regardless of the technology. Improving service by introducing technologies that reduce travel time significantly is a much more expensive undertaking."

In this vein, the Advanced Rail Consortium, which included the Bechtel Corp., Morgan Grenfell, and Transmode, Inc. (then the U.S. subsidiary of British Rail), recommended the British HST for the Detroit-Chicago corridor on the grounds of so-called cost-effectiveness, given the proven revenue generating record of an in-service capability. Whether that view would be changed now, nine years later, must be open to doubt.

The Fed's assessment was uniquely based on the per mile

FIGURE 2
The trade-off between capital expenditures and travel time

(capital cost for 12 trains/day in millions \$)



Source: Federal Reserve Bank of Chicago, "High-Speed Rail in the Midwest: An Economic Analysis," Chicago, 1984.

or per kilometer cost of building track. In their approach, the Metroliner and British HST versions are ostensibly the cheapest, because they can run on upgraded, existing tracks. TGV and Shinkansen require new track, probably on new right of way, and therefore cost more. The elevated guideway design of Germany's maglev increases costs further, it appears. The basic unit considered was a single-track layout. Frequency of service, counted in number of trains per day and vehicle-miles per year, not even number of passengers carried per day or year, was added to the list of assumed parameters to estimate the conditions under which a double-tracked layout would be required. Hence, increasing service frequency can be said to double cost, because track and guideways double, at a certain point.

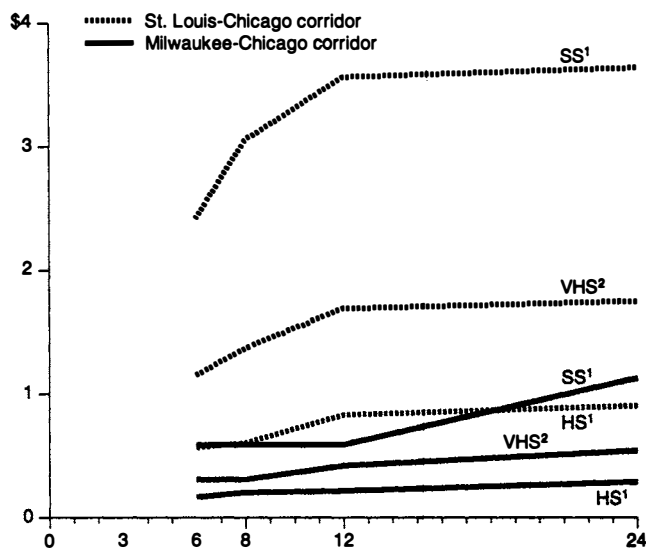
On a single track layout, the number of times trains running in opposite directions cross increases as the square of the number of trains. Two trains in each direction will cross four times, and so on. Frequency of service in both directions defines a number of crossings, and therefore a required number of crossing loops to partially double the single track. At a certain point, as frequency increases, it is better to build a second track, rather than more crossing loops.

Figures 2 and 3, "Trade-off between Capital Expenditures and Travel Times" and "Effect of Frequency on Capital Costs," summarize the Fed's conclusions. The first purports to show how reducing travel times in the Detroit-Chicago and Milwaukee-Chicago corridors increases capital costs, at an increasing rate. The second shows how increasing the frequency of service accomplishes the same effect.

In Figure 2, the end point of each line touching the hori-

FIGURE 3
The effect of frequency on the capital costs of three high-speed rail systems

(capital costs, billions \$)



1. Super speed (maglev).
2. Very high speed (TGV and Shinkansen).
3. High speed (Metroliner and British Rail).

Source: Federal Reserve Bank of Chicago, "High-speed Rail in the Midwest: An Economic Analysis," Chicago 1984.

zontal axis is the presently scheduled running time, in minutes, between each of the three cities. The three points on each line identify the effects of the three technologies studied in reducing travel time, and scale to the vertical axis which represents cost. Figure 3 shows how increasing frequency of service in the two corridors increases costs, up to a certain point. That point is where the whole corridor is double-tracked. Once the whole corridor is double-tracked, the cost escalation levels off, except for the maglev systems.

Determining system costs

The fallacy in the Fed's study is the assumption that per mile or per kilometer, or kilometer-track costs are an adequate basis for determining costs. They are not. Rail tracks, like roads, are designed to carry a volume of traffic, vehicles per hour, and the vehicles, in turn, are designed to carry either passengers or freight. Costs ought to be defined in terms of the relative capacities of the system. For example, since doubling tracks more than doubles the capacity of one track, because trains can run in both directions on the doubled track simultaneously, double tracking might well lower costs, because of its capacity-increasing effects.

The per mile or per kilometer cost of constructing track or guideway is only a starting point for assessing costs. What the Chicago study overlooked is the purpose for which the tracks and guideways are to be built. That is, to carry a certain

TABLE 1

Parameters for passenger transportation

Mode	Key*	Investment cost (millions \$/km)		Speed (km/h)	Right of way lane width (meters)	Passengers per transit unit		Frequency (transit units per hour)	Line capacity (passengers per hour)
		min.	max.			min.	max.		
Automobiles on streets	Auto	\$0.1	\$ 1	50	3.5	1.2	2	800	1,600
Automobiles on freeways	Fway	1	7.5	90	3.65	1.2	2	2,000	4,000
Regular buses	Bus	0.05	0.2	25	3.5	40	120	120	14,400
Streetcars	Scar	0.5	1	20	7.5	100	540	120	64,800
Light rail transit	LRT	1.75	6	45	8	110	1,000	90	90,000
Rapid rail transit	RRT	4	12.5	60	8	140	2,800	40	112,000
Regional rail	RR	5	12.5	70	8	140	2,100	30	63,000
Metroliner type	HSR	0.92	2.8	131.2	8		350	5	1,750
Train à grande vitesse	TGV	1.8	5	213	8		350	5	1,750
Shinkansen	SK	1.8	5	213	8		1,340	10	13,400
German EMS maglev	TR07	3.4	10	500	18.2		200	10	2,000
Japanese EDS maglev	Chuo	3.4	10	500	18.2		980	12	11,760
Boeing 737	B-737			442			128	6	768

* Abbreviation used in many of the charts in this article.

Sources: U.S. Department of Transportation, Federal Railroad Administration, "Assessment of the Potential for Magnetic Levitation Transportation Systems in the Public Transportation, Systems and Technology, Prentice-Hall, 1981.

volume of traffic. The inclusion of "frequency of service" as a cost parameter, in the way indicated, is a further obfuscation of the matter.

What is volume of traffic? First, the traffic carried over the tracks or guideways is not simply the number of vehicles, but the number of passengers or tons of freight the vehicles can carry. A vehicle can carry a certain number of passengers, and a train, a transport unit, is made up of a number of such vehicles. Frequency of service is not some arbitrary number. It is determined by the headway between transport units required for safety. Headway times are determined, for example, by the time, and thus the track length required at a given operating speed, to brake to a halt, without running into the unit in front or causing a chain reaction pile-up behind. It is a concept familiar from safe highway driving practice. In rail systems, such matters are determined by the system used to control traffic, whether it is on board or centrally located, manual or automatic, as well as by the operating characteristics of the vehicles themselves.

The number of passengers carried per transport unit multiplied by unit frequency per hour, gives a number of passengers carried per hour. This is called the line capacity of the mode of transportation. The passengers are carried at a certain speed. The line capacity of the system multiplied

by the operating speed gives the productive capacity of the system—the number of passenger-miles or passenger-kilometers produced per hour. Freight movements can be looked at in the same way.

Costs ought to be calculated on the basis of evaluations of a system's productive capacity and line capacity, not simply on the basis of the investment cost of each mile or kilometer of track. The reverse procedure leads to absurdities, such that the system which would appear to be the cheapest, in terms of cost per track mile or kilometer, may well turn out to be the most costly, when economic considerations, such as line capacity and productive capacity, are introduced. What the Chicago Federal Reserve did in the cited study is comparable to a shopper who buys meat, or potatoes, without reference to what is actually being bought for the money spent.

If that kind of thinking had prevailed earlier, we would never have gotten much beyond walking. After all, the costs of a horse, first to purchase or raise and then to maintain, are much greater than walking—maybe even more than double, since horses eat far more than people do. And, since horse-drawn omnibuses require more than one horse, as well as the conveyance which has to be built, they are plainly much more costly than horses for riding, maybe much more than double the cost, because omnibuses need more than two horses. As

Productive capacity (thousands passenger-km/h ²)	Investment per passenger capacity per hour		Investment per passenger-km capacity per hour (thousands \$)
	min. (\$)	max. (\$)	
80	\$ 62.50	\$ 625.00	\$1.25
360	250.00	1,875.00	2.78
360	3.47	13.89	0.14
1,296	7.72	15.43	0.39
4,050	19.44	66.67	0.43
6,720	35.71	111.61	0.60
4,410	79.37	198.41	1.13
229.6	525.71	1,600.00	4.01
372.75	1,028.57	2,857.14	4.83
2,854.2	134.33	373.13	0.63
1,000	1,700.00	5,000.00	3.40
5,880	289.12	850.34	0.58
339.456	0	0	0

U.S.,* June 1990; *Jane's Book of World Railways*, 1985; Vukan Vuchic, *Urban*

for horse-drawn street cars, with all that capital investment in rail tracks, that's just ridiculous. This line of argument could quite easily have been put forward by the nineteenth-century predecessors of the Chicago Federal Reserve.

Yet, we did those things in the nineteenth century, and much more. And they worked. They worked because they cheapened the cost of transporting people. This seems to be a paradox which is not too well understood. If something appears to cost more, how can it be cheaper than something which, it appears, costs less?

In the electric utility industry, guidelines for achieving this type of result used to be known as the "six-tenths rule," after the ratio between the increase of the surface and the subtended volume of a sphere. In thinking about the continued growth of a given capacity of production, the assumption was that costs and capacity should grow by 0.6% and 1% to maintain the relationship found between the growth of the surface of a sphere, and the growth of the subtended volume. Growth could be maintained without producing a hot-air balloon where costs increase faster than capacity, or a rupturing explosion as growth of subtended volume exceeds the bounding surface.

This would begin to give us an economic cost function. The Chicago Federal Reserve was not concerned about economic

cost functions. Nor were any of the other studies, up to and including the Department of Transportation's June 1990 assessment entitled "Moving America, New Directions, New Opportunities. An Assessment of the Potential for Magnetic Levitation Transportation Systems in the U.S."

Table 1 compares certain of the identified parameters for several modes of passenger transport. Four different types of ground transportation are included, and some comparable parameters derived from the Boeing 737 passenger plane.

The four types of ground transportation include: internal combustion engine-powered highway transportation, the passenger car on streets, the passenger car on freeways, and buses; various mass transit systems; street cars, which operate over the same or adjacent right of way as automobile traffic, light rail transit, fully grade-separated rapid rail transit, grade-separated and often completely underground regional rail systems, primarily for commuter traffic, such as the Paris RER; and the systems considered in the Chicago Fed report, with the addition of the design parameters for Japan's Chuo Linear Express, the equivalent of Germany's maglev.

The second column of Table 1 shows the abbreviations that will be used to indicate the various transportation modes in many of the figures that follow.

The parameters compared include investment costs per kilometer of highway, track, or guideway; operating speed in kilometers per hour (kmh); lane width or right of way; passengers per transit unit, (passengers per vehicle times vehicles per transit unit); frequency of service, in transit units per hour; line capacity, in passengers per hour; and productive capacity, in passenger-kilometers per hour. Where possible, estimated maxima and minima have been included. Capacity calculations were based on the estimated maxima.

Auto and mass transit modes are included for different reasons. The auto is included, because in the United States it dominates in a ridiculously uneconomical way. The mass transit systems are included because they help to emphasize the economic absurdity of the Chicago Fed's adopted cost-estimating method. These systems are primarily based on a review of European commuter networks, though the performance characteristics of the New York subway are comparable with other Rapid Rail systems (even if much more run down), and U.S. Light Rail and Street Car systems, where they exist, like in Boston, Massachusetts and Portland, Oregon, are also comparable.

In the high- and higher-speed rail modes, High Speed Rail presents the performance characteristics of Amtrak's Metroliner service in the Northeast corridor, the 87 mph rocket, which is actually slower than some of the express trains that used to be in service in the days of steam. The profiles of the French TGV and Japanese Shinkansen are based on national railway system reports in *Jane's World Railways*. A frequency of five per hour is assumed for the TGV, though the Paris-Lyons stretch is only covered by about one train per hour. Contrary to the Chicago Fed which assumes an arbitrary frequency range of 6 to 24 trains per

day, the Shinkansen service between Tokyo and Osaka, in both Hikari Super Express and Kodoma Limited Express forms, runs every six minutes, with seats for more than 1,300 passengers on each train.

The profiles of the German and Japanese maglev systems are based on studies done by the Budd Corp., once the U.S. subsidiary of Transrapid, and the Department of Transportation. Table 1 presents data for the TR07, assuming two vehicles of 100-passenger capacity per unit. Different capacity unit layouts were proposed for U.S. service. Budd had wanted to employ a 500-passenger consist (i.e., an assembled train) between Los Angeles and Las Vegas, and an 800-passenger consist between Chicago and Milwaukee. Both the German and the Japanese systems are designed to operate with headways of 60 seconds, i.e., at a frequency of 60 units per hour. Frequencies of 10-12 per hour were chosen here.

Maglev will drop travel costs

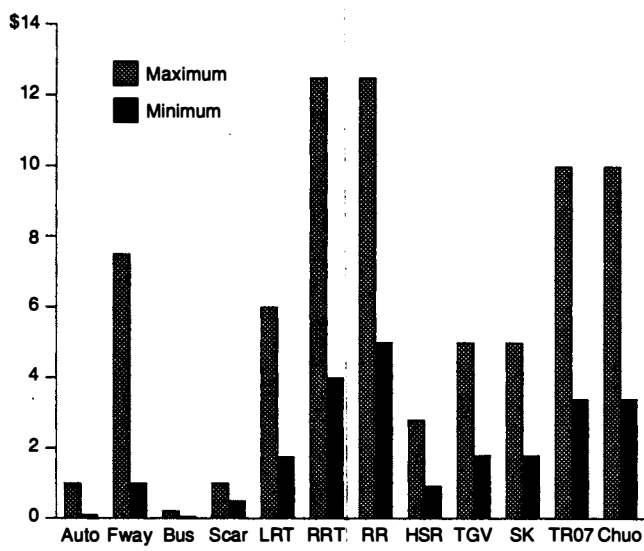
Adjusted to reflect the capacities recommended for U.S. service in the Budd studies, the parameters reported here help demonstrate the cost benefits which will accrue from the development of the potential of maglev systems, even in their first generation applications. Maglev can be expected to reduce the cost of inter-city travel down the scale to the level which in relatively sane economies has been associated with urban mass transit. That does not mean that inter-city trips would be priced out in units of cents instead of tens or hundreds of dollars. It does mean that the dollar cost of one-way travel between Boston and Washington, D.C., and New York City and Washington, ought to come down to around \$50 and \$30, respectively.

Increasing the speed at which passengers are carried, contrary to the assumptions of the Chicago Fed, increases the productive capacity of the system, just as increasing the number of passengers carried increases the line capacity. Increasing speed of service, therefore, also should decrease cost, just as a system which can carry more passengers than another ought to be cheaper than the other.

It also means that one should focus on the development of a family of maglev system applications for use in urban mass transit, in which considerations of achieving the high speeds possible in inter-city service would not be primary, but ways to employ the new passenger-moving technology to increase the capacity in terms of passengers carried, over the shorter distances associated with intra-urban service, would be. That way, the development of maglev will be key to rebuilding decayed cities and, more importantly, building new cities from the ground up, while providing useful employment to, primarily, the urban unemployed.

The bar charts highlight some of the features. **Figure 4** takes the parameter from which the Chicago Fed's dollar cost assumptions were derived, but uses more recent estimates than those employed by the bank, to show an estimated maximum and a minimum dollar cost for the construction of 1 kilometer of a single lane of road or freeway, different types

FIGURE 4
Investment cost
(millions \$ per kilometer)



Sources: See Table 1.

of single-tracked rail systems, and the maglev systems.

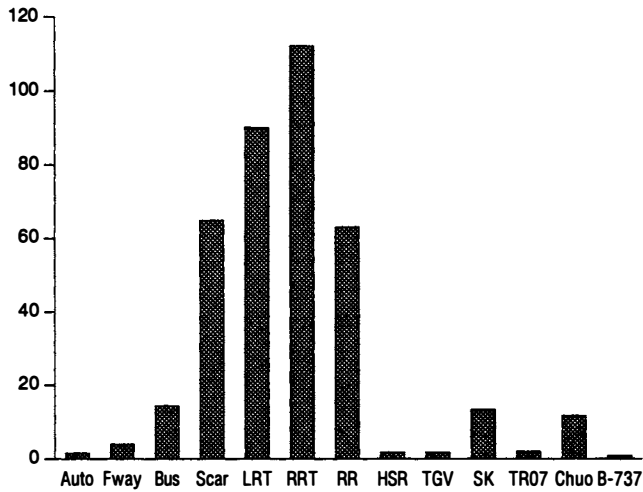
The higher cost ranges for rapid and regional rail networks reflect the greater amount of construction work that has to be done in such grade-separated systems, that is, the tunneling and cover and fill embankment work. Freeways are similar, requiring access lanes, interchanges, and lots of bridge work. The parameters for High Speed Rail, TGV and Shinkansen, and the two maglev systems do indeed reflect what the Chicago Fed had to say. The second are twice as expensive as the first, and the third twice as expensive as the second, though all are cheaper than all the mass transit systems, except for street cars and buses. The maglev systems are about 20% more costly than freeways are to build, but the Higher Speed TGV and Shinkansen rail variants are much cheaper, about 60% of the cost. (Bus estimates, in this case, are different, because they do not include highway construction costs, but only lane divisions, stops and shelters, and so forth. Bus services are like airlines. Except for equipment purchases they do not have to fund capital improvements. They only pay operating costs, with the obvious exception of costs of equipment. We shall return to this matter.)

Figure 5 shows the line capacity of each of the identified systems. With the exception of the bus, the mass transit modes each can move more than 60,000 people over one kilometer of track, compared to 1,600 for automobiles. If the TR07 were organized as Budd proposed, with 500-800 passengers, the line capacity in that case would increase to 5-8,000 passengers, comparable to that claimed for the Chuo Linear Express with its 980 seats. Each would then potentially double the line capacity of a freeway lane.

FIGURE 5

Line capacity

(thousands of passengers per hour)



Sources: See Table 1.

The dollar cost per unit line capacity is shown in Figure 6. The mass transit modes, with the exception of buses, cost more per mile, and have the highest line capacity. They are, not surprisingly, the cheapest to build per unit of capacity. Regional rail at \$198 per passenger is the most costly among them. Rapid rail, which can carry more than 100,000 passengers over each line of track, and costs about \$25 million per kilometer to build, turns in at \$111, and the street cars and light rail at \$15 and \$66, respectively. Use of these systems is determined by rush-hour peaking travel patterns. There are only about two hours in any day, morning and evening rush hours, when such capacities would be anywhere near utilized. But, urban freeway use is also subject to such peaking patterns, and those patterns have never been used as an argument against the construction of a system which costs about 10 times more than Regional Rail systems per unit of capacity, and 18 times more than Rapid Rail.

Figure 7 shows the number of freeway lane kilometers which would have to be built to equal the line capacity of each of the other modes. Things look different once it is realized that the capacity of one Rapid Transit Line is equivalent to that of 30 freeway lanes.

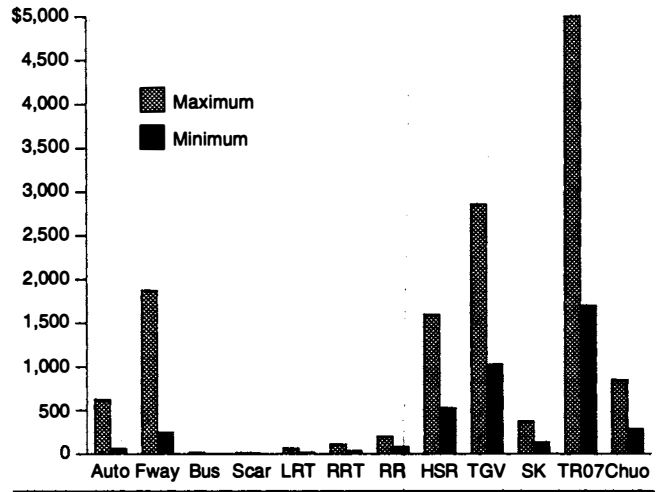
Line capacity differences translate thus into land requirements for different modes. The number of freeway lanes required could be multiplied by the lane width reported in Table 1, and compared to the track width or right of way requirement for each of the other modes.

Money considerations not decisive

These relationships begin to highlight the absurdity of the Chicago Federal Reserve's approach. By their method, urban freeways and streets would be the system of choice, relative

FIGURE 6

Investment cost per passenger capacity per hour

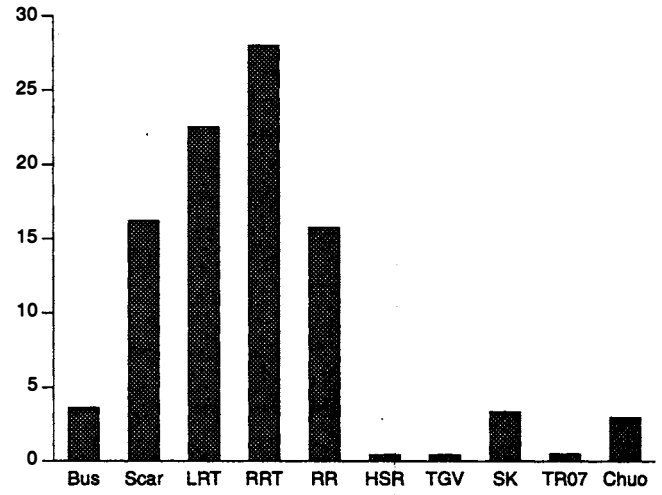


Sources: See Table 1.

FIGURE 7

Freeway lanes needed to obtain equivalent line capacity

(kilometers of freeway lanes)



Sources: See Table 1.

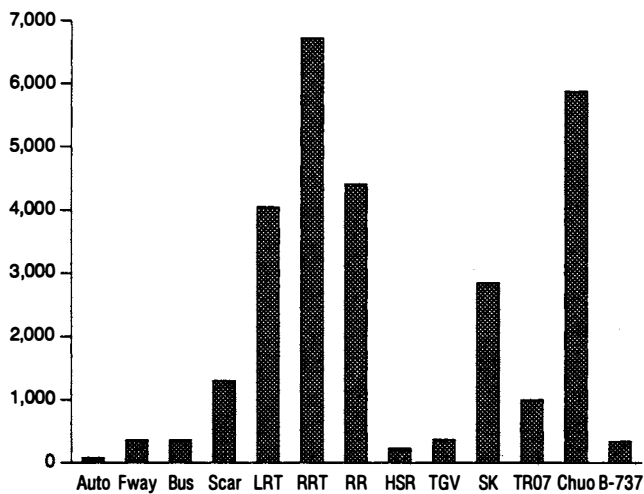
to mass transit, on the grounds established as defining cheapness. This is one of the ways in which a system which is apparently the cheapest way to go, turns out to be among the most costly—in the cited case of Rapid Rail and freeways, by a factor of 30. Money grounds alone are not decisive; what can be done with the money is so much less.

Note, further, in Figure 6, that, contrary to the Chicago Fed's conclusions, the Chuo Linear Express maglev is half

FIGURE 8

Productive capacity

(thousands of passenger-kilometers per hour²)



Sources: See Table 1.

the dollar cost per unit line capacity of a freeway lane, one-third of the TGV, and about 60% of the High Speed Rail variant. It is cheaper than everything except the Shinkansen. And note that the 500 and 800 capacity versions of the TR07 would bring that system down to \$2,000 and \$1,250 per unit line capacity, the latter being cheaper than the TGV, comparable to the High Speed Rail variant, and competitive, using these parameters, with the cost of providing freeway auto service. These considerations reverse the Chicago Fed's apparent derivation of costs. They have the whole thing backwards.

Figures 8 and 9 compare the productive capacity of each of the identified systems, and the dollar cost, per unit of productive capacity. Now, speed, or distance traveled in an hour, is considered together with the number of passengers moved, as the expression passengers per hour times speed per hour, which reduces to passenger-kilometers per hour squared. Note again that the Chicago Fed's conclusions are reversed. The Chuo Linear Express, and the 800-seat version of the German maglev, thanks to the increase in speed, move up to the productive capacity range of the mass transit systems, which are moving many more passengers, but at far lower speeds. The Chuo Linear Express and the 800-capacity maglev are, respectively, nearly twice and 30% more productive than the Shinkansen, and from nearly 16 to three times more productive than the TGV with the 200-seat capacity TR07. The TGV, in its turn, is 1.6 times more productive than the Chicago Fed's preferred cheapest High Speed Rail variant.

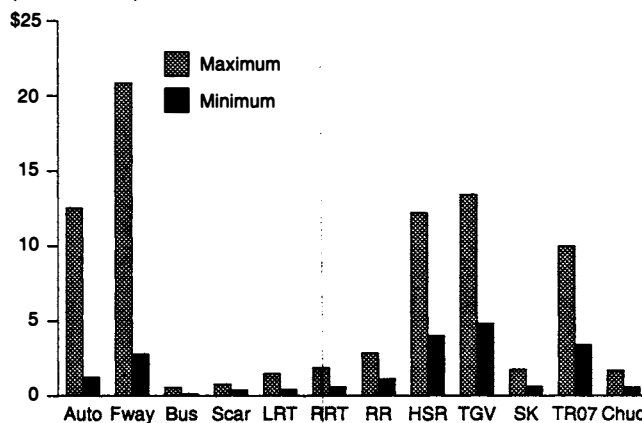
In terms of its parameters, the Chicago Fed identifies as cheapest that which is most costly, in terms of system capability, and has the ranking of choices exactly backwards.

This is shown again in Figure 9, which compares the dollar cost per unit of productive capacity. While the 200-seat mag-

FIGURE 9

Investment cost per unit of productive capacity

(thousands \$)



Sources: See Table 1.

lev variant is approximately 30% cheaper in performance terms than the TGV or so-called High Speed Rail, the 800-seat variant and the Chuo Linear Express system are about one-sixth the dollar cost per unit productive capacity of the TGV, and roughly the same in relation to the High Speed Rail system. Again, the Chicago Fed has the whole thing backwards.

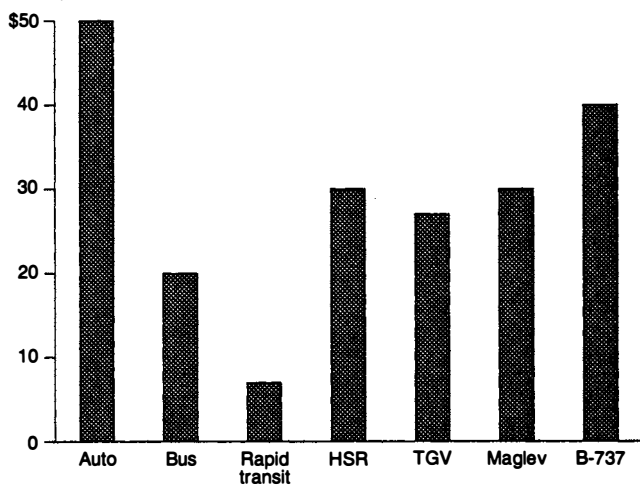
Since we are crazy enough to use freeways for inter-city travel in the way we do, it is worth pointing out that the difference between freeway costs per unit productive capacity, and the 800-seat maglev version and the Chuo is a factor of about 40. Some economic method, which could produce results like that and still be tolerated. One can still hear the Chicago Fed and its co-thinkers insisting that freeways are cheaper to build per lane-mile than is any kind of railway per track-mile. Again, note that the maglev systems are down in the range associated with the highly productive urban mass transit forms of transportation.

Paying for bad decisions

It's not an abstract matter. We ripped out the last of the street car lines in the 1950s and 1960s to make way for the freeways on the basis of precisely this type of thinking. Thereby, to create markets for the auto companies, and restrict people's choices of travel to autos and planes, we incurred travel costs some 40 times greater than those associated with the ones we were junking, at least where urban service is concerned.

The economic life-span of those decisions haunts us over the 30 years, and longer, the investment is expected to last. We're paying now, in the form of a quarter-trillion-dollar annual bill for highway congestion-related losses, and the economic losses associated with the health and insurance

FIGURE 10
Operating costs
(cost per 1,000 seat-kilometers)



Sources: U.S. Congress, Office of Technological Assessment, "New Ways: Tilt Rotor Aircraft and Magnetically Levitated Vehicles," October 1991; U.S. Department of Transportation, Federal Railroad Administration, "Assessment of the Potential for Magnetic Levitation Transportation Systems in the U.S.," June 1990; Vukan Vuchic, *Urban Public Transportation, Systems and Technology*, Prentice-Hall, 1981.

costs of auto travel. Some 10% or more of the \$600 billion-plus annual expenditures on health care are related to automobile accidents. By comparison, there has never been a fatality associated with the operation of the Shinkansen in all the years of its existence since 1964.

The cost of building road, track, or guideway facilities is only part of what is involved. There are also the costs of operating the service to be considered. **Figure 10** compares operating costs, in dollars per 1,000 seat-kilometers, for a selection of the identified systems. Rapid Transit will here have to typify all of the mass transit forms otherwise identified. It can be assumed that its operating costs are lower than for street cars and light rail systems, but higher than the regional rail service arrangements.

Operating costs should include the labor required to run each of the systems, the fuel or power bill, maintenance of the operating equipment, and also of the road, track, or guideway, and subsume the expenses associated with ticket sales, administration and management, and insurance.

The per passenger-kilometer cost of operating an automobile reflects prevalent levels in the U.S., including, obviously, U.S. gas prices. Bus and Rapid Transit system operating costs are an average of various transit systems within the United States. The estimates for the other modes are taken from studies produced by the U.S. Department of Transportation (DOT) and the Office of Technology Assessment (OTA).

The 3¢ per passenger-kilometer figure for High Speed Rail is the OTA's version of operating costs on Amtrak's Metroliner. It can be compared with what the DOT calls

Amtrak's "non-avoidable" operating costs, which amount to 16¢ per passenger-kilometer.

The maglev estimates are again based on the Budd Corp.'s studies which, in the case of the proposed Los Angeles-Las Vegas route, were cross-checked by the Canadian Institute for Guided Ground Transport. The relevant features are: Maglev manning requirements are about one-third of those used in Metroliner service—one operator and one on-board worker for each 100-person vehicle, against the operator, conductor, trainmen, and on-board service employees of the Metroliner. The ratio is comparable to TGV and Shinkansen manning levels, too. Vehicle maintenance will be about one-sixth of that required for the Metroliner—the benefit of not having moving parts to worry about. Maintenance workers, however, will require very different, higher skill levels.

