

# EIR

Executive Intelligence Review

March 18, 1994 • Vol. 21 No. 12

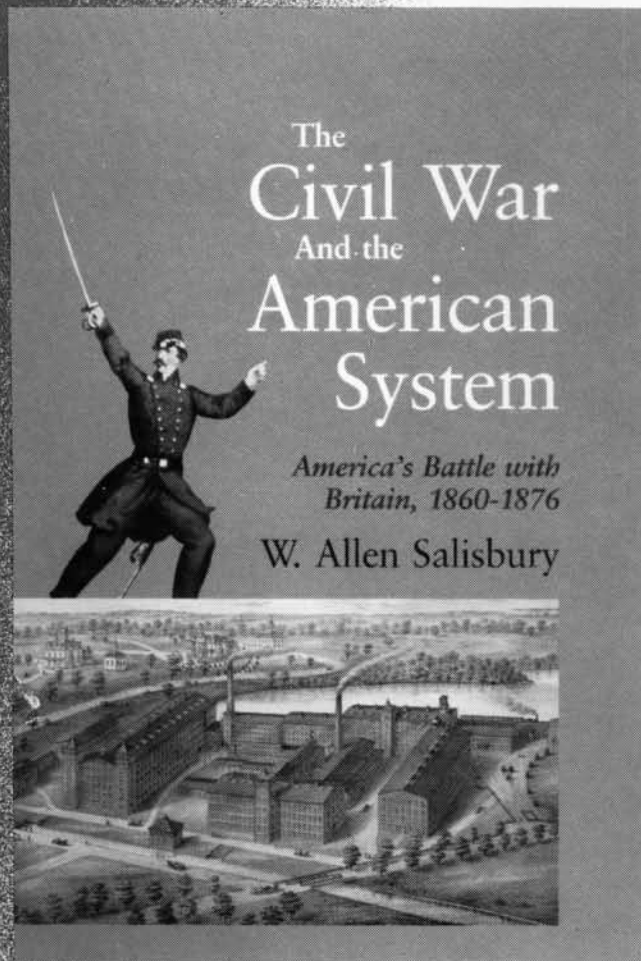
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*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 333 1/2 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, 65013 Wiesbaden; Otto von Guericke Ring 3, 65205 Wiesbaden-Nordenstadt, Federal Republic of Germany Tel: (6122) 9160. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE. Tel. 35-43 60 40

**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

Perhaps only a few readers would judge the dispute between India and Pakistan over Kashmir as the burning issue of the day. Yet, Lyndon LaRouche's recent answer to a question on that topic, on page 49, contains a lesson much to the point of all our coverage, which also signals the reason why your subscription to *EIR* is becoming more essential to your survival day by day.

LaRouche said, "The Central Asian portion of the former Soviet Union, particularly the part that is referred to as 'the roof of the world' that cuts through those Turkic-speaking parts of the former Soviet Union, down into Kashmir, through Tibet, and so forth, is the cockpit for a plan of general destruction of all the people in Eurasia. The British aim is to get them to *kill one another* over issues over which they happen to be locally, temporarily impassioned. People must rise up above these issues, and must define what the just solution is to problems in the region, and not play the games of war."

No competent assessment of U.S. policy toward the former Soviet Union, for example, could be made without using the 16-page report which *EIR*'s economics and editorial staff have prepared as this week's *Feature*. Under just three years of shock therapy overseen by the International Monetary Fund, output in the extensive grain belt of the former Soviet Union dropped from 11% to at most 8% of a world harvest which is also shrinking. Thus, an insanely wicked western policy has unleashed a nonlinear process of ruin and potential war on Eurasia. Similarly for the Mideast and the Balkan peninsula (see *International*).

The *Science & Technology* article marking the fifth anniversary, this March 23, of the announcement of the discovery of "cold fusion," is a mirror-image of these reports. Fusion energy—cold and hot—offers the chance for a scientific revolution which could spark a nonlinear economic boom, when nothing linear is going to suffice.

Some eastern European *EIR* readers were puzzled by LaRouche's quip that Zhirinovskiy is the "Rush Limbaugh of Russia." Our *Book Review* answers their question, "Who is this Limbaugh?" and gives the rest of you more reasons to renew now—and maybe buy an *EIR* subscription for a friend who's still binging on globaloney.

*Nora Hamerman*

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## Feature



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## Unemployment crisis forces its way onto G-7 agenda

by Chris White

On March 14-15, in Detroit, Michigan, the Group of Seven nations is going to meet to take up the question of unemployment, and how to deal with it.

This meeting, at the ministerial level, is the first of its kind. Which is to say that over the 20 years the Group of Seven have been holding its regular meetings, the subject of unemployment has never before been considered worthy of taking up on its own. The meeting was proposed by U.S. President Bill Clinton at the annual gathering of heads of state in Tokyo last year, and after nine months' gestation in the womb of officialdom, is finally seeing the light of day.

It makes a welcome change to see this august body actually take up a matter which has some reality to it, instead of their usual meanderings around finance ministry- and central bank-dictated subjects such as exchange and interest rates, balance of payments problems, and budget deficits. This is not, therefore, to imply that solutions might be expected to emerge from such a gathering. They won't. White House economist Alan Blinder told the press not to expect what he called "grand solutions" out of the gathering.

Of course, there are those who object, the government of the United Kingdom being among them. Her Majesty's Government is of the view that its own "hands off" policy—"leave it to the private sector"—is the one all ought to pursue. And, reportedly, it is most displeased that from the United States now comes the proposal, unheard in more than a decade, that government ought to have a leading part to play in working out solutions. Official unemployment in Britain is over 10% of the work force, and has been, since approximately 1982, thanks to the "hands off" policy of Margaret Thatcher and her successor, Prime Minister John Major.

Within the United States, the Clinton administration's "re-employment" proposals were designed, in part, to set the public relations backdrop to the hosting of the Group of

Seven meeting in Detroit.

Little reported in the United States, nor picked up by the commentators and analysts, has been the annual report of the International Labor Organization (ILO), a stepchild, like its sister organization, the Rome-based Food and Agriculture Organization (FAO), of the League of Nations, created by the Versailles Treaty.

### **ILO report: One in three is underemployed**

There are, no doubt, some obscure political reasons why the ILO should publish such a report at this juncture. But publish it did. The report just produced does serve to set a useful focus on the Detroit meeting, by providing something of a broader context than would otherwise be supplied by the Group of Seven nations themselves (the United States, Great Britain, France, Canada, Germany, Italy, and Japan). Contrary to the representatives of the governments which will be meeting in Detroit, the ILO insists that the world is in its worst crisis since the Great Depression of the 1930s.

The ILO considers that one out of every three workers worldwide is either out of work, or earning too little to be able to live decently. Such estimates mirror those of the FAO, from which it can be concluded that two out of three of the world's people are at, or below, subsistence, where their food supply is concerned.

### **Statistics cooked**

According to the ILO, worldwide, 120 million workers are registered as unemployed. More than 25% of these are in western Europe, whose 35 million registered unemployed are to be among the top agenda items of the Detroit ministerial meeting. A further 700 million workers are included among those considered to be either underemployed or unable to live "decently" on the proceeds of their so-called employment.

The ILO considers the world's labor force to include about 2.5 billion people. The agency's qualitative assessment is that the world is in its "worst crisis since the Great Depression of the 1930s."

Of course, the methodology of counting registered unemployed as the actual unemployed has obvious drawbacks. Take the United States, for example, where the unemployed who are registered are kicked off the rolls after their 26 or 33 weeks of unemployment benefits run out. The absurdity of this methodology is even greater in the many, many countries where a bureaucratic apparatus for administering unemployment does not even exist.

Yet, the ILO's estimates do serve to highlight the uninformed conceit of those who claim, for example, that an annual rate of job creation in the United States running at an official 2 million per year, is anything to boast about, or anything that will help to put any dent at all in the worldwide economic catastrophe. In fact, the ILO's world profile, however flawed it might be, serves to remind us how cruel, in its worldwide effects, is the continued U.S. toleration for the absurd products of the federal government's statistical offices.