From the internal economics of the transport systems, revenues earned from operating the system are supposed to more than cover operating costs, such that the balance is available for, among other purposes, payments to be made on the capital account of financing system construction. In this approach, like that, for example, employed by the Chicago Federal Reserve, the money capital requirement of financing line construction, adjusted for inflation over the life expectancy of the project, say 30 years, and subject to interest, then provides a basis for estimating what revenues should be, in order to cover so-called capital costs and operating costs. What is really being projected in the approach typified by the Chicago Federal Reserve is an estimate of the debt service and amortization burden that can be supported from the net revenue flow after operating costs have been deducted. Using per line mile or kilometer money figures (prices) as the Chicago Federal Reserve and others do, is a simple and effective way of increasing that ratio in favor of those who supposedly finance the project.

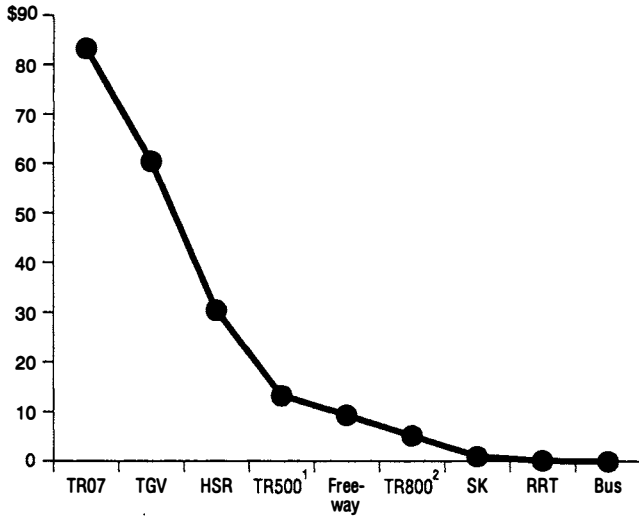
Short-term profitability

Given an estimated price-tag for a system, the question always comes up, "How will it be paid for, and who will pay for it?" The answer to the first part usually takes one of the following forms: tax exempt bonds, taxable bonds, or some form of equity participation. The answer to the second is the usual suspect in such circumstances, all of us.

Estimated construction costs are then discounted back to the mid-point of construction work from an estimated, say 30-year, life of the investment to allow for the depreciation of money over the whole period. An interest rate is calculated on the basis of the assumed inflation discount and what is called a "reasonable" rate of return. The Department of Transportation, in its 1990 study on maglev, assumes a 4% annual discount for inflation, such that the first year's dollar is worth 96¢ in year 2, and less than 1¢ in year 30, plus an 8.5% "reasonable" tax-free rate of return, or 12.5% per annum, for its maglev estimates. The "taxable" rate would yield an annual interest charge exceeding 15% in total. The

FIGURE 11

Cost per unit line capacity over operating costs at capacity



1. The 500-passenger version of TR07 as proposed by the Budd Corporation.
2. The 800-passenger version of TR07.

Sources: See Table 1.

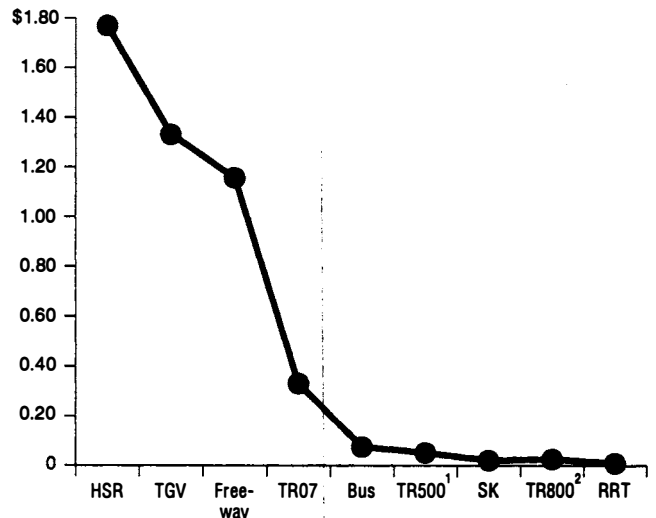
Chicago Fed employed a so-called “real interest rate” of 6% in its calculations, but those were in the days of double-digit inflation, and translate into a financing charge compounding away at 16% per annum.

It is not difficult to figure out what such an approach does to the initial estimate of investment cost. After about seven years, in the tax-free version, and five in the taxable version, interest and discount charges will more than amount to the total of the initial borrowing. But the compounding will continue inexorably. In this approach, an economically useful project is reduced to a special kind of money-making machine, as the initial investment in capital improvements is transformed as rapidly as possible into cash which is sucked out of achieved, or anticipated, revenue streams. Cost estimates, like those undertaken by the Chicago Federal Reserve, then become simply a means for assessing what the flow of cash to be extracted from a project can be estimated to be in relation to an initial investment.

Given the interest-plus-inflation formula, the so-called threshold of financial profitability will be much higher for those systems which appear to have a higher initial investment cost, especially if costs are not calculated on the basis of line and productive capacities. Therefore, such projects, like maglev, will appear to be unviable because they generate less for bond-holders than apparently cheaper projects which have a lower threshold of profitability. And, thus, we blunder from stupidity to stupidity. Running transport systems which are up to 40 times more costly in economic terms than they have to be, and paying at least four times too much, in money terms, for them, after the effects of compounding are taken

FIGURE 12

Cost per unit of productive capacity over operating costs



1. The 500-passenger version of TR07 as proposed by the Budd Corporation.
2. The 800-passenger version of TR07.

Sources: See Table 1.

into account. J.P. Morgan’s trust company is still collecting on mortgages against railroad track taken out in the nineteenth century.

Figure 11 illustrates how this works at the level of estimating the required revenue stream, but not taking things further to include the compounding of interest and depreciation of money. The graph plots the ratio between the dollar cost per unit of line capacity, and the operating costs sustained in running at that capacity. The result is the factor by which operating costs would ostensibly have to be increased to support capital construction. Since line capacity is based on frequency, it is comparable to Figure 2, in which capital costs are plotted as a function of frequency. And, not surprisingly, it produces a result comparable to that employed by the Chicago Federal Reserve to argue against maglev systems. For every dollar incurred in operating the 200-seat TR07, more than \$80 would have to be generated in revenue before compounding goes into effect. Obviously, this is not a viable proposition. From this, nothing is really viable until we get to freeways at about 10 times the operating costs.

But that’s what we’ve been doing.

It is therefore no more a useful tool for assessing costs than the one employed by the Chicago Fed. And not simply because of the result. We saw that productive capacity is a better measure of capacity than line capacity. Figure 12 plots the ratio between the dollar cost of constructing each unit of productive capacity, and the dollar cost of operating each respective system at its productive capacity. As before, we are including the speed of the system as well as the number

of passengers carried per hour.

Note first what happens to the left-hand scale. No longer counting in tens of dollars as in Figure 11, we are now counting in dollars and cents. Note also, how the ordering is reversed. Now High Speed Rail is more costly than the TGV, the TGV is slightly more costly than freeways, and the TR07 is cheaper than both, by more than a factor of three. The graph would bear out the earlier assertion that maglev will reduce the cost structure of inter-city transportation to the level now associated with urban mass transit. The sum of operating costs plus capital expenditures, at 6.75¢ per passenger-kilometer, would translate into slightly more than \$29 for the 440-kilometer trip between New York City and Washington, D.C. A reasonable, maximum 10% profit would be turned on a trip that cost \$31.90.

This calculation assumes that the service would operate at capacity, in the way productive capacity was calculated above. That obviously won't happen all the time, and couldn't, given traffic-peaking patterns which would apply in a service that could reduce travel time, city center to city center, to about an hour between Washington and New York. If we then assumed, as airlines do, that 65% of seats must be sold to break even, we would be left with a one-way ticket price of around \$50. The greater capacity, 500 and 800 seat versions of the TR07 could be expected to reduce ticket prices further, as indicated. But, there would be more capacity to fill.

If compounding of money depreciation and interest were permitted, the identified fare structure would still be competitive with existing rail and airfare structures. But, why tolerate that?

Financing with credit, not debt

There is no reason why anyone should have to go into debt to build such projects. What is needed is not debt, but credit to get the construction process of line, or guideway, and operating equipment going. This way is to opt for the "third" financing route, which neither the Chicago Federal Reserve nor the Department of Transportation really considered: equity financing. It is not taken seriously because the equity purchaser assumes all of the risks of ownership, such as making good everything that goes wrong, and receives none of the benefits which bond-holders do. Thus, in bankruptcy, the worst case of everything going wrong, the bond-holders are right there in line after employees and holders of accounts receivable, waiting for their pick of the assets. Equity holders aren't; they have to make good on the claims.

Figure 13 shows some of the lines that have been projected for maglev transportation in the United States. It is based on the Department of Transportation's cited 1990 study. Table 2 lists the individual stretches by region, together with line length and construction cost at \$10 million per kilometer of single guideway. The whole amounts to 10,000 kilometers of guideway for a total of just over \$100 billion. Double-guideways, if used everywhere, would obviously

double the price tag to \$200 billion.

Divide the \$100 billion price tag by 6.75¢ per passenger-kilometer. Some 1.5 trillion passenger-kilometers would generate the revenue to pay for the whole \$100 billion of the single track version. That may sound like a lot, but it is less than the total volume of present yearly inter-city traffic by automobile. And if it is pro-rated over seven years, the 214 billion passenger-kilometers required would be significantly less than the total present yearly volume of inter-city air travel.

The first 10,000 kilometers of a national network could be constructed, with double guideways, for the same amount we are now incurring by way of the combination of traffic congestion and costs paid out by health and insurance systems for auto accidents. Suppose this Phase 1 of national network construction proceeds over 5-7 years. It amounts to \$40 billion a year over five years, or \$28.75 billion per year over seven years. Costs of guideway construction are estimated to be 80% of the total costs of guideway construction and equipment purchases for the system. An additional \$20-40 billion will therefore be needed for the equipment. Phase 2 of such a project can be envisaged by filling in the gaps between the identified nodes.

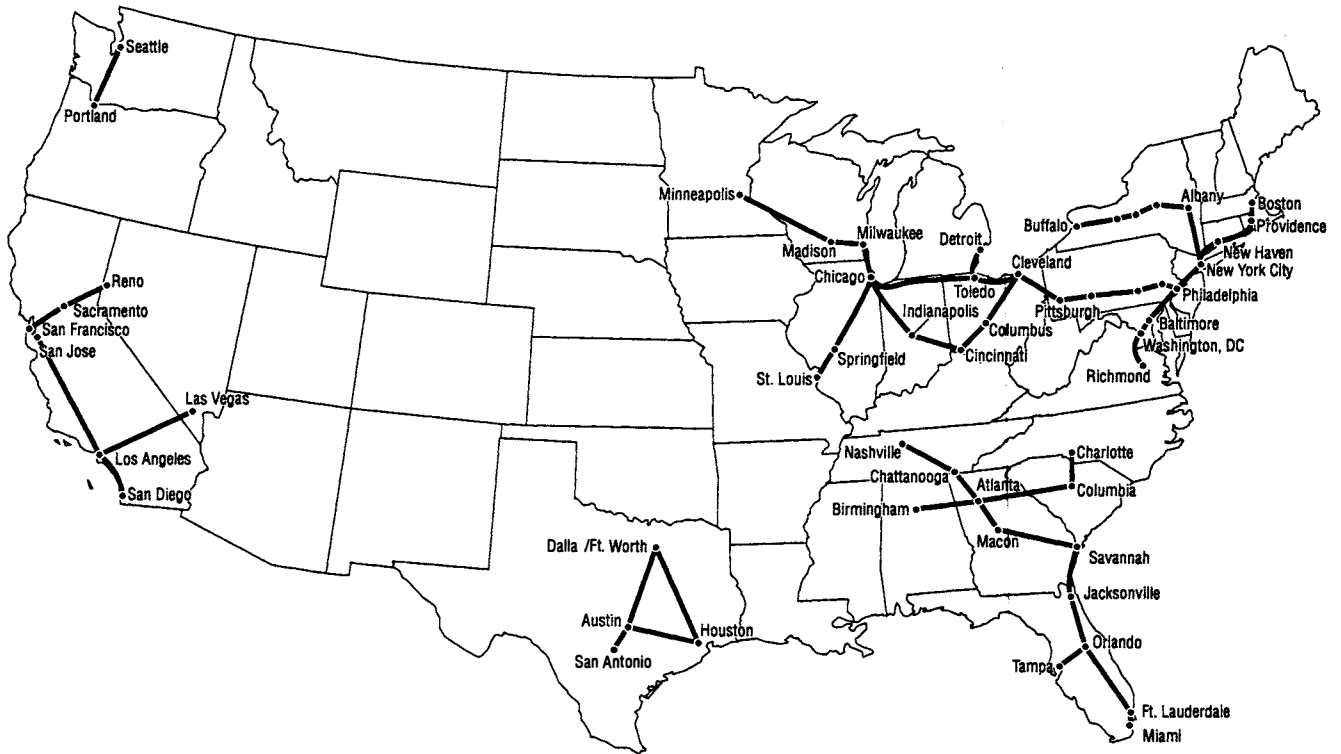
The approach adopted to prove the viability of maglev systems assumes that such projects should be internally viable, so to speak. That is to say, that they should be able to stand on their own feet without regard to any external parameter. This we noted before was not the case with bus or air traffic. Neither carry costs of facility construction. Such a condition is helpful in evaluating such projects, but it is not a necessary one, nor is it sufficient. Nor is it therefore necessary to assume that users alone bear the cost of constructing such projects. We certainly do not impose such standards on highway or airport users, though we claim that "user fees," gas taxes, registration charges, and other taxes help cover the costs, which they don't.

There are circumstances in which external conditions or benefits of a project would alone be justification. Do we expect the space program to be self-financing? Of course we do not. It would be insane to expect NASA to develop a revenue generating capability which could support the investment necessary to sustain scientific work in space.

Despite that, we are running the shuttle program as a "commercial program," charging corporations which want the service to lift their payloads into space. And we are thereby diminishing NASA's scientific capability by misdirecting its resources. In the 1960s, during the Apollo Program, which was not a revenue generating program (though one could work out how much Sen. John Glenn [D-Ohio] might have had to pay for the privilege of his trip), NASA returned \$14 to the economy for every \$1 sunk into the effort.

It was not so different during the period of railroad construction in the nineteenth century. Contrary to those who insist that a "need" for a project, in the form of a potential revenue base, be proven to exist before the project can be undertaken, once settlement of the country reached the prairies, railroad construc-

FIGURE 13
Examples of maglev networks



Source: U.S. Department of Transportation, Federal Railroad Administration, "Assessment of the Potential for Magnetic Levitation Transportation Systems in the U.S.," June 1990.

tion preceded settlement. That which was supposed to provide "needs" and therefore a revenue base, itself created a need for settlement which had not existed before. The post-Civil War rule-of-thumb estimate was that the mere construction of a railroad line through, or into, an area, would return \$4 for every \$1 spent in the construction process.

A project can be a loser internally, but still produce benefits for the society and economy as a whole. The benefits will more than pay for the project from an overall economic standpoint.

This points to the limitations of what we have reviewed so far. In the 1950s, this type of approach would have been standard for a production engineering approach to cost accounting, even in U.S. manufacturing corporations. That was in the days before the finance officers and the accountants took over. The approach was also employed by electric utilities and, to some extent, in the transportation sector. Nowadays, only vestiges remain—in the United States, primarily among computer manufacturers who have improved the capacity of their product and lowered its price according to the old-style rule of thumb. It is also part of what is known in Japan as the method of "quality control" in manufacturing, adopted from the United States after World War II.

The governing idea was not what you produce and how

you market it, but how to improve the production process to make a better product more cheaply. This is how the Japanese were able to improve the quality of their automobiles, while cheapening prices at a rate sufficient to stay ahead of the collapse of living standards in their biggest export market, the United States. Such might appear to be a viable policy over the short to mid-term. But over a longer time frame, it has been doomed to failure.

The production engineer's approach employed here favors technological innovation to improve capacity, or product quality, while simultaneously reducing costs. The finance officer's approach, typified by the Federal Reserve study, will invariably, except under the most extraordinary conditions, rule out the introduction of new technological processes on grounds of cost, lack of proven revenue base, or market, and will cook up the most contrived, swindling rationalizations, such as those employed by the Chicago Federal Reserve, to defend more expensive existing processes from cheaper, newer ones. In each case, it will be found that the introduction of the new technology would wipe out the revenue flows attached to the bonds which were issued to finance the more costly old one. And for that reason alone the finance officer could properly claim the new technology

TABLE 2

Rail distances and investment costs

City pair	Distance (kilometers)	Cost (billions \$)
<i>Northeast:</i>		
Boston – Washington, D.C.	721.6	\$ 7.216
Montreal – New York City	528	5.28
Buffalo – New York City	468.8	4.688
Philadelphia – Pittsburgh	560	5.6
Washington, D.C. – Richmond	187.2	1.872
Total Northeast	2,465.6	24.656
<i>Southeast:</i>		
Nashville – Atlanta	460.8	4.608
Birmingham – Atlanta	267.2	2.672
Columbia – Atlanta	406.4	4.064
Atlanta – Jacksonville	560	5.6
Jacksonville – Miami	585.6	5.856
Total Southeast	2,280	22.8
<i>Midwest:</i>		
Chicago – Detroit	435.2	4.352
Chicago – St. Louis	454.4	4.544
Chicago – Milwaukee	136	1.36
Chicago – St. Paul	633.6	6.336
Chicago – Cincinnati	449.6	4.496
Detroit – Cleveland	262.4	2.624
Cleveland – Pittsburgh	209.6	2.096
Cincinnati – Cleveland	416	4.16
Cleveland – Buffalo	294.4	2.944
Total Midwest	3,155.2	31.552
<i>Southwest:</i>		
Dallas – Houston	422.4	4.224
Houston – San Antonio	336	3.36
San Antonio – Dallas	433.6	4.336
San Antonio – Austin	105.6	1.056
Total Southwest	1,297.6	12.976
<i>West:</i>		
San Diego – San Francisco	956.8	9.568
San Francisco – Los Angeles	752	7.52
Los Angeles – San Diego	204.8	2.048
Los Angeles – Las Vegas	353.6	3.536
Seattle – Portland	291.2	2.912
Total West	1,601.6	16.016
Total U.S.	10,800	108

Source: EIR.

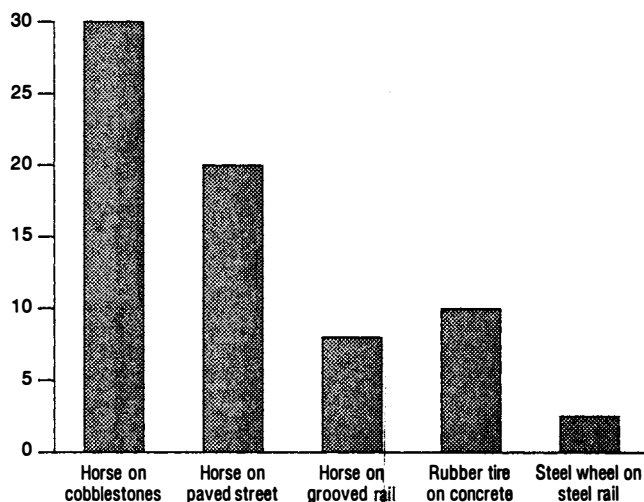
to be more costly. But, the question is, more costly to whom? All bond-holders, a class of bond-holders, or the rest of us?

The question of technological advance, which divides the two approaches, is the one which also permits an assessment of the effects of the introduction of any new system on the economy as a whole, and whether a project, which would not be viable on its own, would still be feasible from the broader standpoint of the whole economy. It also poses the question of what it is which distinguishes mankind absolutely from the lower beasts. Because, of all creation known to us, mankind is unique in employing the power of technology to

FIGURE 14

Friction and power

(kilograms of tractive power required to move one ton)

Source: John P. McKay, *Tramways and Trolleys*, Princeton University Press, 1976.

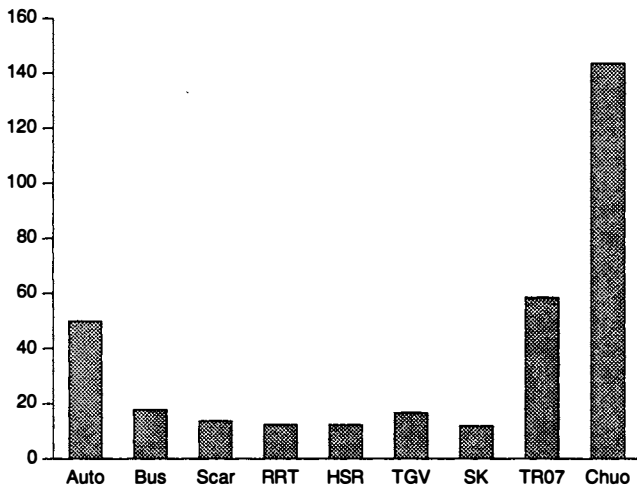
transform the conditions of his own existence. The creative power of the individual human mind advances the science which permits the development of the power of technology, whose application enables more human beings to be supported, in better conditions, on less land. To the extent that a technological innovation contributes to that process of continuing mankind's advance, despite the "it's too costly" protestations of the Chicago Federal Reserve and its anti-human friends, it therefore will be and should be usefully adopted, whether or not it also happens to be internally viable in the terms discussed above.

The maglev system advances the level of technology, and will contribute to improving the lot of all mankind.

Technological advance can be represented by the increase in the energy flux density of the process applied. Take some butter, try to cut it with a piece of metal. The result will be a mess. Now, take a metal edge, like a knife. The same pressure applied to a different metal instrument accomplishes a vastly different, more useful result.

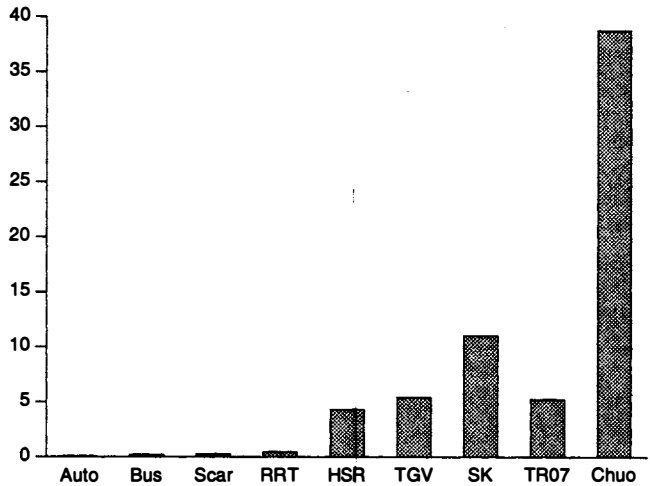
In ground transportation systems, this process is reflected in the tractive power needed to move a load over different kinds of surface against the associated friction. **Figure 14** exemplifies how the tractive power to move a load, which can be thought of as a succession of better kinds of knife-edge, has decreased, as the technology associated with moving goods and people has improved from the use of animal power which dominated in and before the nineteenth century. The reported 2.5 kilograms to move one ton, for steel-wheels rolling on steel rails, is a conservative estimate. This can be as low as 1 kilogram per ton, 10 times better than rubber on highway.

FIGURE 15
Power-to-weight ratio of transport unit
 (kilowatts per ton)



Sources: See Table 3.

FIGURE 16
Power of transport unit
 (thousands of kilowatts)



Sources: See Table 3.

There is no such constraint on the maglev surface transport systems because, suspended as they are for magnetic quasi-flight, there is no friction to be countered. In the German system, 4 of the 60 kwh required for each passenger-kilometer are required to lift the vehicle, the rest to move it forward.

Beyond the power that has to be applied to move a load against friction, there is also the method by which the tractive power is applied. With rail systems, this can be measured in the ratio between the power output of the source of supply, and the power applied at the drawbar where the locomotive unit is connected to the load.

By the time of the last generation of steam engines, roughly 1950, after nearly 130 years of work, this ratio had reached 8% for steam traction. In diesel locomotives such as those used in the United States, where the efficiency of the engine can be assumed to be 30-40%, some 22% of the power is applied at the drawbar. In electric traction, assuming a 95.2% efficiency between generating station and the substation which transfers power to the train's motor, the efficiency between the substation and the drawbar is 72% for a single-phase alternating current (AC) unit, and 69% for a direct current (DC) unit. If the efficiency of the primary source of supply is considered, then the power applied at the drawbar will be in the range of 25%.

All three of these systems work against the same constraint of steel-wheel against steel rail. Diesel and electric systems do so roughly three times more efficiently than steam did. Since the maglev systems do not have to sustain efficiency losses between on-board supply (there is no on-board power unit) and drawbar, the efficiency of power conversion would be that between substation and unit (95.2%), and thus, as with

electric traction, allowing for generation losses, over 30%.

In this system, as also with electric traction, improvements would not only depend on advancing the transport technology itself—for example, advances associated with superconducting materials—but also on economy achieved in the generation of electric power. Present combined-cycle gas turbines, which operate with greater than 50% efficiency in power generation, would improve the efficiency of maglev systems to better than 47%, and would, of course, do the same for electric traction.

This points to the standing post-World War I idiocy in U.S. transportation practice. In 1916, the decision was made not to electrify the U.S. rail system, and even to rip out chunks that had been electrified. The argument employed was the one we are familiar with, cost. Except where "density of service" merits it, electrification was said to be too expensive. And thus, the United States went back to steam, and then sideways, as it were, to diesel. Why sideways? Because diesel traction is a relative dead-end. Electric traction systems have advanced along a line dictated by the problem of improving and increasing the power delivered to the traction unit. There is no such line of advance available to diesel traction systems, which are limited to an upper speed of 125 miles per hour (200 kilometers per hour), and need an electric transmission to develop the torque necessary for starting and operating at low speed. Requiring less maintenance, electric traction can deliver twice as much continuous power to the drawbar as diesel locomotives. **Figures 15 and 16**, representing kilowatts power-per-transport unit and power-to-weight ratio for the different systems considered, show the results of this process in terms of increased power made available, and shows, in the latter

TABLE 3

Energy and power parameters

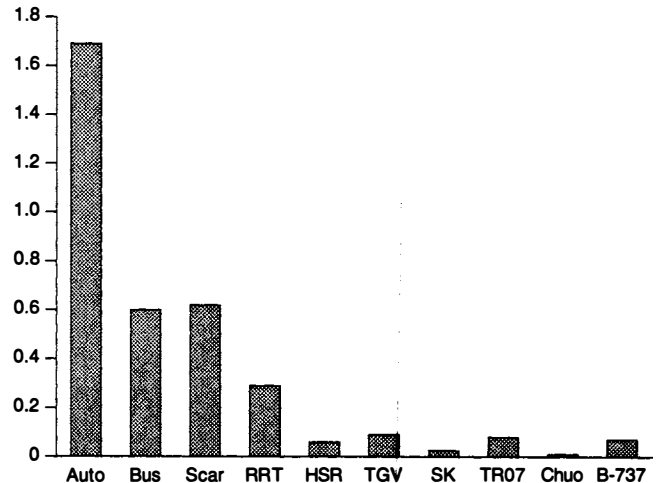
Mode	Power (kw)	Gross weight (tons)	Power/weight (kw/ton)	Vehicle-km/kwh	Passenger-km/kwh
Auto	75	1.5	50.00	1.69	3.39
Bus	213	12	17.75	0.6	24
Scar	260	19	13.68	0.62	62
RRT	470	38	12.37	0.29	40.6
HSR	4,325	350	12.36	0.06	21
TGV	5,450	386	16.71	0.09	31.5
SK	11,040	927	11.91	0.025	33.5
TR07	5,280	90	58.67	0.08	16.6
Chuo	38,800	270	143.70	0.011	11.1
B-737				0.07	8.9

Sources: U.S. Department of Transportation, Federal Railroad Administration, "Assessment of the Potential for Magnetic Levitation Transportation Systems in the U.S.," June 1990; U.S. Congress, Office of Technology Assessment, "U.S. Passenger Rail Technologies," 1983; Vukan Vuchic, *Urban Public Transportation, Systems and Technology*, Prentice-Hall, 1981.

figure, a further advantage of the maglev systems in the form of a drastic improvement in the power-to-weight ratio. **Table 3** summarizes the information plotted.

The improvement represented by the maglev system jump in the power-to-weight ratio is the result of the employment of technology based on new physical principles which no longer require the power unit to be carried on-board the vehicle. TGV and Shinkansen increase the power available per unit, but do not substantially change the power-to-weight ratio relative to, for example, High Speed Rail. TGVs and Shinkansens were made possible by advances in transmission of power from generating unit to substations, and in methods of controlling power on board the locomotive units. This is a by-product of electric traction systems moving from a DC supply working with multiples of a 750-volt current up to 6,000-volt current, through single-phase AC systems, employing transformers with on-board motor operating at 10-15,000 volts, and at lower than normal industrial frequencies, 16 $\frac{2}{3}$ hertz compared to 50 hertz. This advance reduced the required cross-section of the contact wire from 400 millimeters for a 1,500-volt system to 150 millimeters for a 10-15,000-volt system, and therefore reduced the weight of the power delivery system, and also reduced the number of power substations required, from one every 15 kilometers of track, to one every 40-60 kilometers of track. The TGV and the Shinkansen employ monophasetriphase group systems employing static current rectifiers and thyristors and currents of 25,000 volts. If a 1,500-volt current is assumed to be standard for DC supply, this is nearly a 17-

FIGURE 17

Vehicle-kilometers per kilowatt-hour

Sources: See Table 3.

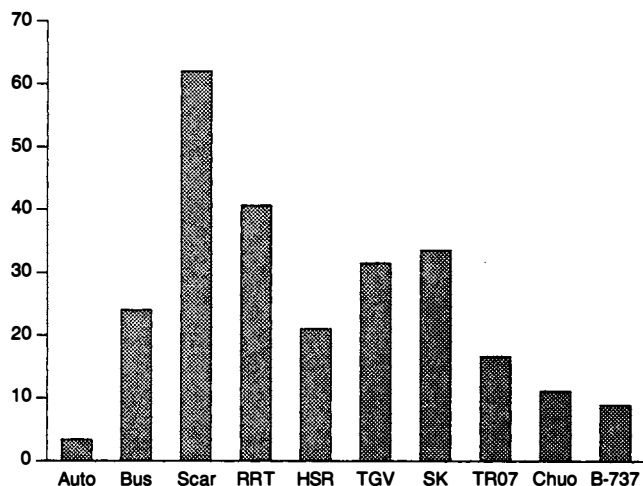
fold increase in voltage delivered over the period since the end of World War II. This is what the electrified French system was able to achieve.

The United States shut itself out from this process to such an extent that foreign expertise, in the form of the ASEA Brown Boveri company, had to be called in to help manufacture the locomotive units for the 87-mph Amtrak Northeast corridor Metroliner service. Now the idiots in the U.S. railways are trying to figure out how to convert the DC transmissions on their diesel engines to AC power so that they can get another 30 years of life out of their poor old diesel locomotives.

The summary in Table 3 of the energy and power characteristics of the transit systems we have considered above, also includes data for the power consumption per vehicle-kilometer and per passenger-kilometer (see **Figures 17** and **18**). The increased power of High Speed Rail, TGV, and Shinkansen, relative to the mass transit forms which would employ a 600-800-volt DC power system, is shown as a decline in the number of vehicle-kilometers accomplished for each kilowatt-hour of power consumed. An 800-seat system based on the German technology will probably require about 20 megawatts (MW) of power for a 400-500-kilometer trip. The Japanese system is approaching a power requirement of 40 MW for such a trip. The principal constraint that will be encountered in developing the system for service will be that of making available sufficient power. To support frequencies of 10 trains an hour in each direction over 400 or so kilometers will require between 400 MW of power for the German system and 800 MW for the Japanese. That's enough electrical power to support 25-50,000 U.S. households for a year.

However, it can readily be argued that the TGV and Shinkansen are to maglev systems as the diesel traction loco-

FIGURE 18
Passenger-kilometers per kilowatt-hour



Sources: See Table 3.

motive is to the electric one. Just as a diesel-powered unit could not function without its electric transmission system, so the TGV and Shinkansen would not be able to function without the power-control systems which are part of the mag-lev requirement.

The conclusion ought to be drawn that this new propulsion method for ground transportation should become the technology of choice as rapidly as possible. Why waste money and labor perpetuating systems of transportation which are rendered obsolescent in ways more profound than was the horse by the steam engine, or the steam engine by electric traction? And which will have correspondingly earth-shaking benefits outside the field of transportation as such.

Tables 4 and 5 provide another way to think about the impact of such a system. Table 4 reports passenger-kilometers traveled per household, by mode, for the United States, West Germany, India, Japan, and China in 1970. There are two features to note. One is the dominance of the automobile in the United States, Germany, and Japan. The second is the absolute gap, a factor between 7 and 50, between the United States, Germany, and Japan on the one side, and India and China on the other. Table 5 shows the density of road and railroad grids for total, and urban land areas of the same countries at around the same year.

What is one to propose to such countries as India and China, which together comprise more than 20% of the world's population? That they should repeat all the blunders which we have made over the past approximate 100 years? That they should put scarce manpower and other resources into highway construction, territory wide, and in their cities? Or, that they should leap-frog the mess that we have made, and commit to a future technology which, while being relatively cheap, also

TABLE 4
Transit density per household in selected countries in 1970
 (thousands of passenger-kilometers per household)

Mode	West				
	U.S.	Germany	India	Japan	China
Rail	0.284	1.728	1.102	5.697	0.408
Road	26.687	18.326	1.578	10.575	0.136
Water	n.a.	n.a.	n.a.	0.179	0.040
Air	3.013	0.300	n.a.	0.350	0.001
All modes	29.968	20.361	2.679	16.793	0.583

Sources: International Road Federation, Geneva, 1972 Yearbook; World Bank, "China: The Transport Sector," 1985.

TABLE 5
Network density in selected countries, circa 1970
 (kilometers per km²)

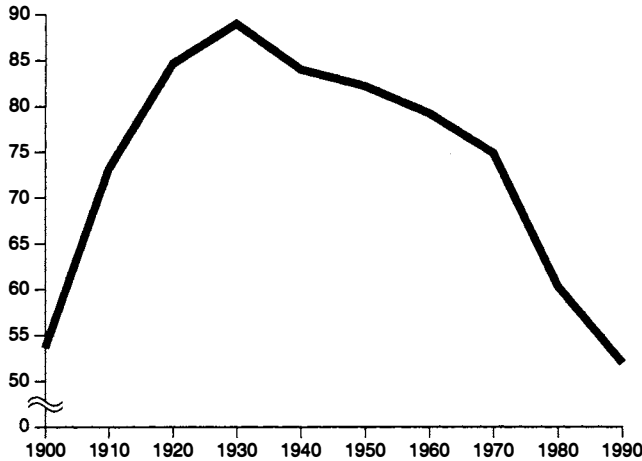
	West				
	U.S.	Germany	India	Japan	China
Roads/total area	0.631	1.773	0.363	2.795	0.098
Rail/total area	0.057	0.129	0.019	0.066	0.007
Roads/built area	6.925	10.627	1.203	13.935	0.353
Rail/built area	n.a.	1.590	n.a.	1.152	n.a.
Rail routes/ built area	0.026	0.115	n.a.	0.602	n.a.
Streetcar routes/ built area	0.007	0.201	n.a.	0.070	n.a.

Sources: International Road Federation, Geneva, 1972 Yearbook; statistical yearbooks of United States, Federal Republic of Germany, India, Japan, and China; *Jane's Mass Transit*.

has the potential to help transform everything?

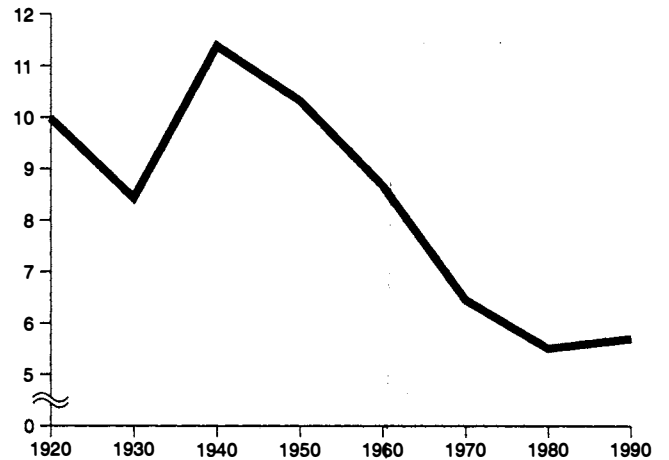
As for the mess that we have made, Figures 19, 20, 21, and 22 show how the same network density parameters have developed in the United States over the course of most of this century to date. These charts reflect the process by which the automobile and the highway became the transportation mode of choice. For every kilometer of railroad lost, 5 kilometers of highway have been gained. That's an absolute loss of productive capacity according to the relationships discussed above. The 5 kilometers of highway represent about one-quarter of the capacity lost in dismantling the 1 kilometer of railroad. Figures 21 and 22 reflect the same process at work in the cities. Of course, the absolute length of city streets has

FIGURE 19
Railroad density in the United States, 1900-90
 (kilometers per 1,000 km² of land area)



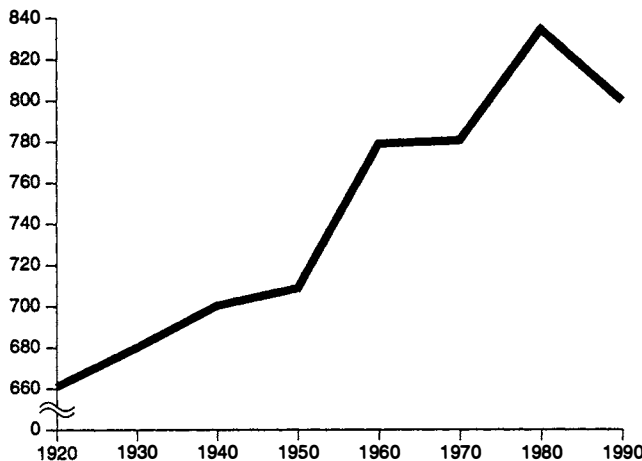
Sources: U.S. Department of Commerce, Census Bureau, *Historical Statistics of the United States, 1976*; *ibid.*, *Statistical Abstract of the United States*.

FIGURE 21
Urban street density in the United States, 1920-90
 (kilometers per km² of urban area)



Sources: U.S. Department of Commerce, Census Bureau, *Historical Statistics of the United States, 1976*; *ibid.*, *Statistical Abstract of the United States*; Mario Clauson, *Land for the Future*, Johns Hopkins University Press, for Resources for the Future, 1960.

FIGURE 20
Road density in the United States, 1920-90
 (kilometers per 1,000 km² of land area)



Sources: U.S. Department of Commerce, Census Bureau, *Historical Statistics of the United States, 1976*; *ibid.*, *Statistical Abstract of the United States*.

grown, but not as fast as urban area as a whole, under the influence of the automobile on suburbanization. And, thus, the number of households per urban area has declined, as the centralizing, and organizing focus of urban life was destroyed in favor of the suburbs. The burnt-out shells of the inner cities are the result.

FIGURE 22
Built-up area per 1,000 urban households, 1900-90
 (km²)



Sources: See Figure 21.

Rebuilding the transport grid will be a key part of rebuilding the cities. Maglev is the best way to do it.

Lithuanian elections show danger of bowing to IMF

by Konstantin George and Denise Henderson

The devastating defeat suffered by President Vytautas Landsbergis and his Sajudis Party in the Oct. 25 Lithuanian parliamentary elections serves as a lesson and warning to all patriotic forces in the nations of eastern Europe and the former Soviet Union, that realpoliticking and compromise with the economic "shock therapy" demands of the International Monetary Fund (IMF) inevitably lead to both national economic destruction and the ultimate political defeat of those who make such compromises. The victor was the Democratic Labor Party, the successor to the independent Lithuanian Communist Party, founded in 1990, and led by former Lithuanian Prime Minister Algirdis Brazauskas. This in no way means that Lithuanians have suddenly become "communists." This party won because it is seen by a majority of working urban voters as standing for resistance and rejection of "shock" austerity policies.

In fairness to Landsbergis, his defeat was not solely attributable to his blunders, significant as they were. The western powers, led by the Anglo-American bloc, working together with Moscow, wanted to terminate the era of Landsbergis-Sajudis rule, precisely because it represented a potential that could have later defied and broken with the IMF.

The small Baltic country had already played such a guiding role. It is well understood in Moscow, by those who took part in the resistance to the August 1991 coup attempt as well as no doubt by their opponents, that it had been the example of Lithuanian patriots under the leadership of Landsbergis which gave Muscovites the courage to stand up to Soviet tanks, just as earlier, Lithuanians had risked their lives, and some had died, defying Soviet tanks in Vilnius.

The danger portended by the election results is not only that the trend of a return of communists to power will spread

through eastern Europe, as it has already begun to do. The greatest danger is in Moscow itself, where the anti-IMF posture has been assumed by the staunchest Russian imperialists. If they come to power, the first target of their expansion into the former satellites and occupied territories of Soviet Russia will certainly be the Baltic states, which only recently received official recognition of their independence after 50 years of illegal Russian occupation.

The handwriting for such a reversal is on the wall. On Oct. 30, Russian President Boris Yeltsin followed up a Defense Ministry announcement of Oct. 20, by signing a decree suspending the withdrawal of 130,000 troops from the Baltic nations. He cited the social conditions of Russian troops and Russian-origin people living in the Baltics, as well as the lack of housing for these troops back in Russia, as reasons for this suspension, and demanded that the Baltic governments agree to social security measures for these Russians. Yeltsin pointed to what he called extensive human rights violations of Russians living in the Baltics, which had to be reversed before the Russians would regard the previous agreements reached with the Baltic states as legitimate. He said that future economic relations with the Baltic depended on rectifying these, and said he would be appealing to the United Nations, to investigate "human rights violations" in the Baltic states.

The strategic picture for the West could change rapidly and radically. A senior German foreign policy establishment figure told *EIR* that Germany will seek a new strategic accord with the United States to keep the U.S. militarily strong in Europe because of the emerging "uncertainties" in the East. He pointed to "Great Russian" ambitions in the global order and said, "for this, the Russians need a strategic glacis, and the Baltic states fall into this."

Lithuania hit with an oil embargo

The current rulers in Moscow dealt the *coup de grace* to the Lithuanian economy through a months-long oil embargo, while the West provided no help, not even minimal credits, abandoning Lithuania to its fate. In fact, while officially expressing “astonishment” that Lithuania was not receiving oil from its guaranteed 1.5 million-ton quota, Russian Prime Minister Yegor Gaidar did nothing in the weeks before the election to end the stalling of the Russian firms responsible for oil and gas delivery to Lithuania. In a post-election statement, Landsbergis noted that “Russia actively participated in the elections and did not even conceal it,” he said. “Its economic and political presence was felt.”

Landsbergis, in an interview last July 1, had pointed to the difficulties “of running the country during the period of reforms and economic restrictions, including all the difficulties connected with Russia, which doesn’t pay for our exports, can raise prices or limit shipments at any moment, and declines to negotiate troop pullout or supply guarantees. It is difficult to work.”

Landsbergis has been a thorn in the side of the imperial faction in Russia for quite some time, because he is politically astute enough to realize that Lithuania would have independence only if its citizenry fought to keep it—and only if its “big neighbor,” Russia, rid itself of its imperial designs. “The situation in Russia is very ambivalent today,” Landsbergis said in July. “I have good personal relations with Russian President Boris Yeltsin.” But, he added, “there is also the militant Russia, with vestiges of imperial thinking. . . . Russia must get accustomed to being its usual self without attempting to subordinate its neighbors . . . because a commitment to expansion, to getting others under its own control can hardly be described as a natural *modus vivendi* for a nation, unless this nation is by nature aggressive—but no people want to be regarded as such. The Russian state was a monstrosity in the course of centuries. . . . We must be on the alert when we glimpse other, worse scenarios that are dangerous for its neighbors.”

Era of backlash begins

The Sajudis defeat was not really a surprise. The Lithuanian elections herald a backlash against radical economic liberalization in eastern Europe. Sajudis, which once commanded the support of the overwhelming majority of Lithuanians, received a mere 22% of the vote, while the ex-communists, now Social Democrats led by former Prime Minister Brazauskas, recipients of the protest vote, emerged as the largest party with up to 45% of the vote.

Even these percentages do not fully reflect the extent of the defeat suffered by Sajudis. Under Lithuanian law, half of the 141 seats in the new parliament are chosen, as in the United States, by races in election districts, and half through allocation based on the percentage of the overall vote scored by a party. In the Oct. 25 first round, Sajudis was able to win in only

one electoral district. Its leading election district candidates, such as former Prime Minister Gediminas Vagnorius, were trounced—in the latter case by Brazauskas. On Nov. 8, there will be runoff elections in 15 or more of these districts, but very few of them will go to Sajudis, as two more weeks of bitterly cold weather will fuel even higher popular discontent.

Economic destruction

The destruction of the economy caused by the combined effects of submission to the IMF, a western credit embargo, and the Russian energy embargo sealed the fate of Sajudis. Popular rage was fueled in mid-August by newly appointed Prime Minister Aleksandras Abisala, who began to moot the need for cuts in social security and other entitlement programs. Abisala also proposed abolishing privileges for pensioners, freezing unemployment benefits, and introducing fees for education and medicine.

Using the term “devastation” to describe the economic and social situation inside Lithuania is no exaggeration. One-third of the population is unemployed, about 50% are classified as living on incomes below the poverty line, and most are freezing in apartments without heat and hot water, due to the lack of heating oil. The mercifully moderate winters of the past few years will not apparently will be repeated this year. In the week before the elections and the week after, the average daily high temperature was 0° Centigrade (32° Fahrenheit). At night, temperatures average -10° Centigrade, and it is only October.

Perhaps the most abject indication of submission to the IMF came in a late-September decree by the government, agreeing to the IMF demand that Lithuania “earn a trade surplus” by selling off its livestock. The Landsbergis government had tried to resist this demand, but the IMF had behind it the de facto western credit embargo which intersected a 1992 grain harvest disaster, caused by the extreme drought that hit the Baltic region. The Lithuanian 1992 grain harvest was a mere 1.5 million tons, compared to 3.3 million tons in 1991. A similar plunge occurred in the Latvian grain harvest, and in the third Baltic republic, Estonia, the 1992 grain harvest was only 400-420,000 tons, compared to 930,000 tons in 1991. As early as July 10, the supreme council had declared Lithuania a disaster area because of the crop failures.

Lithuania, one of the key meat and dairy producers in the former Soviet Union, suffered heavily because of the loss of feedgrain stocks. Under these conditions, the Lithuanian government submitted to a wholesale selloff of animal herds—the only alternative was to see them starve to death. Thus, the government allowed the mass export of livestock by farmers for hard currency, beginning a repeat of the “Polish model” destruction of Polish agriculture carried out under IMF diktat in that nation. The new policy plans the export of 283,000 dairy cows, 217,000 beef cattle, 700,000 pigs, and 4 million chickens. Lithuania’s rich food surplus, once the nation’s pride, is fast becoming a memory.

In Russia, the specter of 'cruellest dictatorship' looms

Valeriya Novodvorskaya has been a human rights activist in Russia for nearly 25 years. In 1988, she founded the Democratic Union, the first political party to be formed in the Soviet Union apart from the Communist Party. Rachel Douglas interviewed her in Moscow on Aug. 24, 1992. The interview is translated from Russian.

EIR: Would you tell how you came to be active in the dissident movement?

Novodvorskaya: I could never have been called a classical dissident, because the dissidents were trying to reform the system, or they protested against specific violations of human rights—although there were no such rights, because in effect there were no “humans.” And that is now understood. I could more accurately be called part of a resistance movement, which existed parallel to the dissident movement, coinciding in some places and not in others. From the very beginning, that movement set itself the task of changing the state system.

True, at that time, we unfortunately did not know that there exists no ideal in the West either. We thought that it would suffice to create a structure like theirs, purely capitalist in its economics and purely parliamentary in its superstructure, and this would be something like a golden age.

Well, certainly the sieve in the West is of a coarser mesh and it is easier for a non-conformist to slip through it, whereas we had a very fine-meshed sieve, which nobody could slip through. But it turns out that there is a sieve there, too. Back then, we had a simple and integrated view of the world, because we did not know what in fact is going on in the West. We just took everything as the reverse of what was said: If they said there was imperialism, that must mean it was heaven on earth. Everything was simple.

It was easy and quite a pleasure to fight against that system. You did something, and they put you in jail. And if they didn't kill you in prison the first time around, then you had the chance to get out and continue. So, the dissident life was a certain kind of routine. I, for example, have three convictions under Article 70 [of the Criminal Code]. My life is not a long one; I am 42 now. My first conviction under Article 70, for anti-Soviet agitation and propaganda, came

in 1969 when I was 19 years old. Then I had a pile of petty arrests, for three months, or two months; I piled up six of these before perestroika. Then, in 1986, I got my second Article 70. And in 1988, they renewed the prosecution under Article 70, because [Mikhail] Gorbachov's perestroika let certain people loose. And the last time, that was already a record! Because to earn an Article 70 in 1991, under Gorbachov, and this time with a new formulation—calling for the violent overthrow of the state system—took quite some doing.

But I think that's not the end of it, and that I will earn something from the current authorities, too, because I have the same nasty relations with them as with the previous ones.

What did the resistance movement do, in general? Handled out leaflets, organized *samizdat* libraries, published and distributed Orwell and Zinovyev, Avtorkhanov, Solzhenitsyn. This was all useful, in its way. True, it wasn't anything like what would get the people to rise up, but nevertheless.

And then in 1988, the Democratic Union was organized, that is, the minute it became possible to get somebody to do something without the expectation of immediately being arrested and jailed for 10 years.

EIR: And you had the idea of organizing this?

Novodvorskaya: Yes, this had been my crystal dream—to create a political party. Not even an opposition party, but a revolutionary one, hostile to the system. Because an opposition exists in the same system of coordinates, whereas Democratic Union was conceived of as an absolutely revolutionary party, which would be engaged in overthrowing these authorities. I naively supposed that we could have a mass popular movement here of civil disobedience for a democratic reconstruction of society, and even a popular uprising for such noble goals. And it would all be exclusively motivated for reasons of conscience, pure freedom—and other such inedible matter.

So, for four years, we beat our heads against the wall, and didn't make it out of confinement. I do not remember being free in the Gorbachov epoch. We were constantly in jail. We would go to a meeting, and be dragged out in an absolutely horrible fashion, worse than in Brezhnev's time,

and we'd get 15 days. We'd declare a hunger strike.

Then they'd let you out barely alive. You'd go to the next demonstration, and they'd put you in again. And when I had contrived to get 15 days in jail 17 times—that's seven months and three weeks—and I had reached a state of complete physical collapse, they launched a criminal case against me for insulting the honor and virtue of Gorbachov. That didn't work. Nothing came of it in court. Then came another big arrest, the KGB again, Article 70 for the last time and Lefortovo Prison.

And ever since they let me out of there, we have continued to have very bad relations with the authorities and we are trying to push the population toward at least some democratic desires, at least some democratic actions. But part of the people are crying, "Long live Yeltsin!" part of the people are running after various fundamentalists, part of the people thirst for the Union to come back and are running with red flags, but the greatest part are lying like a stone. Right now, in Russia, that is, the population is like carrion and the politicians like vultures, which are circling over that carrion and dividing up that loot, without the loot having any say in the matter.

This, of course, is not a standard analysis for a revolutionary to make, but I would look at the 19th-century revolutionaries, supposing they were in our situation—the *narodniki* [populists], the People's Will movement, the Social Democrats, the Socialist Revolutionaries. What would they have done in this situation, when the people are incapable of any democratic efforts, any risk, any uprising, any motion?

Nevertheless, even if there is no way out in sight, a person is obliged to do his duty. And the Democratic Union is doing its duty. We go to meetings, write declarations, distribute leaflets. We are quite scrupulous as far as calls for armed uprising go because, unfortunately, the riff-raff do not know how to judge where to stop. We have too strong a tradition of *pugachovshchina*,¹ of wiping out everybody and then launching some new totalitarianism. But, without a doubt, armed self-defense of the people from total annihilation by the authorities is legitimate, although, in any case, this is not the best option.

EIR: Do you know the Rütli Oath, from Schiller's *Wilhelm Tell*? "When the oppressed can find no justice, when the burden grows unbearable—he reaches with hopeful courage up unto the heavens and seizes hither his eternal rights. . . . As a last resort, when not another means is of avail, the sword is given him."

Novodvorskaya: As a matter of fact, Mahatma Gandhi also allowed for such an option. At least he preferred it to total powerlessness. But this is not the point. If there is total civil disobedience by the people, one can get along without armed resistance, as Gandhi himself did. But our problem here is not that the people lack arms with which to struggle against the party regime of Yeltsin, rather that the people generally

do not even want to struggle against it and cannot—with or without arms. First the people voted in a party czar for themselves, and now they are the powerless object of every sort of manipulation—pitiless, inhuman manipulations—to which they are being subjected. The people are being destroyed, and they raise no objection.

EIR: What changes do you expect in the overall situation in the country in the near future?

Novodvorskaya: In time, one may expect either total disintegration, at the molecular level, when the country falls apart not into various autonomous units, but into districts, into streets and neighborhoods. And then would come what we call in Russia "fire, ice, and plague," basically the end of the world. And, naturally, war of all against all at the personal level, over scraps of bread. And the cruelest dictatorship. It would come full circle. For there is no rational, democratic force in the country now. There are only terrible forces, slow-witted, wicked forces. The forces of darkness. And if these forces, like Sauron in Tolkien,² undertake to stabilize things, then what darkness will it be? Tolkien had two darkensses, and this will be a third.

EIR: Our readers would like to hear your views and reactions about the LaRouche case, and related matters.

Novodvorskaya: I have known for a long time, that the American system is extremely egoistical and employs human rights questions on the spur of the moment, as it sees fit. That alone would have sufficed for me to have no use whatsoever for any of it—not the supermarkets, not Harvard, not Yale. For me, what happened in 1933 when the United States recognized Soviet Russia—and I am not even mentioning 1945, the warm relations with Stalin, or handing over eastern Europe, or 1968, or 1956—would have been enough reason to carry on an uncompromising struggle in the United States.³ That is, I would probably be burning the American flag before breakfast, before lunch, and before supper. I see no place for myself among the American establishment, and I would not be able to live like that. Perhaps this is our Russian maximalism, but ours is a country of extremes. Either man needs no freedom whatsoever, or he needs maximum freedom. I am from that smaller half, that needs the maximum freedom.

But I did not suppose that this state of affairs extended also to internal American problems. When I learned about [the imprisonment of] Lyndon LaRouche, I confess this was a revelation for me. No, of course, I knew about the investigations of anti-American activities and how Ronald Reagan was an enthusiastic participant in that, and therefore I didn't have illusions about his presidency. And I knew about how they hanged the anarchists in Chicago after May Day. But I simply hoped, that these were excesses, whose time had passed, and that American democracy had somehow been able to outgrow this and to return to the principles

established by Madison, Patrick Henry, and Jefferson. But this was not the case.

And it is absolutely incomprehensible to me, how people can be doing business, can enjoy their income, how they can even think about anything, if they have dissidents, and prisoners of conscience are sitting in prison, and, what's more, it's on falsified charges about non-payment of taxes. And, by the way, it's just simply not a good thing, to give people years-long prison sentences for non-payment of taxes. This is base. It means that for the sake of a dollar, the state is prepared to strangle somebody. This is incomprehensible to me.

And it is obvious that, apparently, in the United States, all is not well with civil society. A civil society would never allow such things. And I can't imagine Jefferson, who said that no government would ever be able to preserve freedom in the country unless it knows precisely that the citizens are prepared to give their lives for that freedom, and the Founding Fathers in general having in mind that such things could happen. As far as I know American history, and I know it not too badly, this is just a complete degradation of the idea. Why this has happened, I don't know, because the idea was a good one. Probably it has to do with the fact that at the point of the angle was that "commonwealth," the striving for happiness. Striving for freedom is more than striving for happiness, and happiness is not found in the increase of production and raising the level of one's income. Happiness is found in completely different things.

I think that material undercurrent, consumerism, in fact kills the idea of democracy in the entire world. Just as today it is killing everything in Russia and holding people back from rising any higher than questions of subsistence, when there is not anything to subsist on. Whereas in the United States, it seems, everything is all right as far as food goes, and people have cars. But, forgive me, if people are going to make it their ideal to buy four cars instead of three, or to change from one brand of car to another, or to buy a new cooking range, then God created man in vain, if man ends up as such an abomination.

And I think that the Schiller Institute and Lyndon LaRouche are trying to return man to his spiritual base, or at least to those ideals which Christ preached, and also Jefferson.

As for the death penalty, any country that employs the death penalty and does not abolish it unconditionally is not democratic.

Notes

1. Yemelian Pugachov led a violent uprising against Catherine the Great in the 18th century, claiming that he was her murdered husband, Peter III.

2. J.R.R. Tolkien, *Lord of the Rings*.

3. In 1945, the Yalta agreement among Stalin, Roosevelt, and Churchill was concluded. In 1956, the western powers stood by as Soviet tanks crushed the Hungarian revolution against communist rule. In 1968, Warsaw Pact forces invaded Czechoslovakia, undeterred by western countries.

Central Asian conflict gets bloodier

by Ramtanu Maitra

Recent reports indicate that the armed assault by the pro-Moscow faction on Dushanbe, the capital city of Tajikistan, to capture power and reinstate ousted President Rahman Nabiyev, has failed. The pro-Islam leadership of Akbarsho Iskandrov is in control of the capital, although reports of heavy fighting in and around Dushanbe are filtering in. Meanwhile, Washington has closed its embassy in Dushanbe and asked American travelers to stay away from Tajikistan until further notice.

The conflict in Tajikistan, one of the Community of Independent States (CIS), is now in a full-blown state, with Islamic militants poised to strike for power. The armed forces of the Hizb-i-Nuzhat-i-Islami, a secret organization for 15 years until it was officially recognized on Oct. 26, 1991, have gained strength significantly in the cities of Kurgan-Tyube, Karategin, and partly in Kulab and Dushanbe. The Hizb-i-Nuzhat, independent of the Qaziat in Tajikistan, is considered the most organized of all opposition groups. To the north, Khojend, whence President Nabiyev hails, is a hotbed of the communists, and the Communist Party, which was registered again in January 1992, is consolidating its position with the help of Uzbeks.

Impact of the Afghanistan crisis

In neighboring Uzbekistan, there is fear of ethnic conflict between Tajiks and Uzbeks. During a recent visit of the Indian foreign minister, R.L. Bhatia, his Uzbek colleague Abdul Razzakov expressed concern at attempts by external forces to destabilize the region through the flow of funds and arms in support of terrorism.

What Foreign Minister Razzakov was referring to is the adverse impact of the Afghan crisis. In Afghanistan, the pro-Islam Mujahideen leader Gulbuddin Hekmatyar is locked in a power struggle with the Afghan leaders Gen. Abdur Rashid Dostum and Ahmed Shah Massoud. Dostum is of Uzbek origin and Massoud is a Tajik, ethnically, and both are considered moderates on religious issues. Dostum had visited Uzbekistan recently, trying to forge an alliance with the Uzbek leaders in order to carve out an autonomous part within Afghanistan bordering Uzbekistan. Hekmatyar, in his effort

to upset the apple cart, is funding and arming Islamic militants in both Tajikistan and Uzbekistan, hoping that they would reject both Dostum and Massoud because of their secular views.

Hekmatyar, in a statement issued from Charasyab headquarters in Afghanistan, has also warned the two Central Asian republics, Tajikistan and Uzbekistan, of dire consequences in case they did not stop interfering in Afghanistan's internal affairs. He claimed that he had ample proof to show that these two CIS countries had extended military supplies to what he described as the "unholy alliance" of northern Afghanistan. He alleged that both Uzbekistan and Tajikistan were devising plans with the Uzbek Gen. Rashid Dostum for the division of Afghanistan, and were extending military aid to Dostum to do so.

The veracity of Hekmatyar's claim is a matter of conjecture, but all regional countries are becoming deeply involved in each other's affairs. Since the air link between Pakistan and Uzbekistan has been established, there are reports of planeloads of Jamaat-e-Tulaba, the Islamic teachers, traveling to Tashkent with the purpose of reinvigorating Islam of the Sunni-Deobandi variety. The Saudis, meanwhile, have sent planeloads of religious material, ostensibly to promote Islam.

Meanwhile, Kazakhstan is fighting Islamic revivalism in this multi-ethnic, multi-lingual, and multi-religious nation of 17 million. Groups of parties, like Adilat and Altash, which are vigorously reviving Islam, have turned mosques into centers of their activities. Here, too, external factors are looming large. Public donations are mostly coming from Turkey in the form of building mosques. Missionaries and teachers, such as Tulabas, are flocking in from Pakistan, Jordan, and Morocco, one report indicates. Meanwhile, non-Kazakh ethnic groups are becoming aware of their separate identity for the first time. The fear is that inter-ethnic confrontation is slowly creeping into Kazakhstan as well. Already, the decision to make Kazakh the national language has made the non-Kazakhs uneasy. The large Russian presence in northern Kazakhstan and vast areas of non-Kazakh settlements, in case of an inter-ethnic conflict, could throw the country into perpetual chaos.

President Nursultan Nazurbayev's adoption of the free market system is bound to create further conflicts within the country. In the first six months after the free market was introduced, prices have jumped up by 675%, and the gap between wages and prices has widened. The GNP has gone down by 19%, and the 20 million tons of grain that has reportedly been harvested, is not reaching consumption centers due to inadequate infrastructure. In addition, 2,000 enterprises have been privatized and land laws have been changed to allow private landholdings. In the market, there are few items to buy.

Throughout the Central Asia republics, the relatively new problem of drugs and arms smuggling is also posing dangers.

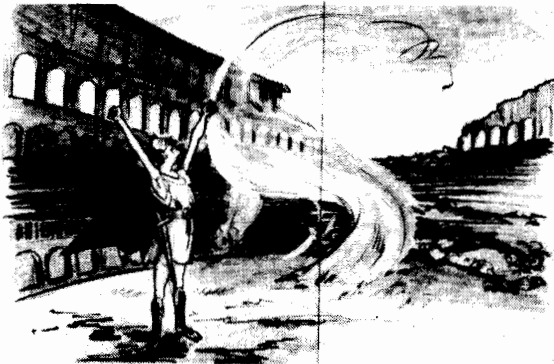
At a recent seminar in Tashkent, Uzbekistan, drugs and arms smuggling from Afghanistan was given prominence. It is one of the reasons, perhaps, why President Islam Karmov has temporarily suspended air service between Tashkent and Dushanbe.

Can a collective security system emerge?

The question of collective security under the present circumstances has already been brought up. The Presidents of Kazakhstan, Uzbekistan, and Kyrgyzstan had proposed a military alliance, in case the Tajik violence begins to spread across the region. However, this would require the aid of the Russian Army, and Moscow's opinion on this issue is far from clear. President Akayev of Kyrgyzstan did not succeed in convincing his parliamentarians to send 400 peacekeeping troops to Tajikistan. The proposal was mooted at the CIS summit in Bishkek in early October and passed unanimously. However, the proposal was rejected out of hand by the Kyrgyz Parliament.

Some point out that if the Europeans have so much trouble setting up a collective force of intervention in Bosnia, it is highly unlikely that in the current mosaic of conflicts, the former Soviet republics, without developed institutions, can build a common defense policy.

GEORGE BUSH THE UNAUTHORIZED BIOGRAPHY



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'Bush manual' project opens new assault on Ibero-American armies

by Gretchen Small

In October, a nervous Bush administration escalated its extraordinary organizing campaign against the militaries of Ibero-America. Officers even *potentially* opposed to the U.S. project to reduce their institutions to U.S.-run national guards must be purged, U.S. operatives demanded, and the timetable of army "restructuring" escalated. More frank than is customary, the operatives warned that as long as the military remains intact in the region, so will the hated "culture of economic nationalism," and thus, also, the possibility of rebellion against the bankers' free trade dictatorship which has ruled supreme for the last 10 years.

Leading the charge was the very team, headed by U.S. Ambassador to the Organization of American States Luigi Einaudi, which put together the notorious anti-military "Bush manual," the book entitled *The Military and Democracy: The Future of Civil-Military Relations in Latin America*, which, U.S. officials have lied up and down the continent, had nothing to do with the U.S. government. This offensive could be called "Bush manual II," or perhaps soon enough, the "Bush-Clinton manual." As this team has made clear, this policy is a bipartisan one. If anything, it will only escalate if Clinton becomes President of the United States in January 1993.

'Bush manual' authors deploy

On Oct. 16, Juan Rial, one of the three editors of the book, reminded a conference at the Institute of Peruvian Studies in Lima that the goal of this project is to transform the militaries of Guatemala and the Southern Cone into U.S.-run "national guards." Rial, a Uruguayan, sounding every bit an ideologue for his country's Tupamaro "former" terrorists, argued that this goal had already been achieved in Mexico, Central America, and the Caribbean through two equally successful methods: U.S.-supranational intervention (Panama and El Salvador), and by communist overthrow (Cuba and Nicaragua). (See *Documentation*.)

Three days later, the other two editors of the Bush manual, Louis Goodman and Johanna Mendelson, co-chaired a three-day conference at the Woodrow Wilson Center in Washington, D.C. in which the implications, regional and national, of the Feb. 4, 1992 uprising in Venezuela were

addressed. Here, during the opening panel, another author of *The Military and Democracy*, Brazilian "military sociologist" Alexandre Barros, identified the middle-level military officers throughout the region as the primary immediate threat to their "restructuring" project, and urged that purges of that layer therefore begin immediately. Like Rial, Barros expressed open pleasure that collapsing pay levels, prestige, and morale in the military throughout the continent have created a profound "identity crisis."

The report a week later that the United Nations "peace" commission in El Salvador has demanded that more than 110 officers in that country be purged or transferred, including high-level officers such as Defense Minister Gen. René Ponce who had leaned over backwards to satisfy U.S. "reformers," came as a rude reminder to some that the "Bush manual" project is both operational U.S. policy and aimed at the military itself, not simply those who dare oppose the project.

On Oct. 27, the U.S. Information Service put Gen. John Galvin, former head of the U.S. Army Southern Command and of NATO forces in Europe, on a tele-conference broadcast to Peru, Bolivia, and Nicaragua to promote "The U.S. Experience in Civic-Military Relations." Galvin denied that the United States considers armies to be no longer necessary in Ibero-America, arguing instead that it merely believes "the armies should be of an adequate size which corresponds to the economic capacity of the country, and no more." After repeating the insane U.S. litany that Peru can only fight the brutal Shining Path insurgency through "democratic means," Galvin proposed "the formation of NATO-style alliances" in the Americas as the means to ensure peace and stability. The latter is one of the formulas currently favored in the United States as a means to establish formal U.S. command over what remains of the "restructured" Ibero-American militaries.

On Nov. 9-10, the "Bush manual" crowd is holding yet another conference in Lima, this time sponsored by the Peruvian Center for International Studies (CEPEI), home to two of the three Peruvians participating in the "Bush manual" project. Brazilian, Chilean, Mexican, U.S., and Peruvian experts will gather to discuss "Peru and the New Hemispheric

Relations,” including a panel on the inter-American system of collective defense. CEPEI’s target is to set the political agenda before elections for the Constituent Congress are held Nov. 22. To ready the environment, the CEPEI held another roundtable on Oct. 27, where Bush manual author and outspoken leftist Marcial Rubio joined others in discussing the “Armed Forces and the Constitution.” Peru is being especially targeted because of their military’s ongoing war against Shining Path.

U.S. role exposed

One useful result of this anti-military drive, however, is that the “Bush manual” project has been revealed to be exactly what *EIR* said, and U.S. embassy officials denied: Not only is it a straight U.S. government operation, but the center of Washington’s anti-military organizing. Any doubts of this were laid to rest at the Oct. 19-21 Woodrow Wilson Center symposium on the “Lessons of the Venezuelan Experience,” where Barros had called for purging mid-level officers.

At the outset, organizers announced that the symposium had been the brainchild of the Rial-Goodman-Mendelson “Democracy Project” based at the American University in Washington, D.C. and the Peitho Institute in Montevideo, Uruguay, the same project which produced *The Military and Democracy*. Over the course of its six years of existence, the “Democracy Project” has become “a viable force . . . in many parts of Latin America,” Mendelson bragged to her Wilson Center listeners.

The event was a Democracy Project show through and through: Goodman, Mendelson, and Barros led the proceedings; another project participant, State Department academic Richard Millet, circulated a profile of the Venezuelan military he had prepared after holding “private interviews” with officers over the course of the past year; and the *éminence grise* of the Democracy Project, U.S. Ambassador Luigi Einaudi, was brought in to deliver marching orders.

It was also a U.S. government operation through and through—from Einaudi, to planning and financing. The U.S. government finances a large part of the Wilson Center itself, and appoints half its board of directors. The National Republican Institute for International Affairs and the National Democratic Institute for International Affairs, both branches of the government-funded National Endowment for Democracy, and the U.S. Department of Defense all helped plan the symposium, a conference flyer reported.

Many of the prominent Venezuelans who came to Washington to discuss the future of their country, including journalists, businessmen, politicians, and members of the government, had their expenses paid by the conference supporters—that is, by the U.S. Agency for International Development (AID), the U.S. Information Agency, the U.S. embassy in Caracas, Venezuela’s Fundación Gran Mariscal de Ayacucho, and the North-South Center of the University of Miami. In fact, the entire Democracy Project has been

financed for six years by AID, the U.S. Departments of Defense and Army, the U.S. Institute for Peace, and the John D. and Catherine T. MacArthur Foundation.

Juan Rial’s ravings are indeed U.S. policy.

A bipartisan policy to crush nationalism

Discussion at the Wilson Center event made clear that a Clinton victory in the U.S. elections Nov. 3 will change little of this policy. Einaudi, the architect of U.S. policy toward Ibero-America for the past 20 years under Democratic and Republican administrations alike, insisted that Venezuelans understand that the U.S. insistence on “democracy,” as they define it, is a *bipartisan* policy. He was emphatic that Carlos Andrés Pérez represents the U.S. system on the continent, and therefore he stays in power—period (see *Documentation*).

Kissinger Associates partner William Rogers joined Einaudi at the conference, to ensure that people understood this was *establishment* policy being discussed. Rogers stressed that behind the U.S. drive for “democracy,” lies the unyielding commitment to impose what he termed “free trade capitalism” worldwide. “The economic transformation of the world is number one” on the post-Cold War agenda, he announced, and adherence to “democratic principles” is crucial to “the continuation of economic reforms.”

Here, indeed, can be found the crux of the battle over the military. As Barros identified the problem in his opening remarks, the military remains a dangerous bastion of what one participant in the symposium denounced as “the culture of economic nationalism.” The problem stems from the conviction which still dominates the military that they are responsible for defending their nation as a whole. The Democracy Project view of nationalism was captured by Richard Millet in his analysis of the Venezuelan military. Millet attacked the “romantic” identification of the officer corps with the nation’s independence struggles as “an attempt to reject the uncomfortable and complex realities of modern international economic and political realities.” Millet derided “this almost nostalgic harking back to the independence era for goals and ideals” as a foolish wish to “restore the nation’s past glory”—clearly not a goal of the U.S. Democracy Project.

As Juan Rial warned in a study prepared last May on the Uruguayan military by his consulting firm Perelli and Rial, the problem is not limited to the Venezuelan military. “The signs of growing discontent in the middle-level officers in many countries” must be followed closely, he wrote, because their concerns “appear to combine . . . populist elements with a deeply rooted nationalist feeling. They feel betrayed by their superiors, the political class, the government, and their old partners in the powerful North. A marked anti-American sentiment has especially begun to appear. The old concept of the Armed Forces as the moral reservoir of the nation . . . appears with . . . clear populist connotations.”

Military accused of being a threat to 'democracy'

Einaudi's threats. *Excerpts from U.S. Ambassador to the OAS Luigi Einaudi's remarks on Oct. 21 at the Woodrow Wilson Center symposium, "Lessons of the Venezuelan Experience."*

I would like to submit, that the importance of Venezuela in international relations, may be more due to democracy than to oil. There is no doubt that, in the recent years, we have seen a perception of Venezuelan Presidents, of Venezuelan foreign ministers, of Venezuelan party leaders, who, in fact, have projected Venezuela beyond its borders, into the trouble spots of this hemisphere and beyond, in a way that is most unusual for a Latin American country, few of which are known for having launched an . . . independent foreign policy.

In that sense, Venezuela played a critical role in the evolution of U.S. policy. . . . [Chile's ambassador to the Organization of American States (OAS)] Heraldo Muñoz, right now at the table, is one of the key people, perhaps the key person, in the turning of . . . the classic Venezuela doctrine, the Betancourt Doctrine, into part of the collective conscience of the hemisphere. . . .

Let me just say that from the standpoint of the people I have worked with in the American government, any interruption in the legal democratic process in Venezuela . . . would provoke an extreme reaction. Let me say that this reaction would not [be] limited to . . . the U.S. government as such. U.S. citizens, businessmen in Venezuela, have been regular articulators, and supporters, of the policy that democratic continuity is essential to the continuation of the business partnership. If the business conditions are radically altered in a way that undermines stability, the reaction . . . [is] inevitably going to be very damaging. . . .

Venezuela is not Haiti. . . . It is a commonly accepted truth in American politics, that Haiti has never been democratic. . . . Haiti is Haiti and is not representative. . . . In a sense, Peru is Peru and is also hard to extrapolate, it has an extraordinary terrorist group that has to be faced and this creates all kinds of ambiguities.

But Venezuela is Venezuela. Venezuela is, has been democratic since . . . 1958 . . . and in that period Venezuela has managed to become the standard-bearer for the possibili-

ty of democracy in Latin America. In that sense, Venezuela is not Venezuela, because an interruption there has a tremendous impact on the reality and the future of U.S.-Latin American relations. . . . Venezuela is in a very important and very unique type of situation; it creates an impact on the whole scene of U.S.-Latin American relations. . . .

The point is that Venezuela has a President with a personal charisma, history, potential of external reality . . . external projection. . . . He has a projection still of vigor, of courage, of modernity, of adaptability. . . .

Venezuela, in this sense, stands across the U.S.-Latin American relationship. . . . What happens there, the maintenance of change within a constitutional, democratic, framework, is absolutely critical to our collective, regional, future. . . . If there is an interruption, let me assure you there will be . . . a whole range of reactions . . . [that] would make impossible business as usual, that's the bottom line.

Barros demands the heads of middle-level officers. *From Brazilian "military sociologist" Alexandre Barros's remarks on Oct. 19 to the Woodrow Wilson Center Venezuelan symposium.*

I will discuss the Venezuelan crisis from much more of a regional and military sociology point of view. . . .

It seems to me that this is the most serious crisis, identity crisis, that the military is facing these days. . . . The military has had a tendency to deny it; they think that somehow it is a shame to face an identity crisis. I had an interaction with a four-star general at a meeting the other day, and I mentioned this and he said, We have no identity crisis, and I said, general, I'm sorry, you do, because if you didn't have one, you wouldn't have asked me to come here to tell me what to do with your profession. . . .

I think the basic question [they are asking] is, what are we good for? What do we exist for as a profession? . . . The profession is not only attracting fewer people, but attracting people with possibly different motivations, and the prestige and pay are getting lower. The gap between the young and the old generations is increasing.

The great problem now is, what do we do with the people in the middle? The generals are going to be retiring pretty soon, and the younger lieutenants and captains are getting in with the new view. What do we do with the majors and colonels? It seems to be the serious problem. How do we solve it: By attrition? By dismissing these people? This is possibly one point that should be addressed because this will be where the major source of frustration of military movement would lie at this point.

[Argentine military "expert"] Rosenda Fraga, at a meeting some six months ago, mentioned that as the new democracies go along with neo-liberalism, the military tend to have a backward view of looking for nationalism, and for going back to old policies. However, from the point of view of the crisis of the profession, this is not satisfactory either. This

does not provide the younger generation with either the task or the weapons or the means that they need to do something that they perceive as being the profession.

The Cold War is over. What do we do about it? We all know that a good portion of the so-called military task in Latin America was related to the idea of the Cold War, and [now] it's not there. . . .

Development in communications and perceptions are removing a monopoly that the military had, or quasi-monopoly it had, in socializing its members. In societies where there was no hegemony of either liberal democracy or of capitalism, the military institution had a whole training and education system that made a very effective effort in socializing its members in values which might be coincidental, or might not be coincidental, with the rest of society. What is happening is that this quasi-monopoly is lost, and the younger generation of officers is looking at it from a much more integrated point of view with civil society.

The military profession is about to become a profession like any other. It doesn't have either the charge, or the attraction, and many of the purposes are being lost.

Turning the military into National Guards. *The following is from a report filed by EIR's Lima bureau on the Oct. 16 presentation by Uruguayan anti-military guru Juan Rial to the Institute for Peruvian Studies in Lima. His remarks are paraphrased, except where indicated.*

With the exception of Guatemala, the armed forces of Mexico, Central America, and the Caribbean are very different from those of South America. Mexico's armed forces, for example, "are extremely professional. . . . The same is true for Central American and Caribbean armies. Except for Guatemala, the armies have always been modeled on the U.S. National Guard. . . . In most cases, they have been defeated: Batista in 1959; the Dominicans in 1965, the Nicaraguans in 1979. Others, like the Salvadorans, practically had to recreate themselves from scratch, totally rearm in 1991, and others, like the Panamanians, were totally transformed."

In South America, the armed forces were created by French or German military missions and thus, like any other armed forces, they defend their founding values, transmitted in this case from the Middle Ages. All the armed forces are conservative, regardless of the regime they serve. "If they want to transform themselves, it will have to be as part of a revolutionary process." Immediately after the revolution, however, they become forces which must maintain order.

Even today, South America maintains extremely "conservative . . . antiquated . . . medieval" forces, designed to contend with foreign wars "which they didn't have." In the 20th century, there were no foreign conflicts in South America because the Bolivia-Paraguay and Peru-Ecuador wars didn't involve populated regions or large troop deployments. And "what Argentina had in the Malvinas . . . was

practically a colonial adventure."

In this century, South America's armed forces have performed a state function, replacing the state throughout the national territory, as well as performing a political role, as moderator and arbiter. In 1959, when Castro proclaimed himself a Marxist, the armed forces were in danger of disappearing, and decided not to disappear. When the guerrillas appeared, the armed forces repressed them, in some cases like Venezuela, within a constitutional framework, but in others, by taking over the government. Why do the military take over governments? They evaluated subversion only as an ideological-political fact, without understanding its material causes.

"The situation has changed dramatically in almost all countries . . . due to the events from 1989 onward," as the pretext of fighting subversion backed by international communism disappeared. There's tremendous confusion because, despite the disappearance of international communism, subversion continues in our countries.

"At the same time, however, very big changes in our countries' policies occurred, as they entered a phase in which the state underwent severe crisis. . . . In almost all countries there was a big downsizing of the state . . . processes of privatization and deregulation occurred; obviously, for the military, the state is the only referent, and they began to feel uncomfortable."

The same international overseers who seek reductions in the military budget around the world began to exert pressures. Reduction in military expenditures implies a smaller defense budget, and even more than this. With the drop in wages, many officers request retirement and a large part of the new personnel entering military schools comes from the lower classes. Instead of restructuring, the armed forces tried to keep doing what they have always done, and this generated a general level of pauperization of the troops.

"The majority of the armed forces react badly to these measures when they have to change their organization" and restructure the military institution. In the case of Col. Mohamed Alí Seineldín in Argentina, "his movement consisted of middle-level officers. Then the Venezuelan surprise occurred, where it was precisely the middle-level officers who protested the conditions within the armed forces and adopted a new position. Paradoxically, the middle-level officers in those countries no longer believe in the market or in capitalism, but rather oppose it."

But the armed forces have no other option than to continue to serve a state in which they no longer believe. This creates a problem for the armed forces of how to survive. For example, in Argentina, Menem keeps the armed forces busy ordering them to form part of U.N. peace-keeping forces.

The armed forces are thus going through a big "existential crisis" in South America, with few funds, little prestige, and with no definite role.

Jordan trial heralds Mideast policy shift

by Muriel Mirak-Weissbach

Regardless of what American administration is inaugurated in January, it is increasingly clear that a fundamental policy shift for the Middle East has been decided by the U.S., British, and Israeli political establishments. The case against Jordanian Islamic parliamentarian Laith Shubeilat, scheduled to close on Oct. 31 and yield a verdict a week thereafter, is a central part of this strategic shift. Washington, in league with London and Tel Aviv, would like to force Jordan into an alignment with Saudi Arabia, Egypt, and other partners of the anti-Iraq wartime coalition to create the political conditions for the overthrow of Iraqi President Saddam Hussein.

Although *EIR* had articulated this plan as a hypothesis as soon as the Shubeilat case broke (*EIR*, Sept. 18, p. 33), confirmation came weeks later. The Oct. 26 London *Financial Times* referred to unidentified "palace sources" and "diplomats" in Amman to predict that King Hussein would "dissociate himself publicly from Saddam Hussein, while continuing to express support for the Iraqi people." The paper pointed to King Hussein's meetings with Egyptian President Hosni Mubarak and a planned visit to Jordan by Moroccan King Hassan as well as an eventual summit between the Jordanian monarch and Saudi King Fahd. All this, the London paper said, is to mend fences broken during the Persian Gulf war, and prepare to dump Baghdad's leader. Later that week, the motley crew known as the Iraqi opposition met on Iraqi soil inside U.S.-protected Kurdistan, reportedly to plot Saddam's ouster by a coup. One leading exponent of the "Iraqi National Congress" was Masham el-Jabouri, a man who, despite three reportedly unsuccessful coup attempts against Saddam Hussein, is confident that support within the country can be organized if all but Saddam personally are promised an amnesty by the would-be coup-makers. The idea seems to be that if the foreign-backed "opposition" can seize power without a bloodbath, it will come across as a "democratic" alternative, and by that token entice Jordan, itself in the process of democratization, to endorse it.

The pressure on Jordan to acquiesce to such a scheme is enormous. Not only has King Hussein been visited by leading players in the game, but psychological pressures were applied through ongoing negotiations with the London Club

regarding rescheduling of Jordan's immense debt. The London-based Arabic paper *Al Hayat* carried a story saying that the talks had collapsed due to Jordanian intransigence, and suggested that Jordan's commercial banks might find that their letters of credit would not be honored abroad, in retaliation. Jordan owes \$1.2 billion to the London Club out of a total \$7 billion foreign debt.

The Shubeilat case

This is the context in which the Shubeilat case moved to a tumultuous conclusion. First, the facts of the case: After two weeks of hearings in which prosecution witnesses testified, nothing resembling damning evidence had emerged against the primary target of the trial, Shubeilat, accused of plotting the overthrow of the state. In a move dictated by despair, the State Security Court had recourse to the flimsiest of ruses: a "secret" witness. Although the trial was scheduled to proceed on Oct. 18, the military state attorney called a secret session for Oct. 17 and introduced a "secret" witness, presented as "Yassin Ramadan Yassin." The man, whose face was concealed by a shawl and whose documented identification remained a mystery to the defense, had allegedly been struck by pangs of conscience, and whisked into Amman to "tell the truth." The "truth" being that he, a Syrian businessman, had been the courier who brought \$200,000 worth of German marks from the Iranian presidential palace to Shubeilat in Jordan. This testimony of this bagman (who had to leave town immediately for business reasons) was presented as the prosecution's crucial breakthrough.

Out of respect for their office and due process, the defense teams of Shubeilat and his co-defendant announced their withdrawal from the case in protest. Court-appointed lawyers were named for the two parliamentarians, who, rejecting them, started a hunger strike on Oct. 17. Shubeilat told the court when it reconvened, that his lawyers would return to the case on condition that the "secret" witness be recalled for proper, public testimony and cross-examination and that all other prosecution witnesses be released from the general Intelligence Department custody they are held in, to be able to speak "freely." "I want to confirm that all the charges against me are fabricated and untrue," he said. "The case is a vengeful act aimed at silencing me politically."

The defense lawyers' action was crucial in transferring the case from the legal to the political arena. The lawyers announced several initiatives. Abdul Karim Dughmi, a member of Shubeilat's defense team as well as Deputy Speaker of the House, told press that on the legal level, the defense was awaiting a ruling from the Higher Court of Justice regarding the very constitutionality of the State Security Court, in a case presented by Mr. Bakr on behalf of Shubeilat's wife Rima. On the political level, he said, the parliament had formed a commission embracing all political tendencies, to follow the case "at all higher levels, including His Majesty the King, the prime minister, and others." Hundreds of sup-

porters gathered in Shubeilat's office to map out a support strategy, including circulating petitions, similar to those which were arriving daily from abroad, as prominent individuals from Europe and Ibero-America sent protests to the government.

On Oct. 24, a host of intellectuals, political and trade union leaders, and representatives of human rights organizations joined for a press conference to present a petition to the king. In their petition they supported the defense lawyers' protest withdrawal, and appealed to King Hussein to intervene for the sake of the nation. "Out of our concern for the security and stability of Jordan and to protect its shining image, we implore you to do whatever you deem fit to end this case and bolster the citizens' confidence in the democratization process."

The wording of the appeal was important, because it identified the political stakes of the trial. Indeed, if Shubeilat is found guilty and sentenced (perhaps to death), the population will be utterly disillusioned with the democratization process it had so eagerly supported heretofore. "If [Shubeilat] was framed up by corrupt former politicians who want to shut him up," explained one Jordanian Christian to *Middle East* magazine, "then there will also be a loss of faith in the system that allowed him to be falsely accused."

Illegal to petition the king

The response of the prosecution was bold and immediate. In a highly unusual move, the military attorney general, Maj. Gen. Mohammed Mango, joined with prosecutors Maj. Mohammed Hijazi and Col. Hafez Al Amin, in a press conference called in order to dismiss all the claims of irregularities put forth in the petition. Furthermore, the top brass stated that making such statements was a crime punishable by imprisonment and fines. General Mango justified the use of a secret witness, and accused the defense lawyers of unethical behavior by politicizing the trial. Major Hijazi dismissed out of hand the idea (widely circulated in the press) that the charges against Shubeilat might be a response to a corruption probe he had led in parliament implicating former ministers. The gist of the military's appearance was to respond to a political challenge with the threat of force.

What will happen in Jordan is not a foregone conclusion. On the legal plane, a guilty verdict can be rejected by the prime minister, and a new court and new trial can be arranged. More likely, the king himself will intervene; how and when is an open question.

A royal intervention is necessary for a number of reasons. First, the behavior of the military court has been menacing, utterly in contrast with the "democratic" face the country has assumed since 1989. The ruthlessness with which those elements inside the country, known as the "mafia," have framed up Shubeilat on U.S. prompting, denotes a will to power which could pose a threat to the monarchy itself. If military prosecutors can declare a

humble petition to the king to be an unlawful act, is that not an assault on the monarchy itself?

Further, the indications of foreign interference into the setup are as numerous as they are sinister: Syrian law was cited by the military prosecutor as a precedent for allowing illegally wiretapped telephone conversations to be admitted as court evidence (unprecedented in Jordan); the "secret" witness who mysteriously appeared and as mysteriously disappeared, was also Syrian. Questions are raised as to whether Syrian President Hafez al-Assad, or better, his brother Rifaat, the intelligence expert recently returned to Damascus, might be aiding the Jordanian "mafia" in its railroad. More damning still, are the footprints of the Israeli Mossad; not only was one key prosecution witness a convicted Israeli agent, but the Arab press is rife with rumors that Shubeilat's co-defendant, Qarrash, and the two "confessed" defendants were "close to Israel," i.e., agents of the Mossad. Finally, a curious news item appeared just as the trial was getting into motion early in October that an FBI delegation had arrived for a visit of several days to Amman, to visit with the Public Security Department and "get familiarized with the department's role in combatting crime." Journalists calling into the PSD received curt "no comment," as to why the FBI should be in Jordan.

Something of grave import is being played out in Jordan which threatens to jeopardize the sovereignty of the country, and only the highest authority in the country, the king, can effect a solution. Although the king has been systematically pressured to sacrifice Shubeilat as a gesture of acquiescence to the Great Powers' strategic gameplan, not all avenues are closed. The most important subjective factor in Jordan is the popularity which King Hussein enjoys. When he returned home from cancer surgery, he was welcomed by the entire population in festivities that far outdid what the king himself expected. He thus disposes of a popular mandate which no other leader in the region has, and which he certainly will not want to endanger through any unpopular moves, whether against Iraq (which the Jordanian population has defended) or against Shubeilat, the independent, maverick politician who had more voters behind him than any other parliamentarian. Perhaps the king wishes to signal to the growing Muslim Brotherhood and Islamists among the Occupied Territories that their political ambitions can be curbed; perhaps he deems it appropriate to define certain limits on the democratization process—what many in Jordan refer to as the "red line" that Shubeilat crossed in his outspoken opposition to the new world order, the International Monetary Fund, etc. In which case, he may temper some form of punishment the court will rule against Shubeilat.

The king could, just as easily, declare the case closed and release the accused, no questions asked. Were that to happen, it could stymie the real enemies of the nation: those in Washington, London, and Tel Aviv who fancy that they can turn Jordan into their pawn.

Venezuela's CAP is playing for time, but the economy won't give it to him

by Alfonso Rodríguez

Eleazar Díaz Rangel, the dean of Venezuelan journalism, published in his Oct. 19 column in the daily *El Mundo* a "privileged information" report according to which the high military command met in September with President Carlos Andrés Pérez, to carry out "war games" based on a very strange "hypothesis of conflict": the resignation of the President. According to the report, CAP, as he is known, accepted, on condition that 1) he is given adequate time to resolve his personal affairs; 2) he is given guarantees that there will be no popular uprisings; and 3) the United States is consulted first. One of the generals reportedly responded: 1) Take the time necessary, within reason; 2) the Armed Forces are the guarantee that peace will prevail; and 3) "we have already consulted."

It is a fact that in recent weeks, spokesmen from Washington ranging from Ambassador to Venezuela Michael Skol to Ambassador to the Organization of American States Luigi Einaudi, have explicitly warned that their country would not tolerate a coup d'état in Venezuela. For the government of the United States, these men insisted, the only thing that counts is the survival of "democracy," even if that "survival" can only be maintained through terror and violence. In Washington, such "democracy" is understood as the permanence of Carlos Andrés Pérez and of the free market "reforms" his government has been promoting, and which have earned the admiration of the International Monetary Fund's Managing Director Michel Camdessus and of the country's international creditors.

And yet it is precisely the continuation of these free market "reforms" that is undermining the stability of the country and the survivability of the current government. A statement by Planning Minister Ricardo Haussman, to the effect that the exchange rate in 1993 could reach 90 bolivars to the dollar, triggered an immediate run which drove the bolivar from 70 to 78 to the dollar in just two days. The central bank was forced to intervene, despite its depleted reserves, leaving the exchange rate at 75 bolivars to the dollar.

Also destabilized were interest rates, with central bank bonds rising from 37% to 45-50%. This increase completely upset the controversial public budget for 1993, which was designed on the basis of a 77 bolivars to the dollar exchange rate.

The specter of hyperinflation

Private investment has been paralyzed in Venezuela since the coup attempt of Feb. 4, and public investment stalled way before that. Because the majority of bank deposits are short term, so much illiquidity has been generated among the financial institutions that overnight interest rates have reached 1,500%. Despite that, the central bank is maintaining its restrictive policy, supposedly "to reduce still further the money in circulation." At the same time, it is offering banks interest rates of 55% a year for five-day deposits, in hope of reducing their ability to buy dollars.

This year, the government budgeted public debt service at \$3.36 billion, of which \$1.42 billion corresponds to the internal debt and \$1.95 billion to the foreign debt (of which nearly \$1.8 billion was pure interest). For 1993, the government had anticipated an exchange rate of 77 bolivars to the dollar, and stable interest rates, to be able to pay a total debt service of \$5 billion. Of this, some \$3.23 billion corresponds to foreign debt service. In other words, the entirety of 1992's debt service is nearly equal to the 1993 service on just the foreign debt!

These usurious figures, in themselves clear proof of a greater general austerity, fall well below new expectations of the hyperinflationary potential of a 90-100 bolivars to the dollar exchange rate, and still higher interest rates.

That is why individuals who until now have opposed reducing President Pérez's term in office, such as the influential editor of *El Universal*, Teófilo Núñez, are now proposing formulas by which Venezuela could make it to 1993 without an economic and social collapse. In an interview with the Omnivision channel of Adolfo Sandoval, Núñez said that because of the precariousness of the economic situation in the country, "the government that falls won't be this, but the next one. That is the great truth."

Núñez has insisted that various aspects of Pérez's economic reform, such as the trade "opening," be reversed, in order to provide protection for national industry and agriculture.

The compromise formula that Núñez has proposed regarding the presidency is to advance the nomination of presidential candidates to January 1993, instead of waiting until

June. This, he claims, would define alternatives and, above all, economic expectations. "The next government must have a detailed plan of the change of direction it is going to give to the existing political and economic situation," said Núñez. The presidential elections themselves, he proposes, should be advanced by one month, so that the new government takes office in January 1994.

Such figures of the Venezuelan left as Teodoro Petkoff of the Movement to Socialism (MAS), and Causa R leaders Arístobulo Isturiz and Pablo Medina, are participating in regional elections (mayoral and gubernatorial) planned for Dec. 6, with the intention of thereby projecting themselves into the 1993 presidential elections. In fact, according to the daily *El Nuevo País* of Oct. 23, Medina is proposing that, to guarantee the legitimacy of the elections, they be conducted under the inspection of such "international observers" as former U.S. President Jimmy Carter, French President François Mitterrand, head of the Brazilian Workers Party Ignacio "Lula" Silva, and the head of Mexico's PRD party, Cuauhtémoc Cárdenas—the last two parties both members of the Cuban-inspired São Paulo Forum.

All this will presumably give Pérez sufficient time to resolve his "personal problems." The most important such "problem" is the charges of "inexplicable enrichment" that have been leveled against Pérez's lover, Cecilia Matos. Former congressman José Antonio Martínez has tried to force the opening of a judicial investigation into Matos and, in fact, there is one currently under way, but, according to Martínez, it has been deflected so as to "absolve her of all guilt." This will make it impossible to try her on the same charges when Pérez leaves the presidency.

Violent democracy

The military high command appears to be in the process of dismantling the upper ranks of the Armed Forces, giving dishonorable discharges to colonels and lieutenant colonels on the slightest pretext. On Sept. 17, an Investigative Council was created as an instrument for purging Colonels Mario de Jesús Guanare and Oscar Medina. The first was deputy director of the Metropolitan Penal Center of Yare, where the leaders of the Bolivarian Revolutionary Movement (MBR-200), Commanders Hugo Chávez and Francisco Arias, are incarcerated; he was accused of asking Chávez to autograph a photograph on the request of a secretary from the military command. The second had been assigned to a Defense Ministry sub-division, and was accused of gathering signatures for a pardon for the MBR-200 prisoners.

Both denied any political links with the MBR-200. But according to legal observers, the most striking aspect of the case is that not even the prisoners themselves, who have accepted full responsibility for the February coup attempt, have been forced to resign; in fact, the majority of them have had charges against them dismissed. Further, as the targeted men have charged, the Investigative Council is not legally



A military honor guard flanks President Pérez and the leader of Indonesia, arriving at a summit last December in Caracas. The Venezuelan high command is now dismantling the upper ranks of the armed forces.

authorized to order such drastic punishment against a high-ranking officer.

On Oct. 15, the same procedure was used against Lieutenant Colonels Miguel Armando Madriz Bustamante and Salvador de la Rosa Escobar, who were accused, along with Lt. Col. José Amilcar Trompiz Lacman, of belonging to "a subversive movement." Trompiz was exonerated by the Investigative Council, which once again turned itself into a military tribunal.

Weeks after the dismissals were made known, an alleged military intelligence report began to circulate in the press accusing the three officers of having conspired to carry out a coup d'état on Oct. 4, along with businessmen and financiers supposedly tied to "the Marcel Granier group."

Granier is the president of *El Diario de Caracas* and director of the IBC Group which owns Radio Caracas Television. RCT is characterized by its independence from the Pérez government. Two weeks earlier, on Sept. 28, the vice president of IBC Group, Mrs. Jean Hope Phelps de Robinson, was wounded in a murder attempt bearing all the earmarks of a professional hit. According to the magazine *Auténtico*, her son Jaime Nestares is demanding an investigation of all possible hypotheses regarding the assault, "including the hypothesis that the government ordered her killed."

It is worth noting that one week before the attack on Phelps, *El Diario de Caracas* published a report showing how the Diego Cisneros Organization, owners of the TV chain Venevisión and the unofficial moneybags of the Pérez government, had succeeded in capturing control over nearly every private radio and television network, with the exception of RCT.

Japan offers olive branch to China

by Kathy Wolfe

Japanese Emperor Akihito made the first visit in history by a Japanese emperor to China on Oct. 23-29, for reasons wildly speculated upon but never explained in the western media. Japan's internationalists planned the trip in fact to try to stabilize China, which is in economic collapse, to keep Asia from going up in flames. While it might seem better to boycott the butchers of Beijing, from where Tokyo sits, it appears that they have no choice.

"The West says the Cold War is over. Well, the Cold War in Asia is *not* over," a top Japanese executive told *EIR* recently. Japan, he said, is still faced with heavily armed communist regimes in China and North Korea, and has little faith that the Anglo-Americans would back Tokyo if push came to shove. Tokyo must try to build bridges to China and try to develop its economy.

So far, the trip has not caused the expected anti-Japanese uproar inside China. Many Japanese observers feared Beijing would try to churn up popular hatred of Japan in China as a scapegoat for the wreck the communists have made of their nation. There is no question that Japan committed atrocities in China, exterminating millions from 1927 to 1945, but the Japanese, at least, halted such behavior some decades ago.

Beijing's equally strong need to polish up its blood-stained image since the 1989 Tiananmen Square massacre, when most countries cut diplomatic relations, kept their Japan-bashing down to a dull roar.

The heated issue before the trip—will the emperor apologize for the World War II-era Japanese atrocities?—had cooled somewhat by the time he departed. Akihito's first speech in Beijing on Oct. 23 stressed his sorrow at the suffering caused by Japanese troops in China, but he did not kowtow to Beijing, as demanded by some communist hardliners. "In the long history between our two countries, there was an unfortunate period in which my country inflicted great sufferings on the people of China," Akihito said at a state banquet hosted by Chinese Premier Li Peng and President Yang Shangkun at the Great Hall of the People. "I feel deep sadness at this."

"The emperor resolved to go forward, dedicated to peace and advancement of friendly relations," the emperor's press spokesman Hideo Kagami said. "We want to strengthen relations with countries like China."

Asked if the lack of an imperial apology would hamper relations, Kagami said: "It will be very difficult for the

wounds of war to heal. We are very much aware of that. . . . It will take years for the wounds to heal."

Even the Chinese declined to complain. President Yang told the emperor, "Do not forget the past, but use it as a guide for the future. Learning the lessons of history will bring fundamental benefits for the people of the two countries."

Terror or development

While Beijing itself was calm, a wave of terrorism and demonstrations swept Japan, Taiwan, and other countries because of the trip. On Oct. 19, a car went up in flames after two explosions, half a mile from the emperor's Akasaka Palace in Tokyo. Following this, a police spokesman said, 26,000 police were mobilized to guard the central Tokyo palace and major roads.

Protests by Japanese leftists continued through the Beijing trip. On Oct. 23, leftists set fire to a Shinto shrine, the Memorial Hall in Aichi prefecture in central Japan, and burned it to the ground hours before Akihito left. It housed remains of wartime Prime Minister Gen. Hideki Tojo and six other war criminals hanged by Allied authorities after the Tokyo War Crimes Tribunal.

In Taiwan, protesters hurled eggs at Tokyo's unofficial embassy in Taipei on Oct. 23 and demanded Akihito apologize for Japan's atrocities in China. Students, professors, and legislators staged a sit-down protest outside the Interchange Association, Tokyo's representative office in Taiwan.

More importantly, Japanese spokesmen publicly addressed the bigger issue of Beijing's massive naval and other military buildup in the days leading up to the trip. "I am aware that [Communist Chinese] Secretary General Jiang Zemin called for a naval buildup, and there is also the problem of Beijing's claim over the Nanxia [Spratly] Islands," Defense Minister Sohei Miyashita said Oct. 19. "We must start to seriously think about this," he told the Foreign Correspondents' Club.

"We are fated to live with China," a Japanese government official told *EIR*, explaining the policy. "We didn't choose them as a neighbor, but at this point we have no choice but to do whatever we can to try to stabilize the relationship and the Chinese economy" to prevent any foreign military adventures.

As part of this policy, the emperor was able to announce during his trip that six Japanese major trading companies have just completed a study for a \$4 billion petrochemical complex in Darien, northern China (formerly Manchuria) which would be the biggest Japanese-Chinese venture yet, the Oct. 26 *International Herald Tribune* reported. A senior Ministry of International Trade and Industry (MITI) official said that the Japanese government would invest, too.

While the Japanese government has provided a huge \$28 billion in low-interest, 20-year yen loans for China's development, the Japanese private sector until now has been fearful and has made only tiny direct investment.

Cuba's new terrorist international

In its death throes, Fidel Castro's Cuba is planning a new terrorist rampage to "set Latin America on fire."

In early October, Colombian police discovered evidence that terrorists from five countries were in Colombia for an intensive training program in communications, explosives, and weapons handling. The "training school" was reportedly sponsored by the Revolutionary Armed Forces of Colombia (FARC), the leading element in the communist Simón Bolívar Guerrilla Coordinating Group. Attending the "school," in addition to the host Colombians, were Venezuelans, Peruvians, Bolivians, Ecuadorians, and Dominicans.

Several of the Dominicans were afterwards captured by agents of the DAS (Colombia's equivalent of the FBI), and they revealed that their liaisons with the Colombian guerrillas were Manuel Cepeda, a leading figure of the Colombia Communist Party (PCC) which has served as the above-ground parent to the narco-terrorist FARC for 40 years, and Aida Abella, president of the PCC's electoral front, the Patriotic Union (UP). Both the PCC and the UP hold a number of congressional seats.

The existence in Colombia of this multi-national terrorist training camp goes hand-in-glove with a resurgence of radical left activity sponsored by the Cuba-spawned São Paulo Forum, and often appearing in the guise of "indigenous" or "human rights" movements, or the so-called "Theology of Liberation." Beneath such apparently innocuous cover, however, is narco-terrorism as raw and virulent as that practiced by Guatemala's URNG, a member of the São Paulo

Forum and one of whose acknowledged spokesmen is Nobel Peace Prize winner Rigoberta Menchú.

The head of the DAS, Fernando Brito, told *La Prensa* on Oct. 22 that "the current subversive escalation and international guerrilla school of the FARC, the Patriotic Union, and the Communist Party form part of Cuba's totalitarian plan for Latin America." That plan, Brito said, is to "again set Latin America on fire, as in the '60s."

The plan is well advanced, for even as the assassins of Shining Path are getting battered in Peru, their murderous tactics have already been adopted by their Colombian counterparts, and will soon be "internationalized," if the FARC has its way. On Oct. 19, the Simón Bolívar Coordinator Group, which includes the Cuban-backed National Liberation Army (ELN), launched an eight-day terrorist offensive across more than a dozen provinces. Heavily armed terrorists blockaded major highways leading into the country's most important cities, demanding tribute, commandeering vehicles, and threatening to incinerate, with their drivers inside, any truck or bus which continued to carry passengers or cargo that week.

Several townships were occupied by terrorist squads, police stations bombed, banks robbed. At least one Army convoy was dynamited, killing 11 soldiers. Thirteen buses were simultaneously burned in different parts of the capital city of Bogotá, one businessman was murdered, several others kidnaped, and so on. Transportation was paralyzed in nearly half the

country in tactics frighteningly similar to Shining Path's so-called "armed strikes," always enforced through sheer terror.

According to a DAS report just issued entitled "Guerrilla Strategy in Colombia," the FARC's strategy is to simultaneously build up its army to a force of 32,000, capable of infiltrating urban centers where the FARC has always been at its weakest, and to achieve "international recognition and presence."

The emergence of so-called "Bolívar militias" in several of Colombia's major cities is one indication that the FARC is advancing according to plan. On Sept. 17, the Bogotá daily *El Tiempo* interviewed the head of one such "militia" in the oil refining city of Barrancabermeja, in Santander province. He confirmed that the FARC had trained and armed at least 1,000 "combatants" and an equal number in an "espionage network." Uniformed police and military personnel cannot cross into militia territory without becoming immediate targets.

These "militias" are made up of gang youths, former mafia hit-men, and homeless kids. "We are the product of the social disintegration of this city," boasts the militia leader, who adds that his forces serve as a crucial element in the FARC's political-military plan to capture the cities. "Barrancabermeja is surrounded by six [FARC] fronts, that are drawing ever closer."

The stated objective of the latest offensive is to force the Colombian government of César Gaviria back to the negotiating table, where the terrorists seek their "quota of power." If the government's latest statement, that no extraordinary measures will be taken to confront this latest terrorist escalation, is any indication, the FARC-ELN may not have long to wait.

Bankers promote Collor's return

Washington has initiated a kind of "guerrilla warfare" against the Franco government to keep it off balance.

The Anglo-American elites are keeping intact the umbilical cord that unites them with their creation Fernando Collor de Mello, the first corrupt Ibero-American "democratic" President to fall to an impeachment vote. The embarrassment notwithstanding, Washington and the international banks are determined not to allow the pawn who served them so well in the execution of their fascist new world order to fade away quietly.

They have launched a propaganda campaign mooted the return of Collor de Mello to the presidency. After being out of the news for a number of weeks, the name of the disgraced President has again begun to appear in the newspaper headlines, and it is being said that Collor has readied a team to coordinate his reemergence.

As a result of the January timing for Collor's trial, which will determine whether the Sept. 29 impeachment is confirmed or reversed, an unhealthy period of political limbo will be created which could be exploited for the purpose of overturning the political process that led to Collor's repudiation by the majority of Brazilians. As respected journalist Heraclio Salles warned in his Oct. 22 *Jornal do Brasil* column, "It would be historically disastrous were the Senate to allow itself to be bound by procedures and artifices . . . permitting the 180-day deadline to slip away [and] the inadmissible return of a President separated from the post he dishonored."

In particular, the threat of Collor's return is intended to pressure Presi-

dent Itamar Franco to the point of paralysis, as a way of preventing his taking drastic measures that could reverse the devastating neoliberal legacy that Collor de Mello and his economic team left the country. According to information leaked to the Brazilian press, Franco has acknowledged in private that Collor is promoting a guerrilla movement to sabotage certain actions of his government.

The truth is that, in the face of economic disaster, Franco could well decide to toss overboard Brazil's deals with the International Monetary Fund (IMF) and creditor banks. Hinting at this possibility were Franco's statements of Oct. 26, admitting that the country is on the verge of social convulsion, and severely criticizing neoliberal economic prescriptions. "The social fabric could . . . explode. . . . I have questioned the economists. We have maintained high interest rates; the country is facing a deep recession, worsening unemployment, and high inflation. Why then keep rates at such levels?" He added, "we definitively have a policy of recession. Is that what it means to be modern?"

One week earlier, Franco's economic and planning ministers suggested that they do not consider the agreements with the IMF sacred, and that there is a possibility that some of those commitments will not be met. Specifically, they mentioned that if there are not sufficient tax revenues in the last quarter of 1992 to meet the government's payroll—and there are not—then the government will use the

resources of the Treasury deposited in the central bank, whose use has been strictly prohibited by the IMF in the name of enforcing austerity.

Those who are betting on Collor's return to the presidency only visualize such a thing happening in the event of an internal worsening of the economic depression. Alexandre Barros, State Department intimate and "Brazilianist," suggested just this to the *New York Times*, immediately following the impeachment vote. By January, when inflation has gone past the 40% level, everyone will want Collor back, he insisted smugly.

Numerous spokesmen for the Anglo-American establishment have begun to offer alternative proposals for perpetuating the policies of Bush's Enterprise for the Americas initiative and the new world order in Brazil. Especially active in this process is the Inter-American Dialogue, mouthpiece for the Anglo-Americans, which served a key role in the destabilization of Panama's Gen. Manuel Noriega. In December, the Dialogue will be holding a seminar in Washington on "Post-Collor Brazil," which will be attended by Brazilian Foreign Minister and Dialogue member Fernando Henrique Cardoso.

The seminar is already being propagandized by the current Brazilian ambassador in Washington, Rubens Ricupero; a member of the neoliberal "universalist" club at the Brazilian Foreign Ministry. In an Oct. 25 interview with *Jornal do Brasil*, Ricupero affirmed that whoever wins the U.S. presidential election, Washington's policy toward Ibero-America will not change one iota, since Bush appropriated the Democratic agenda which, in its turn, was first elaborated by "the Inter-American Dialogue, which published an open letter on Latin America and many of whose ideas Bush adopted."

Illegal arms dealers shoot, too

There is more potential evidence of murder in the case of Petra Kelly and Gerd Bastian—and in the 1987 Barschel case.

At least once daily, one of the official investigators into the strange deaths of Green Party founding members Petra Kelly and Gerd Bastian, whose bodies were found in Bonn on Oct. 19, tells the public that everything the police know points away from the “murder” theory, that the deaths were definitely from “suicide.” Yet doubts continue to spread among close friends of Kelly and Bastian, and other people who knew them through their political activities.

At the funeral for Petra Kelly, who was buried near Würzburg Oct. 26, Lev Kopelev, a collaborator of Kelly's for many years and for even longer the senior spokesman of the Russian dissidents' community in Germany, gave the main eulogy. He said: “I don't believe it was suicide. Petra Kelly was capable of dying like Martin Luther King or Gandhi, but not this way. I do not believe that she could pass away this way without leaving behind some kind of explanation to her friends.”

The Kelly-Bastian case was the cover story in the *Der Spiegel* weekly, which hit the newsstands that Monday. *Spiegel* reported that Gerd Bastian—who police say first shot Kelly and then himself—died leaving a letter unfinished in the middle of a word. The letter to Bastian's wife was optimistic and not the type of “testament” usually left by suicides. He had abruptly stopped writing the word *müssen* (must), breaking off at “müß. . .” as if he had unexpectedly been interrupted. Who had entered the room in the very early morning of Oct.

1, when the letter was written?

This is only one of many puzzling new questions that surfaced in the week after the two bodies were found. There is, for example, a strange pattern of car accidents hitting senior members of the Green-Alternative movement that Kelly and Bastian belonged to. On Oct. 24, Vera Wollenberger, who was to address a conference on international relations in northern Germany, never arrived because she and her two children were involved in a serious car accident.

Wollenberger holds a seat in the German national parliament for the joint Greens/Alliance 90 group—composed of former dissidents from east Germany—the only group in the parliament keeping up the pressure on the government to release classified documents about illegal cooperation throughout the 1980s between western and eastern intelligence agencies. The Iran-Contra cabal around Maj. Gen. Richard Secord (ret.) and Lt. Col. Oliver North, and its mostly unknown relations to the East German regime's arms-selling company IMES, is one of the touchy subjects buried in these documents.

Two other senior politicians of the New Forum, which is part of the Greens/Alliance 90 group, were injured in two separate car accidents: Günter Nooke on Oct. 11, and Lutz Thormann three days later. Thormann is still in the hospital under intensive care. Both are members of the Greens/Alliance 90 group in the state parliament of Brandenburg, in eastern Germany, and have played a key role in

efforts to lift the official veil on secret intelligence affairs before, but also since, the East German regime collapsed in late 1989.

Bastian himself had been hit by a car in Bonn weeks ago, receiving a serious knee injury.

Given that the intelligence networks that these German politicians have been targeting had eliminated quite a few people over the past decade, it would be naive to simply buy the “Kelly-Bastian suicide” theory, or the story of “a few coincidental car accidents.”

Official investigators said the death of German Christian Democrat Uwe Barschel, whose body was found under mysterious circumstances in a Geneva hotel on Oct. 11, 1987, was “suicide.” Yet on the day Kelly was buried, Germany's Channel 1 national TV magazine “Report” published a few facts on the Barschel affair that had till then been unknown to the public. It is now taken as proven that Barschel had direct contact with IMES, that he held secret talks at the firm's arms depot in Kavelstorf near the eastern German port of Rostock (a key interlink in the Iran-Contra affair), and that he had close “business” contacts with an officer of the East German intelligence service, Klaus Dieter Junge.

“Report” found out that Junge, who ran the arms transshipment venture Schiffskommerz through Rostock, also owned the firm ICA on Grand Canary island, where Barschel had gone for secret talks Oct. 9-10, 1987, before flying to Geneva, where he was found dead a few hours later. His cousin Bernd Barschel, with whom he often met and who worked at East Germany's leading precision optics manufacturer, Zeiss-Jena, died “unexpectedly” three years later. This was when the first news broke about an IMES facet in Barschel's death.

International Intelligence

Saudi billionaire is new Lebanese premier

Rafik al-Hariri, 48, a Saudi billionaire of Lebanese origin, was named Lebanon's prime minister on Oct. 22 by President Elias Hrawi, after winning the backing of Syria, Saudi Arabia, and most of the 128 members of the new Parliament. It was Hariri's first foray into politics, but he is said to be a close friend of Saudi King Fahd.

Hariri made his estimated \$3 billion fortune from construction and banking, after arriving penniless in Saudi Arabia in 1965. "I will work on forming a government that is capable of realizing the hopes and aspirations of the Lebanese," he said blandly, outlining the new government's main tasks as "bringing back confidence and stability." Officials said Hariri agreed to become prime minister as long as he was free to choose technocrats for portfolios essential to rebuilding and reviving an economy gripped by more than 100% annual inflation.

Exiled Lebanese nationalist leader Gen. Michel Aoun, who was prime minister until he was ousted in 1990, has called for his countrymen to boycott the new government, calling it a tool of the occupying powers.

NATO ministers meet on nuclear proliferation

Nuclear terrorism and proliferation of "dangerous technologies" were on the agenda of a NATO defense ministers meeting in Gleneagles, Scotland, on Oct. 20. The ministers were scheduled to receive a report on the just-concluded visit of CIA director Robert Gates to Moscow, which resulted in a cooperation pact against "terrorism, nuclear proliferation, drug dealing, and organized crime" between the CIA and the FIS, Russia's successor organization to the KGB.

Tightening proliferation controls through closer cooperation between the West and the East will also be discussed at a special session of CoCom in Paris in November. CoCom is the Coordinating Committee which oversaw the restriction of advanced western technology to the Soviet

bloc during the Cold War years. The agenda of that meeting, which is targeting "dangerous countries in the South," was prearranged between the United States and the Russian Federation.

Reprisals against Argentina's Seineldín

The Argentine daily *La Nación* reported on Oct. 18 that jailed nationalist leader Col. Mohamed Ali Seineldín "charged before the courts that the conditions of his detention at the Magdalena penitentiary had worsened in 'an unlawful and unjustified manner' after he was told that Army Chief Martin Balsa said that the broadcast of a taped statement of his had created 'unease in political circles.'" Seineldín had addressed a tape-recorded message to the founding conference of the Movement for National Identity and Ibero-American Integration (Mineii) in Buenos Aires on Oct. 3 (see *EIR*, Oct. 23).

In a formal complaint to the Federal Court in Buenos Aires, Seineldín charged that on Balza's order, he was denied visitors on his regular visiting day. According to *La Nación*, Seineldín said he had been informed by military authorities that "if this continued—that is, if other oral statements reach the public—there will be transfers to prisons for common prisoners." Seineldín condemned "the application of unlawful and discriminatory measures," and "the violation of my right to free speech."

British writer denounces lies against Columbus

A commentator in the *Sunday Telegraph* of London on Oct. 18 admitted that the "Black Legend" attacks on Spain are largely British-inspired propaganda, and called for celebrating Columbus's voyage to the New World, in the face of efforts by the anti-Columbus lobby to "threaten civilization itself."

Under the title "God Bless Christopher Columbus," Ambrose Evans-Pritchard blasted the Nobel Peace Prize Committee

for giving the prize to Guatemalan terrorist Rigoberta Menchú.

He continued that "we should be careful about believing the *leyenda negra* of Spanish atrocities against the Indians in the 16th century." Many of the accounts from that period are "not reliable," but were written by priests who were actually "passionate, fanatical, highly strung scions of noble, even royal blood." In certain cases, those who wrote such accounts also went so far as to allow child sacrifice in their churches, supposedly in support of the indigenous peoples of the time.

The "Black Legend" propaganda was "wildly exaggerated," he wrote, especially when individuals with such anti-Spanish accounts were "intercepted by British ships, [the accounts] were turned into spectacular propaganda against the Spanish Empire."

Today, this "revisionist history has gone too far." Columbus is being turned into a "mass murderer." This propaganda now is "poisoning our civilization" and the gravity of the effect that it is having on young Americans "cannot be overstated." What is being undermined, "is the extraordinary power of an idea, the American idea that each new immigrant into the country should shed his old skin and his old prejudice." All of this is under attack from "the great wrecking crew," the "cultural defeatists," whose efforts can only be described as "truly sickening."

Kosovo minister warns of coming bloodshed

There will be bloodshed against Kosovo next, if the United States does not put pressure on Serbia to stop its aggression, Kosovo Prime Minister Bujar Bukoshi said, in a speech on Oct. 21 at the National Press Club in Washington, D.C. He said his country has the right to be a sovereign state, especially since it was one of the regions of Yugoslavia, up until two years ago, when Serbia forcibly annexed it. Kosovo is predominantly ethnic Albanian and Muslim.

Briefly

Bukoshi said that Kosovo has no defense against Serbia, but that if it were attacked, Albania, Macedonia, and Bulgaria would all become involved—making the conflict international.

The prime minister was in Washington meeting with State Department officials and members of Congress.

New Stasi lies, without the Stasi?

Anno Hellenbroich, member of the board of the Patriots for Germany, on Oct. 23 issued a statement demanding a swift and thorough investigation of the deaths of two Green Party leaders, Petra Kelly and Gerd Bastian. The two were found dead at their home on Oct. 19 under mysterious circumstances, and authorities quickly pronounced the verdict: "suicide."

As *EIR* reported in the *Report from Bonn* last week, many people are raising questions at the verdict, which was released to the press before forensic tests had even been completed.

Hellenbroich branded the official declaration "unacceptable," and called for an end to the coverup.

He criticized the line which has begun to circulate in some news media in Germany, that the now-defunct European Labor Party (EAP), of which Hellenbroich was formerly a board member, might be implicated in murdering the two politicians. "I cannot accept the outrageous lie of a Mr. Dehring, who presented himself as an assistant of Kelly, and spoke about 'death threats' of the EAP against Petra Kelly in the past, in order thus to insinuate possible perpetrators."

Hellenbroich, the author of an ongoing *EIR* series exposing the former East German communist secret service, the Stasi (see issues of Oct. 16 and Oct. 23), continued: "I have already experienced a similar hate campaign once before, after the murder of [Swedish Prime Minister] Olof Palme. Since then, the responsible Stasi officer has confessed to having channeled the lies into Swedish police circles.

"Just as we have always insisted on the need for a conclusive, thorough explanation of the circumstances which led to the death of [former Schleswig-Holstein governor] Uwe Barschel, now every possible aspect of the criminal case regarding Kelly and Bastian must be thoroughly investigated, since everybody knows by now from the Stasi files to what extent secret services and political interests operating on the international plane were involved in the anti-nuclear movement."

ANC admits torture of its dissidents

The African National Congress held a press conference in Johannesburg on Oct. 19, announcing that an internal investigation had confirmed that the ANC systematically tortured its dissidents, including at what the ANC termed "concentration camps."

According to the report, ANC dissidents were beaten on the soles of their feet, forced to crawl through red ant colonies with pig fat smeared on them to attract bites, and subjected to starvation, forced labor, and solitary confinement for years on end. The torture took place at exile camps in Angola, Uganda, and Tanzania, from the 1980s through the 1990s.

"We regret the fact that abuses were committed, but in no country can abuses be evaded," ANC President Nelson Mandela told the press conference. Mandela was noncommittal when asked whether the individuals who oversaw the torture would be purged. "Many of the transgressions committed by the ANC must be understood in the context in which they occurred," he said.

According to the ANC report, "several persons against whom serious allegations of brutality have been leveled are currently employed by the ANC in the security department." According to South African sources, the ANC was forced to issue the report, which they term a "coverup," due to ongoing investigations of the Returned Exile Coordinating Committee, a group of former ANC cadre.

● **ITALIAN POLICE** on Oct. 18 seized weapons coming from eastern Europe to the Italian Mafia, and arrested several persons connected to mafioso Giovan Battista Licata. Licata and Frederich Schaudinn are alleged to be running a drugs and weapons trade to and from eastern Europe, and are presumed to be in hiding in Croatia.

● **SAUDI ARABIA'S** highest religious authority, Sheikh Abdel Aziz bin Baz, issued a religious edict on Oct. 22, urging "all Muslim governments and people in all countries . . . to support the Muslims in Bosnia-Herzegovina . . . with men, money, and weapons until the war stops and peace achieved between them and their enemy."

● **BRITAIN** is undertaking a reorganization of its police and security apparatus. Using the recent Irish Republican Army bombings as a pretext, the government will set up a national anti-terror force comprising MI-5 and MI-6 (the domestic and foreign intelligence services), customs, fraud investigators, armed forces, forensic scientists, and explosives experts.

● **FRENCH SOLDIERS** in Bosnia were killed by Serbians, not Bosnians as originally charged, according to a secret U.N. report leaked in the Croatian magazine *Globus*. The death of the soldiers in July led to all relief flights to Sarajevo being stopped for eight weeks. The U.N. commander in Zagreb, Croatia, Christian Xuereb, refused to confirm or deny the story, "because it's confidential."

● **RUSSIA** says it may "ease" its sanctions against Serbia. Following meetings on the weekend of Oct. 10 with European Community mediator Lord Owen and U.N. envoy Cyrus Vance, Russian Foreign Minister Andrei Kozyrev told the press that his country was considering easing sanctions against Serbia so that "her people can survive the winter."

How 'psychological testing' brainwashes schoolchildren

by Leo Scanlon

Educating for the New World Order

by Beverly K. Eakman

Halcyon House, Portland, Oregon, 1992
291 pages, paperbound, \$21.50

This book is a first-rate summary of an explosive investigation conducted by a Pennsylvania housewife into the U.S. Department of Education's "brainwashing" apparatus in the public schools. It is required reading for anyone who wishes to comment on the crisis gripping the educational system of the United States, and no proposal for educational reform can be considered serious unless it addresses the problems outlined in this book.

For those who are rightfully concerned about the implications of the Clinton campaign's endorsement of the National Education Association (NEA) and its agenda, this book has some very disturbing news: Despite the pre-election babble about "family values," the Bush administration has been fully committed to the creation of a national educational curriculum which the author calls "extreme, pure fascism, totalitarian—and very high-tech."

The documentation presented in the book, mostly internal papers of the Department of Education, its predecessor agencies, and the network of foundations which control this branch of the government, prove Eakman's case. The author, who was a top technical writer for NASA and other government agencies, has used the official documents to chronicle the process by which a network of behavioral psychologists, and the Carnegie Foundation which patronizes them, have taken control over the curriculum and the training of teachers

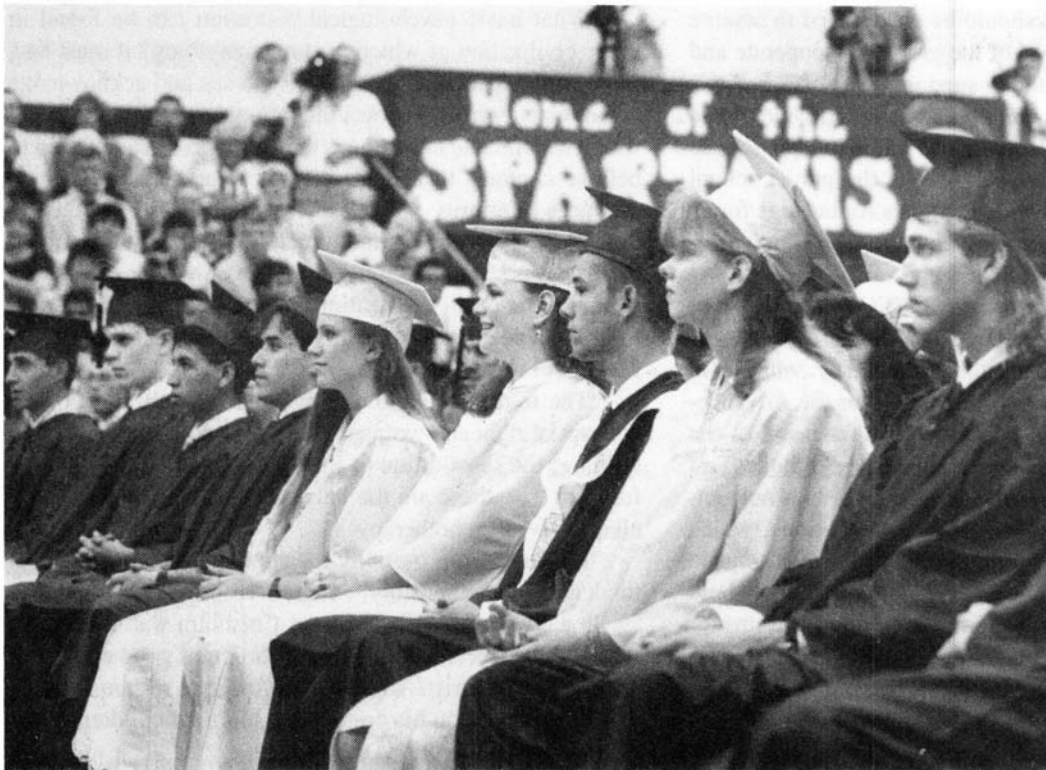
in the public school system. These behaviorists intend to dominate private schools as well.

The author concludes that there is no public free school system in the United States today. The public school system, and most of the "private" schools as well, are under the de facto control of a cult of "futurists" and totalitarians who are using the authority of the government to impose their ideology—their religion—on all educational institutions. The slavish conformism, amorality, and anti-intellectual characteristics of many young Americans are the direct, and deliberate result of the work of this clique.

This has been accomplished through the creation of a system of national standardized tests, designed to provide psychological profiles of the population, and through the efforts of a powerful network of "change agents" leavened into the ranks of the teaching professions. School administration has become little more than the process of facilitating the work of these psychologists, as they design psychological interventions into school districts, classes, and even particular students, in order to bring the targets into conformity with the aims and goals of the test designers at the Carnegie Foundation.

A citizen investigates the Leviathan

The damning material was brought to light through the efforts of Anita Hoge, who noticed that her child had been administered a very curious kind of test in school—the kind which is not related to immediate study material, and which requires consent from the parent, but, she had not been asked for her consent. It happens every day, and most people shrug it off. Mrs. Hoge demanded to see the test her son had been given, and with that simple request, stepped into an Orwellian world of bureaucratic obfuscation and political intrigue,



By the time a youth graduates from high school, he or she will have been exposed to batteries of national standardized tests devised by a private group of psychologists operating out of the Carnegie Foundation and its spinoff institutions. The tests are not the "objective" measures of performance that they claim to be, but form the basis for psychological profiling, manipulation, and mass brainwashing.

and soon found herself a central figure in an "underground" movement of parents who had stumbled onto the same track. In short, she was told that the contents of the test were none of her business, and none of the business of her political representatives, from state legislator to U.S. senator.

Mrs. Hoge's curiosity had been piqued by her observation that her school age children had been subjected to a degrading panoply of group therapy techniques which were incorporated into the school activities. Role playing, "Magic Circles," field trips to cemeteries, and other bizarre activities steadily replaced academic work in the schools in the 1980s. As homework disappeared, and graded papers became nonexistent, Mrs. Hoge noticed that her children were suffering from morbid fears, depression, and extreme anxieties—all induced by the daily stress of the "curriculum," which generally goes by the name of "affective education." This is a psycho-babble term which is best translated as "thought control."

These abusive practices are commonplace today, and the distress and mental disorder they are causing in children would have mobilized virtual lynch mobs 20 years ago. But now that "normal" is defined by the bilge spewed out by television and the entertainment industry, most parents use popular culture as a standard of judgment, and passively accept such degradation of their children.

The Hoges did not, and encouraged their children to discuss the "weird" activities going on in school. Their son Garrett began sneaking home copies of mimeographed tests and work sheets, and one day, while taking another of the

strange, "secret" tests, he excused himself to go to the bathroom, sneaked out, called his mother, and described the test he was being given. Mrs. Hoge cautioned him about disobeying the teacher's strict instruction not to take copies of the test out of the classroom, but told him to remember what he could when he came home.

When he told his story, it was clear that he had been given a sophisticated psychological test, designed to measure opinions, moral values, and other subjective factors. It was called the Educational Quality Assessment test, and when she asked the school officials to see a copy of it, Mrs. Hoge was reprimanded about her son's having compromised the test results by writing down the questions and reporting to his parents.

Mrs. Hoge began systematically confronting education officials, and researching the apparatus which administers the tests. Most importantly, she gained access to the manuals which describe the scoring system, thus revealing real purpose of the testing program. A representative section, describing the purpose of a variety of questions which measure "citizenship" of the student, stated: "To assess citizenship, a behavior-referenced model incorporating elements related to the psychological notion of *threshold* is used . . . in reference to citizenship, threshold refers to that set of conditions necessary to bring about the desired responses. Thus by varying the situation, introducing conditions of reward and punishment, we are able to determine the cut-off levels at which a student will exhibit positive behavior." Positive behavior, in turn,

is evidence that “the pupil should be encouraged to assume responsibility for the actions of the group, to cooperate and work toward *group* goals and to support *group* efforts.”

A horror story of life in communist East Germany? A tale from the Maoist Cultural Revolution? Childhood in France under the Nazi occupation? No, this is the public school system in the United States today. And as Anita Hoge found out, the school system is doing much more than simply testing the values and opinions of children.

The Education Quality Assessment (EQA) test is one of a battery of profiling devices developed by the Educational Testing Service (ETS) in Princeton, New Jersey, which in turn a project of the Carnegie Foundation for the Advancement of Teaching (CFAT). Most people have heard of the ETS as the administrator of the Scholastic Aptitude Test (SAT), and related college admission tests. What is not generally understood, is that these *private* institutions, which operate under a congressional charter granted to the Carnegie Foundation at the turn of the century, have a monopoly hold over the designing and administering of testing programs for the school system at all levels.

Painstaking research by Mrs. Hoge and others gradually brought to light the interlocked networks within the education bureaucracy and teachers colleges which shape curriculum programs nationally, based on the results of the tests designed by CFAT. Since these test results are the only apparent “objective” measurement of student performance, they effectively control the process of evaluating, and validating, curriculum programs as well. The Department of Education, created as a cabinet agency by the Carter administration, is the extension of this apparatus into the Executive branch of the government. The National Education Association is the gestapo which polices the nation’s teachers on behalf of the apparatus. There is no possibility of anyone gaining a position of influence within any of these interlinked organizations, unless they share the objectives of the Carnegie Foundation.

The potential for graft, corruption, and fraud in the multi-billion-dollar education curriculum market should bring the spotlight on this apparatus. Such corruption exists, in every imaginable variation, but that is the least of the problems associated with the “privatization” of the public school curriculum.

The truly insidious quality of the behaviorists tinkering with the minds of children is best exposed by quoting the criminals themselves. The network comprising the testing/curriculum monopoly described by Mrs. Eakman is traced from the post-World War II period, in which wartime propaganda specialists migrated into the orbit of the Carnegie Foundation, and began charting a plan to overturn the basis of modern civilization.

A 1946 paper written by Canadian psychologist Brock Chisholm, with an introduction by Carnegie Foundation official Alger Hiss, outlined the concept clearly, and it is useful to excerpt from the portions quoted by Mrs. Eakman:

“What basic psychological distortion can be found in every civilization of which we know anything? It must be a force which discourages the ability to see and acknowledge patent facts, which prevents the rational use of intelligence, which teaches and encourages the ability to dissociate and to believe contrary to and in spite of clear evidence, which produces inferiority, guilt, and fear. . . . Is there a force so potent and so pervasive that it can do all these things in all civilizations? There is—just one. The only lowest common denominator of all civilizations and the only psychological force capable of producing these perversions is morality, the concept of right and wrong. . . .

“The reinterpretation and eventually eradication of the concept of right and wrong which has been the basis of child training, the substitution of intelligent and rational thinking for faith . . . these are the belated objectives of practically all effective psychotherapy. . . .

“Freedom from morality means freedom to observe, to think and behave sensibly. . . .”

In a crude and ominous tone, Chisholm warned, “If the race is to be freed of its crippling burden of good and evil it must be psychiatrists who take the original responsibility.” Chisholm called on his co-thinkers to target children as the necessary vehicle for this scheme.

Dr. Chester M. Pierce of Harvard noted that “every child in America who enters school with an allegiance toward our elected officials, toward our founding fathers, toward our institutions, toward the preservation of this form of government . . . all of this proves the children are sick, because the truly well individual is one who has rejected all of those things and is what I would call the true international child of the future.”

An interlinked network of academic institutions, behavioral colleges such as the Institute for Applied Behavioral Sciences, the Midwest Center for Human Potential, the Western Behavioral Sciences Institute, and the Esalen Institute are the well springs for such tyrannical thinkers. These are liberally funded by Carnegie, as well as by the Rockefeller Foundation, the Danforth Foundation, the Kettering Foundation, and the Ford Foundation.

Increasingly, government funds were being brought in to support these efforts, and solidify the control of this apparatus over educational policy within the federal government. The 1965 Elementary and Secondary Education Act (ESEA) created funding for a group of “labs” which translated the behaviorist theories into curriculum proposals, beginning the process of closing the “curriculum development” loop. Mrs. Eakman points to U.N. official Robert Muller and his School of Ageless Wisdom in Arlington, Texas as a case in point.

She does not seem to be aware of the agency which directed this process at the international level, and linked the American efforts to similar curriculum reform in Europe: the genocidalist Club of Rome. Similarly, the World War I antecedents of this network, controlled by British intelli-

gence official John Rawlings Rees, are also unknown to Mrs. Eakman. But these deficiencies are minor omissions in the context of the story Mrs. Eakman unfolds.

She reports that by 1967, the U.S. Office of Education issued an astounding, thousand-plus page, document, the *Behavioral Teacher Education Project (B-STEP)*, which revamped teacher training in the United States. A companion document, *The Taxonomy of Educational Objectives*, by Benjamin Bloom, came to be called the “bible of educational theory” and reflected the outlook of *B-STEP*.

This view looks to a dynamic labeled “impersonal manipulation” as the characteristic of a future world (the present) in which “people will be so saturated with ideas and information [that] few will be able to maintain control over their opinions” and will be “in constant contact with their employers or other controllers, and thus exposed to direct and subliminal influence.”

If this seems to you a “science-fiction” fantasy, stop and look around you. If you don’t have a cable TV with over 100 channels of 24-hour electronic propaganda of all varieties sitting in your living room, you are part of a distinct minority. If you have such a device and aren’t watching it for six or more hours a day, you are part of a slightly larger, but still small, minority. And if you are an average school child, you are bathing in the waters of the commercial media for more hours per week than you are in school.

Mrs. Eakman reports that on page 246, *B-STEP* calls for the use of personality-control drugs, and page 251 makes explicit geneticist arguments, calling for “the use of medical tools to produce children of desired learning potentialities.” While you were watching the soap operas and football game, the authors of the document were looking forward to a society populated by helots, much as we have become.

In *B-STEP*, “curriculum content [is] focused on value-building, process competency . . . interpersonal relationships, and pleasure cultivation . . . and other attitudes and skills compatible with a *non-work world*” (emphasis added). The concept is echoed by Bloom, who says people have to be taught “ ‘proper’ attitudes before others are developed” and adds that educational data banks must be created to “classify . . . the ways individuals are to act, think, or feel as the result of participating in some unit of instruction.”

A computerized ‘brave new world’

Anita Hoge eventually peeled away enough layers of bureaucratic camouflage to demonstrate that just such a data bank is being maintained by the Department of Education, and is centralizing the results of the psychological profiles conducted on school children through standardized tests designed by CFAT.

Further, she showed that the student tests were being illegally classified according to the Social Security number of the student, and that this information was then being cross-gridded against data maintained by credit agencies, the Inter-

nal Revenue Service (IRS), and a myriad of other government and private data banks, which can now exchange massive amounts of information on individual citizens, neighborhoods, and political districts. The Cray computers utilized by the testing bureaucrats and the Department of Education are selling the psychological profiles of millions of Americans to any international outfit which labels itself a “research organization.”

The explosion of computerized personal data has become so out of control, the author points out, that Lotus software and Equifax are planning to issue a combined data base of commercial and financial information on millions of citizens, on compact disc memory, for sale, to anyone, later this year. The data base includes information drawn from the IRS. Equifax, which is a privatized investigative agency set up by the FBI, has been sued for selling confidential medical records developed by insurance companies to corporate headhunters and other clients.

But the commercial aspect is the least of the story. The psychological profiling of school children is conducted primarily to determine the underlying attitudes and values being communicated to the student by “non-curriculum” sources—e.g., the parents. One study quoted in the book notes that “achievement data are not the primary focus of the studies, which also collect data on educational attainment, student characteristics and attitudes, parent attitudes, and school programs.”

The cross-gridding of this information with commercial data bases—which show which publications are read in the home, what kind of leisure activities the family pursues, when and where all sorts of activities take place, allows for the precise classification of how people will “act, think, and feel” that Bloom called for.

The second element of his equation involved measuring the change in these activities after exposure to a “unit of instruction.” This is what the curriculum issue is really all about.

The behavioral laboratories of the education industry design modular curriculum components which are tailored to cause specific types of change in specific types of attitudes. These elements are called “strands” in “educationese”—the term is the same as the term used in computer programming. The “strands” are designed to be integrated across disciplines in the curriculum of a school, school district, or a particular class.

If the next round of testing indicates too little of the desired “change,” a new “strand” is introduced. This may be a more intense exposure to encounter games, more explicit challenges to the sexual morality evidenced by the students, or any of a number of well-documented means to induce the “threshold” effect—exposing a child to information which challenges basic assumptions in such a way as to create “cognitive dissonance” and induce a state of anxiety, which is only relieved when the student begins to display conformity to the attitudes demanded by the teacher of the “group.”

Mrs. Eakman cites as an example, a common multiple choice question which is found on such tests: "There is a secret club at school called the Midnight Artists. They go out late at night and paint funny sayings and pictures on buildings. A student is asked to join the club. In this situation, I would *join the club* when I know: (a) my best friend asked me to join; (b) the most popular students were in the club; (c) my parents would ground me if they found out I joined."

Innocuous? Look at the answers and the scoring system provided with the test: For choice (a) the desired response is "yes"—because it demonstrates a "willingness to honor self-made commitments to individuals or groups." The answer "no," which indicates an ethic against vandalism, is scored negatively. For situation (b) the desired response is also "yes"—as it indicates a willingness to accept conformity to group goals and group consensus. Situation (c) is designed to measure two interrelated aspects of the student's personality, whether the child will obey if punishment is expected to result from disobedience, and, if punishment from any authority figure (including the state) is incurred, will the child obey?

The outcome of such profiling should be appropriately labeled a "slavery index."

In one particularly egregious case cited by Mrs. Eakman, a behaviorist at the University of North Carolina at Chapel Hill offered money to high school students who would agree to participate in a major testing program. The professor, W. Grant Dahlstrom, recruited students at Orange High School to take a true-false test which included questions such as: "I have had no difficulty in starting or holding my bowels or urine. . . . A minister or priest can cure diseases by praying and putting a hand on your head. . . . My soul sometimes leaves my body. . . . I am a special agent of God. . . . I believe I am being followed. . . . I am being plotted against. . . . I enjoy being hurt by people I love," and so on. While this collection of interrogatories is exceptionally blunt, these types of questions are used in all sorts of standardized tests taken by school children on a regular basis.

Legal experts Charles W. Sherrer and Ronald A. Roston, writing as early as the spring 1971 issue of the *Federal Bar Journal*, noted that "while there are theoretically no correct or incorrect answers . . . if the person being tested gives certain answers he might be admitting factual data that constitutes a felony" and added that "any personality test constitutes an invasion of privacy to some degree, as the person tested rarely understands the implications of all the questions . . . or the significance of the responses."

The brainwashers

If you are astounded by the idea that standardized tests can contain questions designed to elicit such precise psychological information, consider the people who perfected the system.

Hilda Taba, the controversial psychologist who emigrated to the United States from Estonia in the 1930s, is one

of the most important architects of these testing methods. According to Mrs. Eakman, "she had long specialized in designing questions to elicit information people don't want to divulge, and continued her work when she got to this country." This is a very polite way of pointing out that Taba is one of the founding figures of the new breed of torture specialists who perfected their arts in the tyrannical regimes of the 1930s. She was the subject of controversial hearings in California in 1958, and left open work in education at that time, and went to work for the U.N. Education, Social, and Cultural Organization (Unesco), one of the agencies which later supported the work of the Club of Rome and its co-founder Alexander King.

Another example is the case of Dr. Jacob Moreno, whose work on group therapy and role playing is the basis for psychological games, such as the one known as "Magic Circle," which are used in classrooms every day. Moreno came to the United States from Austria, where he served as Officer of Health, in 1935. He founded the Moreno Institute in New York, and described his theory in a brochure: "We should not keep anything secret from each other. We should divulge freely whatever we think, perceive or feel . . . we should act out the fears and hopes . . . and purge ourselves of them." Moreno's theories were warmly embraced by John Dewey, and he became a frequent lecturer at Columbia Teacher's College, and thereby, a dominant force in American education.

The controllers of this process are a semi-secret cult within the larger body of teachers, and many, perhaps most teachers, have little idea of how all this works. Generally they know that they are spending more and more time "correcting" their teaching in order to achieve test results demanded by the administration. Try to simply "teach," and a legion of spies and gossips will eventually sandbag your career, or make life so miserable that flipping hamburgers becomes an attractive career alternative.

Vouchers and 'family values'

The tyranny of the testing system is in full swing in the public schools today, and Mrs. Eakman elucidates the political landscape as the opponents of this hydra see it. Ronald Reagan came into office with a very big, and unkept, promise to abolish the Department of Education. What his disappointed supporters got instead was William Bennett, a cultural boor and academic windbag, who systematically advanced the agenda of the Carnegie-controlled testing mafia. Today, Bennett is writing articles calling for "national values" and demanding that the government create a national culture through the educational system.

Bennett was succeeded by Lamar Alexander, who headed a panel created by Bennett which recommended a sixfold increase in funding for the testing apparatus, and the extension of the testing system to all areas of study. Alexander, as secretary of education for George Bush, has aggressively

pushed this agenda with the administration's so-called education initiative.

Looked at in light of the information provided in *Educating for the New World Order*, the administration plan is a totalitarian nightmare of the first order. Bush is proposing to bust all remaining legal barriers to the creation of a "national curriculum" through his "national testing standards" proposal. Once such standards are established, no school system will be able to withstand the bureaucratic pressure to conform to the "expected" results measured by the tests. Funding decisions, including pressures brought by parents being manipulated through "choice" options which will pit one school against another on the basis of test results, will determine the shape of the education system.

Guess who will be designing the tests and the "remedial curriculum" which will be used to bring offending schools or classes or pupils "up to national standards."

This point is underscored by Mrs. Eakman in her critique of the so-called cash voucher plans to reform education. Such schemes appeal to elitist ideologues, like Milton Friedman or William Buckley (whose children will never see the inside of a public school), but have no effect at all on the machinery which will control the behaviorist-dictated curriculum.

One of many proposals Eakman makes is legal changes which would allow public funding for private and denominational schools—not on a voucher basis, but perhaps more like the GI Bill program. This idea was fought for strenuously by the American Federation of Teachers and the American Federation of Labor in the 1940s; the unions saw then that such a proposal would be essential to keep a thriving free school system alive in the United States.

The deeper problem is that the system described in this book has a diabolical quality which renders useless all the controversy about teaching "creationism," or even the fights over which textbooks will be used in school districts. *All such texts are "transparent" to the process of psychological intervention, which aims to destroy basic moral notions and the individual identity of the student.* These test-driven interventions are inserted into the "non-text" component of the class period. You could literally create "strands" which turn a group of Bible students into raving environmentalist atheists. (If you don't believe it, read Al Gore's book.)

And what of "family values" and the other buzz-words being tossed around by Bennett and Dan Quayle? You may by now have noticed that this talk has a hollow ring to it. Listen to Carnegie Foundation honcho James P. Shaver, as he prepared this current debate—in 1986: "Common commitments to values provide a context for meaningful conversation and debate about societal issues. If people lack common value commitments . . . there is little basis for agreement or even productive disagreement and there will not be direct and meaningful confrontation and discourse on issues of mutual significance . . . commitment to values is the 'cement' that holds the society together."

These words could have been lifted directly from William Bennett's speech at the 1992 Republican Convention, or from a speech by Dan Quayle. The so-called democratic values these people are talking about are in reality conformist attitudes, shaped by the state, and imposed on the citizenry in order to facilitate "order" in society.

Mrs. Eakman proposes a number of steps designed to crush the behaviorists and their testing apparatus within the government—steps which require the mobilization of congressional outrage. These steps, and the others she proposes, are useful, but inadequate to address the crisis she so eloquently describes.

The crisis is a moral crisis of the entire population, which is sinking into a *slave* mentality under this onslaught. To revive the soul of the nation, there must be a return to a classical curriculum, and the implementation of that curriculum through the creation of musical choruses, geometry seminars, scientific laboratory experiments, and an array of other active measures which will build the curriculum as it ennobles the students—adult and child alike. This requires a movement, a campaign, a veritable "evangelization" of our own people.

We will not win this campaign by only smiting the tentacles of this enemy, but that we must do, and Mrs. Eakman has made a tremendous contribution to that element of this fight.

For further reading

EIR Special Report, "The Libertarian Conspiracy to Destroy America's Schools," April 1986. Available from EIR News Service, Inc. for \$250.

Lyndon H. LaRouche, Jr. "War Against 'Liberal School Reforms,'" *The Campaigner*, August 1981.

Lyndon H. LaRouche, "Restore Classical Education to the Secondary Classroom," *EIR*, Aug. 28, 1992 and Sept. 4, 1992.

Michael J. Minnicino, "The Frankfurt School and 'Political Correctness,'" *Fidelio*, Winter 1992.

Uwe Parpart, "Genius Can Be Taught," *The Campaigner*, April 1980.

L. Wolfe, "Turn Off Your Television!" *The New Federalist*, July 27, 1992, Aug. 24, 1992, Sept. 7, 1992, and Oct. 12, 1992. Series is continuing.

Note: The back issues of The Campaigner magazine cited here are available only at Ben Franklin Booksellers in Leesburg, Virginia, while the supply lasts. (703) 777-3661, or (800) 453-4108.

'Roasting' Henry Kissinger is useful but far from adequate

by Scott Thompson

Kissinger, A Biography

by Walter Isaacson

Simon & Schuster, New York, 1992

893 pages, hardbound, \$30

Walter Isaacson's biography of Henry Kissinger betrays a gossip columnist's grasp of history and policy matters. It never gets beyond the kind of mild smear that usually is associated with a Hollywood or Washington celebrity "roast."

But, Isaacson has made a marginally useful contribution to the Kissinger lore by at least assembling a fairly broad sample of nasty comments and anecdotes from some of Kissinger's closest collaborators, allies, and victims. While the book is thoroughly lacking in any in-depth appreciation of Kissinger's lengthy career of treachery, it is not surprising to find a senior editor of *Time* magazine pulling his punches when it comes to dissecting the life of one of the leading British agents-of-influence of the postwar era.

This reviewer personally corresponded with Isaacson during the research phase of his work and is therefore certain that Isaacson was in possession of the now-infamous May 10, 1982 Chatham House speech to the Royal Institute of International Affairs, in which Kissinger boasted that he had been taking his orders from London throughout his "incarnation" as U.S. secretary of state and national security adviser. No mention was made of Kissinger's foreign agency.

Isaacson was also aware of the blood vendetta that Kissinger directed against Lyndon LaRouche. His only reference to the LaRouche-Kissinger wars that played so major a role in the behind-the-scenes policy battles of the 1970s and '80s is a one-paragraph description of a 1982 Newark Airport encounter between Kissinger's wife and a LaRouche supporter. And in that instance, Isaacson betrays a nauseating sympathy to Kissinger.

It clearly remains for a true historian to deliver the final word on Dr. Kissinger and the trail of political assassinations, wars, dope dealing, and genocide that mark his career. To date, the closest appreciation of Kissinger's evil is contained

in the handful of references in the recently published third edition of *Dope, Inc.*, which is appropriately subtitled "The Book That Drove Kissinger Crazy."

Nevertheless, the appearance of the Kissinger biography has served as an occasion for many of Henry's former friends and allies—including *Der Spiegel* publisher Rudolf Augstein, *Foreign Affairs* editor William Hyland, and others—to uncork with a series of venomous reviews and commentaries that make it clear that Henry's days in the sun are numbered. Whether Isaacson knew in advance that his book would occasion such an outpouring of personal hatred against Fat Henry is a matter of speculation. The fact that Henry is being duly roasted on a personal level is a long-overdue event. Back in 1982, Lyndon LaRouche had written a psycho-sexual appraisal of Kissinger and had concluded that this kind of anal-sadistic personality has no proper place in world affairs. If anything, the Isaacson book provides a significant amount of eyewitness information underscoring the accuracy of the LaRouche evaluation.

Highlights of a low-life

● During Kissinger's work on Castlereagh and Metternich at Harvard's School of Government, his Harvard colleague Stanley Hoffman said that Kissinger's "was a quest for a *Realpolitik* devoid of moral homilies." Kissinger paraphrased Goethe to describe himself: "If I had to choose between justice and disorder, on the one hand, and injustice and order, on the other, I would always choose the latter." One theme in *Kissinger* that Isaacson has gotten right, is that for Henry, morality has no place in his foreign policy.

● Another theme that Isaacson stresses is how Kissinger combined sycophancy with an egomaniacal sense of his self-importance: "His tendency to play up to powerful people prompted fellow students to take his middle initial A, and behind his back call him Henry Ass-Kissinger, recalled Herbert Spiro, later a foreign service officer."

● Kissinger's 1954 book *Nuclear Weapons and Foreign Policy*, published by the Council on Foreign Relations, wedded Marquess of Queensberry rules for proper boxing to Bertrand Russell's doctrine of limited nuclear war. Kissinger was exposed to this insane doctrine through his participation in Russell's Pugwash Conferences—a fact that Isaacson has

missed. Yet, Paul Nitze said that when Kissinger was confronted with well-thought-out opposition to his utopian schemes, “Henry managed to convey that no one had thought intelligently about nuclear weapons and foreign policy until he came along to do it himself.” Isaacson continues: “More significant, however, was Nitze’s fundamental criticism that Kissinger had not been able to explain how a limited war, once under way, would stay limited. ‘If the limitations are really to stand up under the immense pressures of even a “little” war,’ Nitze wrote, ‘It would seem something more is required than a Rube Goldberg chart of arbitrary limitations.’ ”

‘I wonder who’s Kissinger now?’

- Many people recall what a thin skin Kissinger has. Oscar Ruebhausen, who was an assistant to New York Gov. Nelson Rockefeller (one of Kissinger’s many patrons), told Isaacson: “He suffered a great deal by taking things personally, simple things, like whether or not a car met him at the airport and whether it was a Cadillac. . . . He would weep on one’s shoulders at some slight. . . . it was candor and Machiavellian scheming at the same time.”

- When Henry Kissinger was offered the post of national security adviser by Nixon in 1968, he took it with an alacrity that shocked Rockefeller’s staff: “Among the Rockefeller staff, there was a sense of betrayal. Oscar Ruebhausen was with other advisers in the governor’s office when the word came that Kissinger had gotten the offer. ‘We were shocked,’ he recalls. ‘There was a sense that he was a whore.’ Or, a chameleon. Kissinger’s fickleness led some Rockefeller staffers to parody a popular song: ‘I wonder who’s Kissinger now?’ ”

- Isaacson describes the bond between Kissinger and Nixon, as follows: “Both were practitioners of *Realpolitik*, that blend of cold realism and power-oriented statecraft that tended to be, to use Kissinger’s description of Bismarck, ‘unencumbered by moral scruples.’ . . . In a conversation with Golda Meir, Nixon once twisted the golden rule into a power game, telling her, ‘My rule in international affairs is, “Do unto others as they would do unto you.” At which Kissinger interjected: ‘Plus 10%.’ ” But, Kissinger was also contemptuous of Nixon, whom he railed against in the presence of White House staffers, as being a “madman,” “our drunken friend,” “the meatball mind,” “basket case.” Once Kissinger shouted, “If the President had his way, there would be a nuclear war each week!” Isaacson hints at a truth—that Kissinger toyed with Nixon’s flaws, particularly by triggering Nixon’s paranoia, in a way that led to Nixon’s Watergate downfall. According to Isaacson: “So Kissinger became an enabler for the dark side of Nixon’s personality, someone who joined in his backbiting. . . . A willingness to talk tough and applaud ruthlessness was the best way to become Nixon’s co-conspirator against a hostile world.” But, as Isaacson implies, Kissinger acted behind Nixon’s back—



Self-avowed British agent Henry Kissinger meeting with Mao Zedong in 1972, during the murderous Cultural Revolution. Mao and Maoism, as EIR has documented, were also a product of British imperial policy for China.

not to mention triggering the paranoid moments that led to Watergate, as when “he would tell aides, because as they alone knew, he was the one man who kept ‘that drunken lunatic’ from doing things that would ‘blow up the world.’ ”

- Kissinger’s deceitfulness is no secret. Frank Shakespeare addressed this vein, when he said: “Kissinger can meet with six different people, smart as hell, learned, knowledgeable, experienced, of very different views, and persuade all six of them that the real Henry Kissinger is just where they are.” Isaacson adds: “Swapping tales of Kissinger’s deceits soon became the staple of Washington dinner parties. [John] Lehman told of listening as Kissinger ordered arms negotiator Gerard Smith to proceed with an antiballistic missile (ABM) proposal for two American sites rather than four, hanging up the phone, then taking Defense Secretary Laird’s call on another line and saying, ‘I agree with you on the need for four sites, but that goddamn Gerry is constantly making concessions.’ ”

Few associates were fooled by Kissinger’s deceit, says Isaacson: “It also squandered the staff’s sense of moral worthiness. ‘Some secrecy is necessary in government,’ said Tony Lake, ‘but Henry crossed the line from secrecy to deceit.’ ” Kissinger’s obsessive secrecy was not shared by everyone, Isaacson reveals: “What infuriated him most of all was that the North Vietnamese clearly did not share his zeal for secrecy, back channels, and saying different things in private. ‘Hanoi’s “private” view was identical to its public one,’ he later wrote with disdain.”

Kissinger quickly earned a far-reaching reputation for deviousness. Isaacson writes of the Israelis’ view, that Shi-

mon Peres “once privately told [Yitzhak] Rabin, ‘With due respect to Kissinger, he is the most devious man I’ve ever met.’ ” Isaacson quotes Kissinger’s colleague James Schlesinger, “ ‘Henry’s style of deception is less condemned in Europe than it is here,’ Schlesinger said. ‘Being excessively manipulative does not go over well in Anglo-Saxon countries.’ ” Or, again, Schlesinger said: “Henry enjoys the complexity of deviousness. . . . Other people when they lie look ashamed. Henry does it with style, as if it were an arabesque.” Others shared a similar view, such as Daniel Patrick Moynihan, Nixon’s ambassador to India, who “liked to repeat a line said to him by Helmut Sonnenfeldt: ‘You do not understand. Henry does not lie because it is in his interest. He lies because it is in his nature.’ Later Moynihan would say that Kissinger’s conspiratorial nature ‘helped bring on’ Watergate.”

● As national security adviser, Kissinger did everything possible to cut out Secretary of State William P. Rogers. Isaacson describes Nixon’s view of the matter as follows: “ ‘I’m sorry about how Henry and Bill go at each other,’ Nixon told William Safire one day. ‘It’s really rather deep-seated. Henry thinks Bill isn’t very deep, and Bill thinks Henry is power crazy.’ Then the President smiled and put his finger on the problem. ‘And in a sense,’ he said, ‘they’re both right.’ ” Nixon became disturbed by Kissinger’s vendetta against his secretary of state, however: “Kissinger’s obsession with Rogers began to get on Nixon’s nerves. . . . ‘The President got into a snit,’ [H.R.] Haldeman recalled, ‘and asked us to form a Henry-Handling Committee to deal with it.’ ” Later, this Henry-Handling Committee would convey the President’s order to Kissinger that he seek psychiatric attention.

Kissinger, who would increasingly speak in the voice of the President without even consulting Nixon, as Watergate loomed, took the same devious approach to the arms control talks that became the May, 1972 SALT and ABM Treaties: “ ‘At least in the Soviet Union, the whole Politburo was consulted,’ Gerard Smith said of the May 20 agreement. ‘The bulk of the American national security leadership was never consulted.’ ”

● The Handling-Henry Committee had to be reconvened after Kissinger’s meteoric eruption, when it was revealed that the Joint Chiefs of Staff were spying on him through Yeoman Radford: “ ‘Nixon wondered aloud,’ [John] Ehrlichman recalled, ‘if Henry needed psychiatric care.’ . . . But there was a stiletto sharpness to the President’s musings, and at one point he said that perhaps he would have to fire Kissinger if he did not agree to seek psychological help. ‘Talk to him, John,’ Nixon implored. ‘And talk to Al Haig. He will listen to Al.’ Haig agreed that Kissinger needed psychiatric help, and he told Ehrlichman so. He had repeatedly made that point to Haldeman. ‘Al told me that Henry had gone to a psychiatrist before,’ Haldeman later recalled, ‘and that he really needed psychiatric help again. Al would

complain to me all the time about Henry’s temper and paranoia. Or he would rant about Henry’s personal peccadillos and the demands he made. In the process, he would always get into psychiatric troubles.’ ” Later, Ehrlichman wrote a piece for an obscure British collection of spy tales about the situation, quoting President Nixon as having told the Henry-Handling Committee: “Just tell him [Kissinger], don’t ask him. Tell him: he sees a psychiatrist or he is out. Period. No appeal.”

● Kissinger sought and gained a treaty with North Vietnam which gave a “decent interval” before the signing of the treaty and the collapse of the South Vietnamese government: “On the day of the signing, Haig said to James Schlesinger, who would soon become defense secretary and one of Kissinger’s hard-line rivals: ‘This is a day of national shame.’ ” Isaacson quotes South Vietnamese President Nguyen Van Thieu as saying: “The U.S. made a deal over my head. . . . It was another Munich.” Kissinger inadvertently affirmed this assessment, when, as Isaacson writes, he made a gaffe at a press conference convened after the Paris Peace Accords were signed: “Kissinger uttered at the outset of his briefing a sound bite that was to haunt him for years. ‘We believe,’ he said, ‘that peace is at hand.’ ” Thieu told Isaacson: “ ‘If Kissinger had possessed the power to bomb the Independence Palace to force me to sign the agreement,’ Thieu later said with a caustic smile, ‘he would not hesitate to do so.’ ”

● Kissinger does confirm *EIR*’s analysis that, as President Nixon sank deeper into Watergate, Kissinger and Al Haig, who had become chief of staff, ran the White House: “Thus Kissinger had a freer hand. . . . In fact, in many of their conversations, Haig and Kissinger made critical decisions without even consulting the President.” In fact, Nixon was being nursed by Al Haig throughout Kissinger’s entire intervention into the 1973 Yom Kippur War, where he directly violated President Nixon’s orders to apply pressure to Israel. When Nixon tried to assert himself during the crisis, Kissinger told Haig: “I urge you to keep any Walter Mitty tendencies under control.” Meanwhile, as Isaacson reveals, Al Haig was leaking the White House secrets that fueled the Watergate crisis to the press, including to Bob Woodward at the *Washington Post*. Isaacson also reveals that Kissinger and Haig formed a conspiracy to force President Nixon to resign, rather than fight his impeachment: “Though they had bickered like schoolboys a few weeks earlier over who would get the suite next door to Nixon’s in the Kremlin at the final summit there (Haig won), they had begun putting aside their rivalry as they sought to guide Nixon toward resignation. Each day, Haig would call Kissinger to report on the progress he was making and the meetings he was setting up. Kissinger would help by arranging for telephone calls that would edge Nixon in the desired direction.” (For an additional dimension of this situation—the role of George Bush—see *EIR*’s book *George Bush: The Unauthorized Biography*, by Webster Tarpley and Anton Chaitkin.)

String works of Haydn, Beethoven, and Brahms

Haydn: String Quartets Op. 64, Festetics Quartet, Harmonia Mundi Quintana 903040-41, 2 CDs.

Beethoven: String Quartets Op. 18 No. 1 & Op. 132, Artis Quartett, Sony SK48058.

Brahms: String Sextet No. 1, Amadeus Ensemble and Alban Berg Quartett, EMI Classics 54216-2.

The most beautiful new release of string music is Brahms's Sextet No. 1, a memorial tribute to the Amadeus Quartet's dear departed Peter Schidlöf by his colleagues and the Alban Berg Quartett. This live Jan. 30, 1990 performance in the Vienna Konzerthaus, just released by EMI, is companion to an earlier CD from this concert, Brahms's Sextet No. 2 (EMI 49747). Since it's best to speak of Haydn and Beethoven before Brahms, I didn't want this treasure to be overlooked at the end.

Recordings of Haydn string quartets have been hard to find, but now Harmonia Mundi has two series, by the Festetics Quartet on modern instruments on the Quintana label, and by the Salomon Quartet on period strings on Hyperion. The new Festetics release of Haydn's six 1790 Op. 64 quartets is very good. The phrasing is *cantabile* and the pitch, a low A=425, helps this "singing."

As the fine album notes point out, Haydn and Mozart created a revolution in music in Vienna during 1781-85 with their string quartets (see *EIR* Sept. 18, p. 69). Haydn's 1781 "Russian" Quartets Op. 33 inspired Mozart's breakthrough in his "Haydn" Quartets of 1782-5. Haydn further developed the idea during 1787-90 in three sets of six quartets each, Op. 60, Op. 54-55, and Op. 64.

The six Op. 64 quartets, the last

Haydn wrote in Vienna before the death of Mozart and Haydn's first trip to London, are the summation of this method. The "Haydn principle" has become the name for such composing from a musical statement which has the germ of a growing idea, and generates new ideas, but which unifies the work as a whole.

This musical idea always derives from vocal themes of the human singing voice, and the Festetics Quartet captures this especially in the "Lark" Quartet in D, the finale of Op. 64. The opening lower strings "accompaniment" and the first violin theme itself are the mezzo-soprano and soprano voices, respectively. These are then transposed throughout all four voices of the quartet and through all movements, in a unified way, directly to the D minor fugue in the fourth movement.

Stretching the principle

Beethoven's string quartets take this principle and stretch it to and beyond its limit, while always respecting the principle, creating the most densely conceptual music written. The young Artis Quartett, formed in 1980 at Vienna's Musikhochschule, is not quite ready. They have a touch of the "Juilliard syndrome," known to New Yorkers from the Juilliard Conservatory, where students are drilled to get the right notes and the right pitch, all the notes and nothing but the notes.

Beethoven string quartets require more irony than that. Beethoven respects the human vocal origin of every theme and idea, but then places parts of the bass in the first violin *altissimo*, that is, above the staff, or strews snatches of a singing conceptual voice with lightning speed across all four instruments. Without tremendous humor, and much more give and take,

these echos on another plane, of what has been sung before, cannot be brought out audibly.

Sextet versus quartet

Brahms had great trouble with string quartets, postponing publication of his first quartet from 1853 until after 1870, but the Amadeus Ensemble-Alban Berg Brahms sextet discs are a wonderful introduction to Brahms's use of the human voice in string writing. The breadth of the Sextet No. 1 in B-flat is hinted at by the movements' lengths of 17:24, 10:35, 3:16, and 10:45 minutes.

What a sextet has which a quartet lacks, of course, is *two violas and two 'celli*, and Brahms, who wrote much of his vocal music for mezzo-soprano and bass, glories in the lower strings to bring out the mezzo-soprano, baritone, and bass voices. He then moves these ideas to the highest violin notes and then back again through all the voices.

Those who know the singing voice as Brahms did, realize that there is a profundity in the lower register of the mezzo-soprano and bass, unavailable in soprano or tenor, which conveys a certain type of passion. This is the passion of the intellect, which creates from love of God's Creation. Brahms was a tragic figure whose fight to save music was of that depth, but who had faith that these ideas shall survive. This quality can often be heard in his mezzo-soprano songs, such as "Die Mainacht," in which the words are of loneliness, but the voice sings of eternity.

This particular passion pervades the Sextet No. 1. The Amadeus-Alban Berg performance's emotional connection to the deathless nature of the life work of Peter Schidlöf, of Brahms, and of great music, brings this out all the more.

Post-election agenda sets up inter-generational war

by Kathleen Klenetsky

Would you be shocked if someone were to come up to and say: "Your grandfather has been around long enough. He doesn't work anymore, doesn't pay taxes, and is receiving so much in Social Security and Medicare benefits that the budget deficit is skyrocketing. Don't you think it's high time we got rid of him, so that the younger generation can get its fair share of the country's resources?"

You probably would be. But that is exactly the message which the U.S. establishment intends to deliver in the coming months—no matter who wins the presidential election. Their expectation is that economic conditions will become so horrific that normal people will allow themselves to be provoked into an inter-generational war against their own aging parents and grandparents.

The Concord Coalition: sowing discord

One of the principal messengers for this resurrection of the Nazi "useless eaters" concept will be the Concord Coalition, a recently established bipartisan entity dedicated to the proposition that "overconsumption" on the part of the nation's burgeoning over-65 population is the root cause of the United States' economic collapse. It maintains that massive reductions in spending on the elderly are required to reduce the budget deficit.

Launched shortly after Labor Day, the Concord Coalition grew out of discussions among a coterie of establishment "insiders" who believe the time has come for launching a wholesale assault on the two main social programs which support the nation's elderly: Social Security and Medicare. These two programs make up the bulk of the federal government's so-called entitlements system. With the aging of the population (itself a dramatic shift in the United States' demographic profile, resulting, in no small part, from the zero

population growth mania of the last three decades), these programs are growing at an increasingly rapid rate, making them prime targets for those know-nothings who insist that the country can budget-cut its way out of the depression.

The Concord Coalition's principals have minced no words in describing their mission as one of promoting the idea that killing off grandma and grandpa is not only legitimate, but necessary, to deal with mounting economic pressures.

Peter Petersen, one of the four founders of the group, has been railing for years against what he claims are "runaway" entitlements. A Wall Street investment banker and chairman of the elite New York Council on Foreign Relations (CFR), Petersen wrote a groundbreaking book several years back called *On Borrowed Time*, which helped give political currency to the now-popular notion that the "greedy" elderly are robbing America's young people blind.

In a speech to an American Assembly conference in May 1991, Petersen claimed that unchecked growth in Social Security, Medicare, and Medicaid "may progressively and *directly* threaten the basic character of our society's institutions and values." Solving the budget deficit, he went on, "has never received the serious political attention it deserves. . . . The dirty little secret is we did not do very much about the *big spending items* that have been ballooning out of sight. These include, of course, the vast entitlement programs for the elderly. . . .

"Our national interest is best served by programs that direct public resources toward *investment* and *youth*—not toward consumption and age," Petersen asserted. "We need a new broad-based, bipartisan political coalition to shape and give powerful political expression to a new American consensus that transcends special interest politics and constituencies" (emphases in original).

Lloyd Cutler, another one of the Concord Coalition's "four horsemen," has also been a longtime "granny-basher." In 1980, while serving as White House counsel to President Jimmy Carter, Cutler penned an article for the CFR's journal, *Foreign Affairs*, in which he urged the United States to adopt a parliamentary system of government, on the grounds that such a system insulates elected officials from constituency pressure, thus making it politically easier for governments to institute economic austerity.

The coalition's two main public spokesmen, Paul Tsongas and Sen. Warren Rudman (R-N.H.), share the same orientation.

Tsongas, who ran unsuccessfully for the Democratic presidential nomination, campaigned on a program of entitlement cuts, coupled with tax hikes, especially on energy use. For the past year, he has frequently warned that "inter-generational war" will soon break out if the elderly don't stop using up what he claims is an unfair portion of the economic pie. Of course, the whole point of the Concord Coalition is to whip up such an inter-generational conflict, mobilizing the young to slash spending on the elderly.

Rudman, co-author of the Gramm-Rudman-Hollings balanced-budget fiasco, announced earlier this year that he would not run for reelection out of frustration that the "system" was too beholden to "special interests," particularly those representing senior citizens, to permit the deep cuts in entitlement spending he claims are necessary. In fact, in an interview published in the April 6 issue of *Time* magazine, Rudman suggested that it might be necessary for the United States to institute a one-party government to create the political consensus required to slash Social Security and Medicare.

Fascist propaganda

Tsongas and Rudman held a press conference in Washington on Oct. 20 to announce the Concord Coalition's short-term organizing plans. Displaying charts graphically depicting the growth in entitlement programs, Tsongas and Rudman bluntly announced, "Entitlements must be put on the table." "We've got to move more toward consumption-based taxes," they said. "We do have to means-test entitlements."

The two cited a recently published study entitled "The Strengthening of America," as the budget-cutting model the next President should follow. Produced by the Washington, D.C.-based Center for Strategic and International Studies (CSIS), the report calls for nearly \$2 trillion in budget reductions and tax increases over the next 10 years. The report states that a "critical part of this effort" will be to put a cap on entitlement expenditures, and to downsize Medicare and Medicaid.

Tsongas and Rudman, a member of the panel which wrote the CSIS report, told the press that these draconian measures were required to placate the international financial community. "The most important thing this country needs is a plan on the deficit, on growth, on entitlements that the market can look at and say, 'That will work,'" Tsongas

declared. Echoed Rudman: "If we just did something to convince the world financial markets that we were serious about the deficit . . . you would see growth in this country."

Rudman is right on one thing: As a result of such a plan, you would see growth in this country, but it would be growth in unemployment, welfare, homelessness, and death rates among the elderly, as opposed to real economic development that could produce a bigger "pie" to support the population at a higher standard of living.

But that, in fact, is the dirty little secret behind the Concord Coalition and parallel efforts, such as the CSIS study and Ross Perot's economic program.

The U.S. establishment has deliberately chosen to maintain a bankrupt economic and financial system through such mechanisms as looting pensions, cutting back on health care, and slashing wages. And the Concord Coalition's mission is to figure out how to make this politically palatable to the population.

The coalition has mapped out an ambitious propaganda campaign for the post-election period. According to a spokesman, the group has already kicked off a grassroots organizing effort, complete with an "800" toll-free number, and hopes to set up branches in every state.

Additionally, over the coming months Tsongas and Rudman will go on a series of what the coalition calls "road shows," traveling to Boston, Chicago, New York, Atlanta, Los Angeles, and other key cities to hold "economic town meetings" where they and invited "experts" will explain to the local citizenry why grandma and grandpa have to stop using up so many medical and other resources.

Although the Concord Coalition will theoretically operate on a strictly educational basis, one knowledgeable source indicated that it might opt to become involved directly in political action sometime in the future.

Both Tsongas and Rudman have talked openly about the possibility of creating a third political party to implement their proposed austerity program. As Tsongas said at the Oct. 20 press conference: "We are not a third party. But we both believe passionately that unless something is done, there will be a third party. It will be as follows. On the social side, pro-choice, pro-gay rights, pro-civil rights, pro-environment. On the other side of the program, pro-growth, pro-business, pro-fiscal discipline."

In fact, such a third party already exists, at least in embryo. Trilateral Commission member John Anderson, who ran as an independent presidential candidate in 1980, has teamed up with Gov. Lowell Weicker of Connecticut, among others, to form the Independence Party. Founding member Theodore Lowi, a professor at Cornell, has said that a strong affinity exists between the Independence Party and the Concord Coalition's economic platform. Sources at the coalition report that a host of "big names" will soon sign onto the group's board. Former Rep. William Gray (D-Pa.), who chaired the House Budget Committee, is among them.

LaRouche broadcast: 'We wrestle against principalities and powers'

Lyndon LaRouche, in the third and last national television broadcast of his independent presidential campaign on Oct. 25, explained the strategic importance of bringing down the statue of Albert Pike in Washington, D.C. His broadcast, adapted from the script below, was titled "Principalities and Powers." LaRouche addressed his audience via audiotape from the federal prison at Rochester, Minnesota, where he is a political prisoner. Subheads are in the original.

LaRouche: The world is now entering into the worst crisis of the 20th century, a crisis more deadly than that which built up around World War I and its aftermath, a crisis more deadly than that around World War II, its buildup and aftermath, and a crisis more deadly in some ways, than the long-term threat of nuclear war between the two superpower blocs, prior to the end of 1989.

On Sept. 16, for example, we had a financial crisis, with repercussions since, which show that we've entered a new phase of a worldwide depression which, in physical terms, is far worse than the depression of the 1930s.

In the meantime, we have the spread of war. You might say that World War III has already begun. We have a spreading war in the Balkans; we have a war in Transcaucasus, involving the Turkish population against the Armenians, and the Georgians against the Abkhazians, and so forth and so on; we have a war in Central Asia. We can say, in general, World War III is spreading rapidly in the form of these local wars. It's like a forest fire, threatening to engulf whole continents, and perhaps the world as a whole.

The U.S. misery is beyond belief. The physical misery, the homelessness of a type which has not existed in the United States in this century, prevails. We have, coming out of the mouths of people like Clinton and Perot, proposals for so-called emergency action, which are almost identical to the austerity proposals of Benito Mussolini and his backer, Volpi di Misurata, in Italy during the 1920s. Fascism is being presented as a remedy for the social unrest caused by depression.

We have injustice in this country beyond belief. We are now talking, at the Supreme Court level, about the need to

execute death row prisoners, even if it is known that they are innocent of the crimes for which they are convicted—murdering people for the sake of procedure—that's the philosophy. This is no longer America.

How did this happen?

Look at this statue for a moment. Let's go back to the time of the man this statue depicts: General Albert Pike. To understand why the United States is in such a mess today—why we not only have these troubles within our nation, but in our relations with the world at large; why the people in Washington seem to be incapable either of recognizing the problem, or proposing effective solutions; why Clinton and Perot, as well as Bush, show not the slightest comprehension of what our problem is—we have to go back to the time of the Civil War, to the time of the man depicted by this statue, Gen. Albert Pike: racist, traitor, and satanic degenerate. The fact that that statue has stood in Washington, D.C. near the Supreme Court, beside the Labor Department building, maintained on public land at public expense, shows that there is a pervasive corruption and ignorance inside our government, which is the cause for the continuation of our present problems.

Let's go back to those events of the Civil War, and trace it up to the present, to see what the problem is, and what we have to understand, to solve the problem before us.

Treason

What is called the U.S. Civil War, the most devastating war in our history, was *not* a war between the states. It was a civil war in the sense that a faction, including Bostonians such as Albert Pike, New Yorkers such as John Slidell, and so forth, were all part of a British conspiracy, run through the Southern Jurisdiction of the Scottish Rite of Freemasonry, which took over control of the states, with the aid of a traitor at the head of the Democratic Party, August Belmont, a confessed traitor, in order to destroy the United States, by dividing it into several parts, so that the British might control it.

Voice: "New York would . . . cut loose from the Puritanical East. . . . She would open her magnificent port to

the commerce of the world . . . as an independent city-state. . . .”

—August Belmont

LaRouche: This was not a Southern conspiracy; it was a conspiracy by British-controlled traitors to the United States, to take over the southern states, the slave-owning states, as a way of dividing the United States into several parts, which might be kept in perpetual conflict with each other, to eliminate the United States as both a factor in world politics, and also to weaken it to the point that the image of the United States, of the American Revolution, might be erased from the memory and hopes of people around the world.

For example, Albert Pike, the traitor whose statue we’ve seen, was from Boston; Louisiana’s John Slidell was an in-law of August Belmont, the traitor from New York City; one of the worst of the traitors, Capt. James Bulloch, was the uncle, and, for a considerable period of time, the political mentor of a President of the United States, his nephew Teddy Roosevelt, the man who was President in 1901, at the time when this statue was consecrated.

In the 1830s, Pike, a Bostonian, was sent down to the South by his fellow Bostonian, Caleb Cushing, also a member of the plot. By 1859, Pike had risen to the position of Supreme Commander of the Southern Jurisdiction of the Scottish Rite, and thus the supreme commander of the forces of the Confederate conspiracy, which had now moved to take over the relevant states against the opposition of such patriots as Texas’s Sam Houston, who was opposed to this conspiracy.

Pike, as head of the Southern Freemasons, was not only the racist who later formed the Ku Klux Klan at the Nashville, Tennessee Maxwell House Hotel in 1867; Pike was also a Satanist. In his own words, as Pike said in Paris in 1889, Pike explained the religion of his Freemasonic cult, as follows:

Voice: “The true philosophical religion, is the belief in Lucifer, the equal of Adonai. . . .”

—Albert Pike

LaRouche: Pike’s freemasonic plot had two subordinate arms. The first, founded in 1843, was the B’nai B’rith. Now, the B’nai B’rith was not the representation of Jewish organizations in the United States. Quite the contrary, the majority of Jews in the United States were violently opposed to slavery, in the tradition of the Passover seder, and, during the Civil War fought, or otherwise aided the Union, in the cause of crushing slavery and maintaining the Union. The B’nai B’rith was founded as the pro-slavery racist faction among Jews. The B’nai B’rith of Freemasonry became the Confederate spy organization, later headed by Judah Benjamin, who was involved in the plot to kill Lincoln, among other things, and who worked very closely with Pike. In fact, Judah Benjamin played a key role, together with Pike, in founding the Ku Klux Klan in Tennessee in 1867.

The second subordinate organization of relevance of the Southern Jurisdiction of Freemasonry was what was the fighting arm of Freemasonry, which was known originally as the Knights of the Golden Circle, the precursor of the Ku Klux Klan.

These three elements—Pike’s Freemasonic Lucifer-worshipping cult; B’nai B’rith; and the Ku Klux Klan—have been continuously interconnected from 1867 down through the present day.

‘Friends and enemies’

At the time that Lincoln was inaugurated, the Confederacy went into open secession, open revolt. At that time, the leading enemies of the United States were Britain, under the leadership of Lord Palmerston, who was otherwise known as the author of the Second and Third Opium Wars against China; and Palmerston’s political catamite—the man that Palmerston, in fact, put into power in France, Napoleon III.

The friends of the United States were Russia, the Russia of Czar Alexander II more specifically; and also the Meiji Restoration forces in Japan; friends in Germany; and (you might not know it, but it’s significant) the King of Thailand.

This alignment of friends and enemies became crucial in the course of the 20th century.

By 1862, it became clear, that once Lincoln had replaced more or less treasonous generals like General McClellan, the protégé of August Belmont who refused to win the battle of Antietam, that the United States was organized in such a fashion that, by its own means, the Union would win the battle against the Confederacy, unless outside military interference occurred, to prevent that from occurring.

At that time, Lord Palmerston’s Britain and France’s Napoleon III agreed to deploy British and French naval forces to attempt to break the Union blockade of the Confederacy, and thus enable France and Britain to reinforce the Confederacy, perhaps not to win the Civil War, but to make it so costly that the United States would bend to the will of the British government and accept a separate peace with the British Confederate puppet.

At that point, Alexander II, the czar of Russia, intervened. He prepared to send naval forces, which he did in 1863, to aid the United States. The Russian Navy arrived in New York City and San Francisco on friendship visits; and the commanders of these Russian flotillas, had sealed orders. In the event that Napoleon III or Britain, or both, should intervene against the Union, to attempt to break the Union blockade or other actions, these sealed orders would be opened, and Russia would go to war against Britain and France, in aid of its ally, the Union.

At that point, Britain backed down, and the United States was able to settle its internal affairs by its own means.

That began a worldwide movement, under which the United States was implicitly the ally or the friend of Alexan-

der II's Russia, and of Germany, against our deadly enemies Britain and Napoleon III's France, until about the end of the century when things began to change.

During that period, despite the assassination of Alexander II by forces friendly to Britain inside Russia, the policy of Alexander II was continued. A small group of the Russian nobility and others continued this admiration of the American System policy. At the same time, Count Sergei Witte, the leading adviser of various governments of the czar, reached out to Germany and to France, in an effort to get continental cooperation for a general economic development of all Eurasia, based on cooperation, initially, in building railway lines which would extend from Brest on the coast of France, through Paris, to Vladivostok. And, of course, the Germans had a related policy of moving a rail line from Berlin to Baghdad.

The British reacted with violence to this, because they saw that the economic development of the continent of Eurasia meant an end to their dream of a worldwide, single, one-world British empire. The idea that the United States, which had been traditionally (since Lincoln, at least) allied with Russia (or at least, that faction in Russia which Witte represented) and with the more positive forces in Germany, and forces around the Meiji Restoration in Japan (which in the 19th century were very close to the United States) and forces for independence, anti-British forces such as those of Sun Yat Sen, for example, in China—that these forces united, would mean an end to the British Empire, and the British had to break up that coalition.

And thus we had in the 20th century this upsurge of wars and revolutions, including World War I, which were entirely orchestrated by the British.

The change

The shooting, the execution, of President William McKinley by admirers of Teddy Roosevelt from the Henry Street Settlement House, not only brought Teddy Roosevelt to power, but effected fundamental changes in the internal and foreign policy of the United States.

Instead of having as our friends and allies, Germany, the faction of Alexander II and Witte in Russia, the Meiji Restoration forces in Japan, these became our enemies. And, our former enemies in London and within France, the faction of Napoleon III, became our new allies. Against Russia—although we allied with Russia against Germany later—Teddy Roosevelt's friends in the grain cartel and elsewhere, were active not only in supporting radical groups for the overthrow of the czar, but in collaborating with the government of Lenin and Trotsky in the earliest period, to help build up the institutions of Bolshevik power, and to enter into partnerships with the new Bolshevik powers.

That was a big change!

The domestic changes included the following. Teddy Roosevelt wanted to crack political opposition in the United

States, and, for this purpose, he wanted to create a national police force like that of France's Napoleon III. He retained as his attorney general Charles Bonaparte, who was a nephew of Napoleon III, and he created a national police force called the National Bureau of Investigation, the predecessor of the FBI.

Later on, Roosevelt was crucial, in collaboration with the backers of Woodrow Wilson (who was a like-minded scoundrel), in giving us two other institutions: the Federal Reserve System, and the Federal income tax system. Without the collaboration between Teddy Roosevelt and Wilson, these would never have occurred. And thus, the United States was placed under the control of a debt system in which our national finance and banking was at the mercy of private interests, to loot us almost as they will.

This arrangement, or re-arrangement, of the political map brought the United States into World War I, a war whose purpose was to further Britain's fear of continental economic development, by playing one nation of the continent against one another in bloody war (even with a lot of British sacrifice thrown in to facilitate that); and to allow Britain to go on, with the collaboration of its new junior partner, the United States, to establish a new, one-world empire in the image of the Roman Empire. For that purpose, the victorious Allies, the Anglo-Americans and their French political catamite partners, established the Treaty of Versailles and its institutions at the end of World War I—including the League of Nations, which was supposed to gradually put into place this new, one-world empire.

Well, that didn't work out too well. The Great Depression, and other events, intervened.

(Graphic displays the cover of George Bush: The Unauthorized Biography, by Webster Griffin Tarpley and Anton Chaitkin)

LaRouche: As this carefully researched book documents the facts, in 1932-1933, this British group and its friends in New York City, put Adolf Hitler into power in Germany. Let's emphasize: Adolf Hitler did not come to power because the German people put him into power, but because the Anglo-American occupying powers which controlled Germany's finances, put him into power.

In point of fact, in 1932, an international conference on eugenics was held, sponsored by the mother of Averell Harriman, and others, at the American Museum of Natural History in New York City. This conference was addressed by Hitler's personal race theorist, Ernst Rudin. At the end of that conference, Ernst Rudin was elected unanimously president of the International Federation of Eugenics Societies, and Mrs. Harriman and others stated, that they admired the Nazi Party because of those racial purification dogmas presented by Ernst Rudin.

(Graphic displays an article titled "The German Racial Policy," by Dr. C.G. Campbell, Honorary President of the

Eugenics Research Association, in the March-April 1936 issue of Eugenic News, with the following quote enlarged: "It is unfortunate that the anti-Nazi propaganda with which all countries have been flooded has gone far to obscure the correct understanding and the great importance of the German racial policy.")

LaRouche: So, they knew what they were doing.

This led to war, World War II. There's no need to go into the details of that. The point is: During the last years of World War II, the Allies—Britain, the United States, and Moscow—set up a series of institutions, constituting a new set of Versailles agreements.

Throughout the postwar period following World War II, the United States and Britain operated on the basis of what were called, generically, the Yalta agreements. That is, despite the conflicts, including the threat of thermonuclear war, between the Soviet empire and the Anglo-Americans throughout most of this period, at all times, there was a back-channel relationship, to such effect (as Henry Kissinger, for example emphasized a number of times) that whenever Moscow, together with London and Washington, would come to an agreement on world policy, the rest of the world had to obey. So, there was a kind of condominium in effect, all through this period.

That process came to an end, beginning late November, 1989, when a sequence of events was unleashed which led to the crumbling of the Berlin Wall, and led to the crumbling of what Winston Churchill had called the Iron Curtain.

After the Wall fell

The policy fight had begun even before the Wall collapsed, or even before most people around the world knew it was going to collapse. The policy fight began with my address at the Kempinski Hotel on Columbus Day, October 12, 1988:

(Film excerpt of press conference shows LaRouche saying: "Under proper conditions, many today will agree the time has come for early steps toward the reunification of Germany, with the obvious prospect that Berlin might resume its role as the nation's capital.")

A year later, the Wall came down, at which time, I introduced a program for a worldwide economic recovery, a program based on using the economic potential of central Europe, the so-called "economic Productive Triangle," to regenerate economic growth in Eurasia—very much along the lines which Count Witte had desired at the end of the last century and the early part of this century.

(Graphic displays cover of pamphlet: "The Paris-Berlin-Vienna Triangle: Locomotive of the World Economy—London LaRouche's Program for Reversing the World Depression")

LaRouche: Had that program been adopted, as many sympathized with it and were working to have it adopted, we would be in an economic recovery, not a depression, today.

Around Margaret Thatcher madmen, like Conor Cruise O'Brien and Nicholas Ridley, we began to hear the words, "a Fourth Reich," and how Germany must be stopped from engaging in ventures in which German economic power, with or without France, might play a large role in eastern Europe and the former Soviet Union.

In order to assist in stopping programs like the Triangle program, which I had proposed, from being implemented, friends of Kissinger, such as Britain's Lord Carrington, or the State Department's Lawrence Eagleburger, unleashed their Serbian military puppets to enact genocide and other war crimes on other sections of the population of the former nation of Yugoslavia, thus creating a Balkan ulcer of war, which threatens to destroy central Europe and much more within.

For the same geopolitical reason, that the British had orchestrated the creation of World War I, and that Anglo-Americans, by putting Hitler into power in Germany, had created the preconditions for World War II, these madmen, typified by Kissinger cronies Carrington and Eagleburger, with their Balkan adventures, were back to World War I drafting boards, starting another world war—of little wars in the Transcaucasus, the Balkans, Central Asia, and elsewhere, with potential nuclear implications, spreading and spreading throughout the world, until the whole world itself, under conditions of depression, might be engulfed in war.

The worst depression of this century is in full swing. We have spreading wars in the Balkans, Transcaucasus, Central Asia. And, we're at the verge of movement to a change of government which might be a hard-line development around Moscow in the very near future. This all is the result of the horrible mismanagement of the post-1989 period, by the U.S. and British governments, chiefly.

Thus, the legacy of this statue of racist, treasonous, satanic Albert Pike, still influences the domestic and foreign policy-shaping of Washington, D.C. If we do not root out of our republic, the treason, the corruption, the degeneracy which Albert Pike and his collaborators and followers represent, there is no chance that the United States will prevail as a nation, either in its domestic affairs, or its foreign affairs.

Unless we act now, to reject all lesser evils which compromise with what this statue symbolizes, there is no hope that the United States will escape the kind of Hell which world famine, world disease, spreading war, and economic depression generally, portend.

For we wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world, against spiritual wickedness in high places. (Ephesians 6:12)

Jim Garrison remembered

by Jeffrey Steinberg

Jim Garrison (1922-92) was a larger-than-life figure in many ways. Standing six and a half feet tall, with a booming voice, Judge Garrison carried himself with the strength of conviction of a man placed on earth to carry out a mission of great importance to humanity. His death on Oct. 21, after a prolonged illness, is a great loss.

I had the opportunity, along with a colleague, to spend several days with him in 1982 and again in 1984 in his hometown of New Orleans. It was a memorable experience. At the time of those sessions, he was an elected judge of the Louisiana State Court of Appeals. But his passion remained the unsolved mystery of the century.

Twenty years after the tragic assassination of President John Kennedy in Dallas, Texas on Nov. 22, 1963, Jim Garrison was still hot on the trail of the assassins, more convinced than ever that his prosecution of local "businessman" Clay Shaw was absolutely just. His 1988 book, *On the Trail of the Assassins*, is mandatory reading for anyone committed to learning the truth about the Kennedy assassination or even just learning by example how to do serious analytical-investigative thinking. Garrison's method was reminiscent of the great American writer Edgar Allan Poe.

Garrison's continued research on the Kennedy assassination reinforced his belief that Permindex, the Anglo-American-Israeli intelligence front with which Clay Shaw was associated, was key to the murder in Dallas, as well as the attempts to eliminate France's President Charles de Gaulle.

I could not have agreed with him more. Our own investigation of the JFK assassination, summarized in a long chapter in the book *Dope, Inc.*, confirmed that Garrison had identified the crucial thread leading to the hierarchy of evil that had carried out the Kennedy murder, the ruthless and often bloody coverup of the crime, and the consequent destruction of the American political institutions that Kennedy had attempted to revive.

Garrison's closing arguments in the Clay Shaw trial, which were faithfully captured in the closing scenes of Oliver Stone's epic motion picture "JFK," should be studied by all who aspire to a greater understanding of the evil that has engulfed the institutions of our once-great nation. Those eloquent words also offer a portrait of an impassioned American

patriot, who understood that the country would not survive if he joined the ranks of the "sunshine soldiers" who accepted the pronouncements of the Warren Commission as fact in the face of compelling evidence that they were a fraud.

Suppressed evidence

I have subsequently learned through discussions with several serious students of the Kennedy assassination that crucial pieces of evidence of Clay Shaw's links to David Ferrie were kept out of then-District Attorney Jim Garrison's hands at the time of the 1969 Shaw trial. One particularly critical photograph of Clay Shaw in the company of David Ferrie, the CIA contract agent-pilot who was linked to Lee Harvey Oswald and was suspected of being part of the escape plan for the actual assassins, was, ironically, in the possession of a New Orleans reporter who was sitting in the courtroom throughout the Shaw trial. Reportedly, the newsman assumed that Garrison had the photo in his files and, thus, never approached the DA with the critical piece of evidence. But for that oversight, the jurors—who believed that Garrison was right about the conspiracy behind the JFK assassination—might have found Clay Shaw guilty of conspiracy to kill the President, and overturned history. Despite the acquittal of Shaw on the basis of the defendant's flagrant perjury under oath and the suppression of crucial evidence at trial, Jim Garrison never doubted the truth of his charges and never succumbed to the pressures to admit defeat.

In 1970, the CIA formally admitted that Clay Shaw had been an agency asset at the time of the Kennedy assassination. In 1973, Lyndon Johnson admitted to a longtime friend interviewing him for *Atlantic Monthly* magazine that he believed JFK had been killed by a "goddam Murder, Inc." operating in the Caribbean. Within days of Clay Shaw's death in the mid-1970s, Judge Haggarty, who presided over the Shaw trial, told reporters that he believed that Shaw was guilty as charged and was surprised at the jury's verdict.

Garrison's commitment to the truth gave him the strength to endure the media character assassinations and the several efforts at criminal frameup that were thrown at him as the result of his efforts to prosecute the real assassins of JFK.

It was on the basis of those personal battles that Jim Garrison was also able to see through the media smokescreen and join in the ranks of those who publicly protested the U.S. government's efforts to railroad Lyndon LaRouche. In 1987, Garrison was glad to sign a public call for justice in the LaRouche case in Boston. Ironically, one of the government's bought-and-paid-for accusers against LaRouche, Gordon Novel, had been an asset of the CIA in the mid-1960s' campaign to tar and feather Garrison via the same NBC network that had led the campaign against Garrison.

Fletcher Prouty, the retired Air Force colonel who worked closely with Jim Garrison and filmmaker Oliver Stone in the recent "JFK" project, summed up Garrison's life: "To live in hearts we leave behind is not to die."

Clinton-Gore would be 'Jimmy Carter II'

by Mark Burdman

"Jimmy Carter Mark Two" is how a Washington strategist and Oxford University intimate of Bill Clinton described what a Clinton-Gore administration would look like, during an Oct. 24-25 weekend conference on "Transatlantic Relations in Transformation" in Loccum, Germany. This source, and other Washington insiders there, indicated that a Clinton administration would have the following priorities:

Austerity and "Keynesianism." Austerity and "sacrifice" will be central commitments, under the rubrics of "getting our domestic house in order" and achieving "slow growth." One Clinton intimate averred, "Ross Perot has made sacrifice more palatable to the American population." A Brookings Institution policymaker added: "I am certain that a new Clinton administration will take expansionary fiscal measures to save the U.S. from an even deeper recession. Hopefully, this will be linked to a longer-term deficit-reduction package, but an expansionary fiscal stimulus is needed, to avoid not only financial, but other crises looming on the horizon."

GATT-trade war. A senior State Department official told the conference: "Obviously, the first and most important issue is GATT [General Agreement on Tariffs and Trade]. We need to solve the Uruguay Round now." This will be pushed with the usual talk about "expanding world trade," but, in content, as one source close to Clinton said, the Clinton years would mean trends toward "trade war" with Europe and other parts of the world, as the American economic crisis engenders a greater sense of desperation within the American political class.

Weakening Europe. While the "atmospherics" might seem more friendly toward Europe than in past years, and much interest was expressed in formalizing a U.S.-European Community treaty, the real content of policy will be to "strengthen" the U.S. by weakening Europe and other "competitors," along the lines of the notorious Wolfowitz doctrine. A strategist close to Clinton told a European interlocutor in a private discussion: "Within 10 years, the U.S. will clearly be *primus inter pares*, less perhaps than because of the U.S. going up, but because of the problems Europe will face. To put it this way, the difference between you and us, is that you have Yugoslavia and Russia on *your* borders, while we have Mexico and Canada. Which would you rather have—ha, ha, ha?"

Carolyn Kelleher of the Brookings Institution, who sport-

ed a Clinton-Gore button, said that the geographical priorities of the U.S. would become first Europe, second Asia, third Middle East. Latin America, she admitted, would be treated as "a domestic issue," because of the North American Free Trade Agreement, and Africa would effectively vanish from the strategic map.

Another individual said a Clinton policy would be "interventionist" globally, a contention complemented by others stressing the importance of "human rights," "ideological" propaganda campaigns in Europe stressing "American values," and a commitment to strengthening the U.N. apparatus.

Ecology. It was made clear that a Clinton-Gore government would be much more open to "ecologist" policies. One German ecologist showed charts in which the Democrats were given a "plus" for their positions on CFCs/ozone hole, the Rio Earth Summit, biodiversity, etc., while the Republicans were usually given a "minus" on these issues.

Technological apartheid. When *EIR* raised a question about how the issue of "technological apartheid" against the developing countries was viewed in Washington, an American technology expert replied, "What you refer to as 'technological apartheid' is very much to the point, it is one of the real issues in what the U.S. calls the 'expanded view of GATT,' to include such matters as stricter regulations on patents. The rhetoric from Washington may be about 'new Saddam Husseins,' but the real fear is about those Asian 'little dragons' and other potential competitors. There is a definite fear of technology spread, and the trend in both the U.S. and in Europe will be to *hold back* technology, to preserve a competitive advantage. I am sure that in a prospective Clinton administration we will hear more about this."

Workers fired to deal with debt

An *EIR* representative had raised the point that it would be absurd to discuss the future of "transatlantic relations" without reference to the determining factor of the economic depression in the United States and the trillions of dollars in various forms of indebtedness, all documented, he pointed out, in a new *EIR* report on the U.S. depression. A State Department senior official responded: "I don't agree that the debt situation is being ignored. Large and small corporations *are* restructuring to deal with debt." He said that General Motors and IBM, two corporate giants, were "taking the lead" in this trend. "General Motors has laid off 74,000 workers. It did what it should have done a long time ago. It will now become more efficient. IBM, breaking a social contract never to fire, has laid off 40,000 workers." He added, "Other firms will be following their lead." He said many white collar workers in the U.S. will now find themselves "permanently" out of work. All of which means, that "companies are indeed responding to the problems of debt."

The conference was co-sponsored by the Loccum Evangelical Academy and the American Institute for Contemporary German Studies.

National News

Appeal filed in sale of Univision

Attorney Robert Thompson and Esther Renteria of the National Hispanic Media Coalition held a press conference to announce they were filing an appeal to the U.S. court of appeals on the Hallmark sale of Univision to a group made up of Mexico's Televisa and Venezuela's Cisneros group. The Federal Communications Commission hastily approved the sale without any public scrutiny or review, despite substantive opposition. Thompson and Renteria said local Spanish programming in the United States would be under control of foreign owners who want to produce mainly soap operas and deny any local input of Spanish programs for U.S. Hispanics. Univision is the largest Spanish-language network in the country.

EIR had also filed an objection to the sale, noting that consortium member Gustavo Cisneros does not believe in free speech and has a proven record of quashing dissent. *EIR* also cited the fact that in several instances his name and/or the names of his associates and companies have been alleged to be linked to corrupt activities, including drug trafficking and drug-money laundering.

Will Bush be President or go to jail?

"The key question in the United States is not whether George Bush will be President next year, but whether or not he will be in prison," commented the British newsletter *Private Eye's* intelligence page the last week before the U.S. elections. The magazine stressed that the key to "Iraqgate," and the reason that Bush and James Baker III have been reluctant to pursue the scandals surrounding the Banca Nazionale del Lavoro (BNL) and the Bank of Credit and Commerce International (BCCI), even though it would appear to inculcate Jimmy Carter and the Democrats, is that "the BNL scandal leads back through Iraqgate to *Irangate*.

And any clearing out of the 'Georgan' stables might provide yet more proof that the man who has always claimed he was 'outside the loop' of *Irangate* was the man who started the whole scandal off—former vice president George Bush."

Private Eye then recalls that it had been insisting for years that *Irangate* did not begin in 1985, as the Tower Commission claimed, but in 1984. The newsletter recaps its extensive coverage of the trial in Britain of British arms dealer Michael Aspin, whose defense was that he was working for Casey and Oliver North. This case involved Robert Sensi, U.K. chairman Republicans Abroad, who, after being extradited to the U.S., "told friends and colleagues he was working direct with the office of Vice President Bush."

Aspin lost his case, but, *Eye* continues, Sen. John Kerry's (D-Mass.) committee report on BCCI provides "further corroboration of the Aspin case," especially on pages 400-402. *Eye* concludes by indicating that Britain's MI-5 and other agencies have acted to seize and seal certain crucial documents from the Aspin-BCCI-*Irangate* affair.

Pro-abortion bigots help doom death-row man

In an op-ed in the Oct. 24 *Washington Post*, Nat Hentoff, who writes for the *Village Voice* took hecklers at New York University's Cooper Union to task for preventing Pennsylvania Gov. Robert Casey from giving the pro-life speech Clinton forces blocked him from giving at the Democratic Convention. Hentoff wrote, "Casey is a liberal Democrat. He has created and expanded, for example, a program providing crucial medical services to low-income pregnant women and young children, and he was responsible for the first increase in minimum teacher salaries in the state for a quarter of a century." Hentoff moderated the event where Casey was to speak on the theme, "Can a Liberal Be Pro-Life?" but disrupters from ACT UP and "Women's Health Action Movement" (WHAM) prevented him from speaking. Although at least 80% of the audience wanted to hear Casey,

Hentoff said, the governor finally gave up.

Hecklers unfortunately included a small group of supporters of Mumia Abu-Jamal, who is on death row in Pennsylvania, convicted of killing a policeman. Hentoff wrote, "Jamal's trial—his lawyers and I agree—included egregious violations of due process on the part of the prosecutor and the judge." Hentoff continued, "At Cooper Union, I had intended to ask Governor Casey a number of constitutional questions concerning Jamal's conviction and sentencing, and I had also expected that some of Jamal's supporters would have raised various specific points with the governor. It would have been the only chance they had to inform Casey directly about the particulars of the case and thereby maybe influence him—if all else failed—to grant clemency."

A visitor who saw Jamal a few days later, said Hentoff, reported him to be "surprised, displeased, shocked, and saddened by the self-indulgence of his supporters."

Execution stayed after outcry from disabled

After several organizations representing the handicapped had protested to Virginia Gov. Douglas Wilder over the planned Oct. 28 execution of Charles Stamper, and 788 Virginia citizens had written asking for clemency (against only one letter for execution), Wilder delayed the execution on Oct. 23. The stay is a tactical victory for the movement against the death penalty in the Virginia/Washington, D.C. area, which just issued a leaflet against the upcoming execution. But while Wilder formally ordered a delay of indefinite duration, observers think it is likely to be for only 30 days.

Stamper has been confined to a wheelchair since being crippled by injuries in a beating by another inmate, and the spectacle of the state "protecting itself" by killing him had drawn opposition from the public and handicapped organizations contacted by *EIR*. One organization wrote Wilder that "the electrocution of an individual who was not protected" from crippling injury "while in public custody, compounds the moral ambi-

guity of the electrocution." Moreover, reasoned death penalty proponents, Washington, D.C.'s imminent vote on a death penalty referendum would also have been affected by publicity of the gory spectacle. Were the unpopular referendum to pass, Virginia's electric chair would be the beneficiary of District death row victims.

FBI 'investigations' harass black voters

FBI interrogations of black voters since the 1990 elections, under the cover of investigating alleged voter registration fraud, have had a "chilling effect" on many poor black voters, who now refuse to sign petitions for black candidates or vote at all, the *New York Times* reported on Oct. 25. The FBI operation, which often included Justice Department prosecutions of black candidates and their campaign workers, has been conducted in Arkansas, Alabama, Louisiana, New Jersey, North Carolina, and Texas.

The chairman of the Democratic Party in Longview, Texas, "where scores of black residents were interrogated by the FBI following Republican ballot challenges in 1990," told the *Times* that black voter turnout was way down this year, because "many black people told us that they wouldn't ever vote again because they didn't want to be harassed like they were in 1990." The *Times* cited the case of Helena, Arkansas where prosecutors are about to open trial for fraud against several black candidates and their campaign workers, after a two-year federal investigation.

Arkansas Gov. Bill Clinton has remained silent about the charges of FBI harassment against black voters in his state.

Sioux seek support to stop reservation casinos

Two members of the Standing Rock Sioux Reservation are fighting to block construction of a casino on their reservation, and

have sought support from throughout the country, including from the independent presidential campaign of Lyndon LaRouche and Rev. James Bevel. North Dakota LaRouche supporter Annabelle Bourgois, attended the hearing on the issue at the tribal court at Fort Yates on Oct 22. The court was packed with members of the reservation, the press, and tribal council members. Reverend Bevel has put out a statement of support, and letters of support came in to them from around the country and Canada. The tribal judge dismissed their petition on a technicality, and they immediately filed a new, corrected petition. They've pledged to go to federal court.

Casinos have been established on Indian reservations since Congress passed the Indian Gaming Regulatory Act in 1988. In the Standing Rock case, the reservation's local lawyer turned out to be a front-man for a casino outfit based in Zurich, Switzerland.

Activist calls Vessey POW trip 'whitewash'

The mission of former chairman of the Joint Chiefs of Staff Gen. John Vessey to Vietnam and President Bush's Oct. 24 announcement of a "real breakthrough" appears to be just a continuation of the POW-MIA coverup, said Larry Haggerty, an official of the Florida-based International Forget-Me-Not Association, an activist group for men listed as "prisoners of war" (POW) and "missing in action" (MIA).

Haggerty, while not speaking officially for his organization, told *EIR* that he believes the administration is rushing to shut the POW-MIA issue down and normalize relations, but "closing the books and drilling for oil [off the Vietnam coast] is not right" where there is still evidence that POWs are alive in Indochina, especially in Vietnamese-controlled camps in Laos.

Senator Bob Smith (R-N.H.), one of the strongest opponents of the Defense Department's coverup of the issue, is quoted in the press as saying he opposes any normalization of relations "until there's a full accounting" of all POWs and MIAs.

Briefly

● **THE BUREAU** of Prisons plans to begin charging new federal inmates a "user fee" for the cost of their incarceration for up to one year. The fee was enacted when Congress approved the Justice Department budget. Attorney General William Barr estimates 9% of new inmates would have the ability to pay, recouping \$49 million of the \$1.075 billion prison expansion appropriation for fiscal years 1991 through 1993.

● **BRAVE GEORGE, EH?** In mid-October, George Bush, on the hustings in Atlanta compared himself to the Braves and their come-from-behind win, in game 2 of the World Series, yelling, "You've got to take a position. I'm for the Braves, courageously!" But the Toronto Blue Jays walked off with the Series.

● **SEN. JOHN WARNER** (R-Va.) confirmed in a speech to the Hampton Roads, Va. Chamber of Commerce on Oct. 22, that military base closings would be announced next year no matter who is elected President. Warner is the ranking Republican on the Senate Armed Services Committee.

● **LATE ENDORSEMENTS** include a backhanded nod from the *Jerusalem Post* toward Bill Clinton, via a cartoon showing Clinton and Bush in a foot race. George Bush, limping behind Clinton, is wearing a T-shirt reading "I Love Bush." Clinton's reads, "I Love Israel." A recent Reuters wire said that the Hanoi government in Vietnam favors Bush.

● **JUAN REBAZA**, Peru's former fishing minister, endorsed Lyndon LaRouche for U.S. President at an event in New York on Oct. 17. He said he wanted to see Hispanics become part of a new civil rights movement. "Hispanic-Americans and blacks, united, would be an incredibly powerful force," he said. "Each vote for LaRouche is a vote that favors Latin America."

An opening for justice

For a good number of years now, we at *EIR* have been writing about the corruption in the U.S. Department of Justice. Coverups of money laundering, political prosecutions against enemies of the administration, and connections with organized crime and terrorism have all been fully documented in this magazine as being perpetrated by the likes of William Webster at CIA and FBI, and many of his cohorts.

Now, in what looks as though it might indeed be the final days of the Bush-Reagan administration, we suddenly find that others are characterizing the Department of Justice as "corrupt." Even within the government itself, charges of wrongdoing are being exchanged between the FBI and DOJ, the CIA and special prosecutors. One British magazine is even beginning to talk about the possibility of George Bush going to jail.

We are not prepared to comment upon all of these charges and countercharges, but we are well acquainted with the corruption of the Justice Department. And once the files are opened, what a stinking mess is going to come out.

This news service has been following the U.S. government's skulduggery on the question of Iran and Iranian terrorism since 1980. Next to the minions of Henry Kissinger, the Justice Department has been the worst.

First, we had the FBI covering up for Iranian terrorists here in the United States. Then we had the Justice Department covering for U.S. officials like J. Stanley Pottinger, who were engaged in illegal arms sales to the Iranian government, which was engaged in acts of war against the United States.

It got worse. Slightly later into the 1980s, the Justice Department and the FBI were charged with carrying out coverup operations for individuals working with the National Security Council and CIA on exchanging arms for hostages with Iran. The other side of this endeavor was the provision of arms to the Contras in Nicaragua, allegedly purchased through the proceeds of the weapons sales to Iran. Unstated, but known to those on top of these matters in law enforcement,

was the fact that many of these weapons were provided in exchange for cocaine.

We at *EIR*, joined by our founding editor Lyndon LaRouche in the political arena, blew the whistle on these dirty dealings. Not surprisingly, we found ourselves prime targets of the corrupt apparatus.

Information received from lawsuits, prosecutions, and Freedom of Information Act requests over the past decade or more, shows that the federal government has accumulated a massive amount of paper on the question of LaRouche. The conclusion of an official FBI investigation of LaRouche and his friends, announced by the government in 1976, by no means ended active government involvement in trying to hinder the activities of the LaRouche movement.

Evidence exists to show that the FBI and the Department of Justice (to mention just two of a myriad of agencies involved) were in regular touch with private agencies who wanted to destroy LaRouche politically. These included the Anti-Defamation League of B'nai B'rith and Henry Kissinger. In addition, the FBI and the Department of Justice worked with state attorneys general, the Democratic Party, major news outlets, and others to launch investigations and run dirty tricks operations against the political movement.

The FBI alone has tens of thousands of pages of documents on LaRouche and his associates, most of which are being withheld on spurious "national security" grounds. Clearly, many in the FBI and the Justice Department fear that these documents would show the illegalities committed by the government—from dirty tricks to the illegal forced bankruptcy against companies run by LaRouche's associates and many other things.

Rumor has it that the Bush Justice Department, like Oliver North and various communist secret police agencies before it, is already in a rush to shred documents. The danger exists that invaluable proof of U.S. government illegalities against LaRouche will be destroyed. Now, before it's too late, is the time to insist that the LaRouche files be released.

SEE LAROUCHE ON CABLE TV

ALASKA

- ANCHORAGE—
Anchorage Community
TV Ch. 46
The LaRouche Connection
Wednesdays—9 p.m.

CALIFORNIA

- MODESTO—
Public Access Bulletin
Board Ch. 5
The LaRouche Connection
Thurs., Nov. 12—6:30 p.m.
- MOUNTAIN VIEW—
MVC-TV Ch. 30
The LaRouche Connection
Tuesdays—4 p.m.
- SACRAMENTO—
Access Sacramento Ch. 18
The LaRouche Connection
Wed., Nov. 11—10 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—
DC-TV Ch. 34
The LaRouche Connection
Sundays—12 noon

GEORGIA

- ATLANTA—
People TV Ch. 12
The LaRouche Connection
Fridays—1:30 p.m.

ILLINOIS

- CHICAGO—
Chicago Cable Access Ch. 21
Who Owns Your Congressman?
Tues., Nov. 10—10 p.m.
LaRouche's Economics I
Thurs., Nov. 19—9 p.m.

MARYLAND

- MONTGOMERY COUNTY—
MC-TV Ch. 49
The LaRouche Connection
Thursdays—2:30 p.m.
Saturdays—10:30 p.m.
- WESTMINSTER—
Carroll Community TV Ch. 55
The LaRouche Connection
Tuesdays—3 p.m.
Thursdays—9 p.m.

MICHIGAN

- TAYLOR—
MacLean-Hunter Ch. 3
The LaRouche Connection
Tuesdays—7:30 p.m.

MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32
EIR World News
Wednesdays—6:30 p.m.
Sundays—9 p.m.
- ST. PAUL—Cable Access Ch. 35
EIR World News
Mondays—12 noon
Thursdays—5:30 p.m.

MISSOURI

- ST. LOUIS—
Double Helix Ch. 53
*Rev. James Bevel's Struggle for
America's Future*
Wed., Nov. 11—5 p.m.

NEW YORK

- BROCKPORT—
Cable West Ch. 12
The LaRouche Connection
Thursdays—7 p.m.
- BUFFALO—BCAM Ch. 32
The LaRouche Connection
Tuesdays—6 p.m.
- MANHATTAN—MNN Ch. 17M
*The LaRouche
Connection*Fridays—6 a.m.
- ROCHESTER—GRC Ch. 19
The LaRouche Connection
Fridays—10:30 p.m.
Saturdays—11 a.m.
- STATEN ISLAND—
SIC-TV Ch. 24
*We Will Not Settle for a New
Arrangement of Slavery*
Fri., Nov. 6—5 p.m.
Tues., Nov. 10—10 p.m.

TEXAS

- HOUSTON—
Public Access Channel
The LaRouche Connection
Mondays—5 p.m.

VIRGINIA

- ARLINGTON—ACT Ch. 33
The LaRouche Connection
Sundays—1 p.m.
Mondays—6:30 p.m.
Wednesdays—12 noon
 - CHESAPEAKE—
ACC Ch. 40
The LaRouche Connection
Thursdays—8 p.m.
 - CHESTERFIELD COUNTY—
Storer Ch. 6
The Schiller Institute Show
Tuesdays—9 a.m.
 - FAIRFAX COUNTY—
Media General Ch. 10
Wednesdays—6:30 p.m.
Thursdays—9 a.m.
Fridays—2 p.m.
 - LEESBURG—
MultiVision Ch. 6
The LaRouche Connection
Mondays—7 p.m.
 - RICHMOND & HENRICO
COUNTY—
Continental Cable Ch. 31
The Schiller Institute Show
Thursdays—6:30 p.m.
- ## WASHINGTON
- SEATTLE—
Seattle Public Access Ch. 29
The LaRouche Connection
Sundays—1 p.m.

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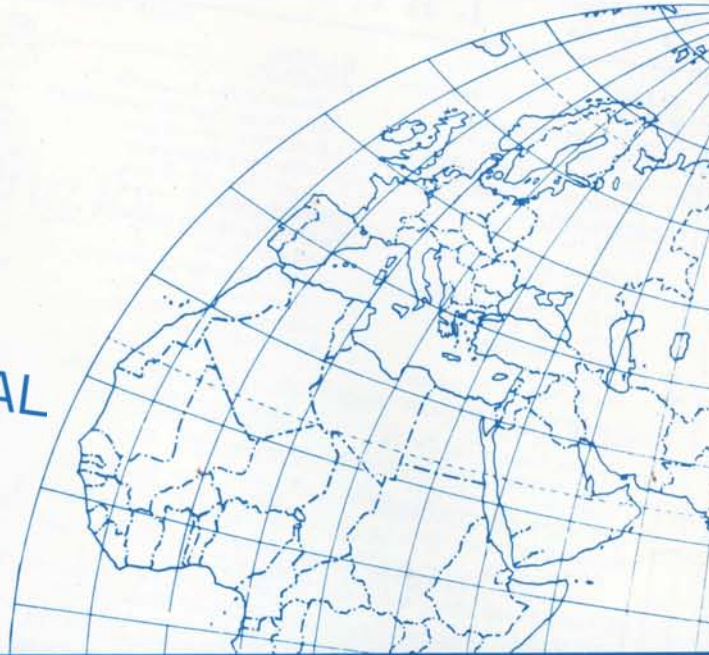
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ALERT



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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