So-called growth in the fourth quarter of 1993, revised to an annual 7.5% rate, unemployment falling to 6.2%, inflation running at about 2.5%—it is fortunate perhaps that the laws of physics do not permit the hot air transmitted with the issuance of such figures to cause each one of the nation's television tubes to explode.

If the U.S. unemployment numbers are simply corrected on the basis of the government's own estimates of the discouraged, and the part-timers who want full-time work, then around 20 million remain unemployed, slightly under 17% of the work force.

If these 20 million are added to the 35 million registered unemployed in western Europe, then we are dealing with a total which represents half of the International Labor Organization's worldwide class of registered unemployed. Obviously, the numbers are not comparable. But they do make the point.

### **Idle resources**

How can there be any kind of world economic recovery so long as so much of the work force of the "developed" world remains on the unemployment lines, or just plain out of work? Fifty-five million unemployed workers, between Europe and the United States, are the rough equivalent of a manufacturing base four and one-half times the shrunken vestige of what the United States used to deploy, a manufacturing base which now employs a mere 12 million people. If there isn't any world recovery, how can there be any U.S. recovery, or any other particular recovery? It can't happen.

Where else is there to be found the idled capacity, whether in terms of human, or in terms of physical capacity, which could be dragooned into service to restart the world economy? Only in Europe and the United States. The fewer than

30 countries of the Organization of Economic Cooperation and Development (OECD)—which include western Europe's nations and the United States, along with the wreckage that the International Monetary Fund's shock therapists have made of eastern Europe and the Soviet Union—have to be the core.

Fully half of the 2.5 billion the ILO considers to be the world's workers are employed in agriculture, a ratio which is comparable to the United States 120 years ago, before machine power was completely assimilated into the economy. Most of those 1.25 billion are subsistence producers, deprived of the means, in the form of inputs, or the infrastructure—transportation, power, and water—to increase the productivity of the labor they deploy. Fertilizers, farm machinery, agricultural chemicals, irrigation and pumping equipment, road-building machinery, railroad-building machinery, engines, and pumps are just some of what the 120 million registered unemployed could be producing, and what the world needs.

The ILO's registered unemployed, and underemployed, exceed the employed in the non-agricultural portion of the world's work force by almost 1.5 to 1. Only a small minority of the world's non-agriculturally employed, are so employed in goods producing, or in construction and transportation, or in the health and educational services essential to the functioning of an economy and population.

The British defend their "hands off" unemployment policy, with the usual argument that unemployment is a "cyclical" affair, which will be corrected as the "cycle" progresses. In the United States can be found "structuralists" who insist that the changing nature of employment requires government intervention, and that for example, the unemployed can no longer look forward to returning in the future to the job just lost, because increasingly, such jobs no longer exist. What is needed instead, say the structuralists, are programs to re-train and re-educate workers for the jobs that will exist.

This is the self-same insanity we have heard for the last generation and more. It is the lunacy of the "post-industrial society." What are the jobs that disappear never to come back again? They are the productive jobs in steel, in capital goods production, in aerospace. And those that take their place? Primarily, administrative or sales-type functions which require some familiarity with computers.

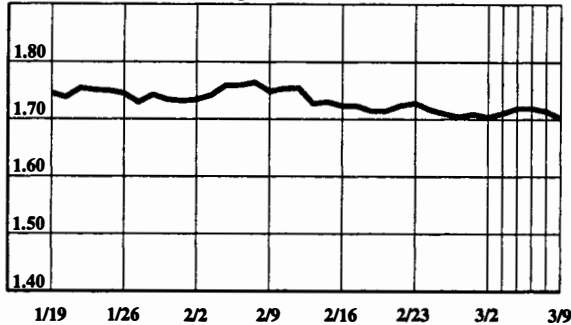
What about those around the world without food or sufficient food, without supplies of clean water, without access to transportation or modern power supplies? What are they supposed to do? Buy Bill Gates's software, plug into the information highway, and watch the coming multi-media version of what employment used to be like, in the good old days?

The ILO's report is a reminder, if such be needed, of the world which exists outside the borders of the northern nations of the Group of Seven, and of the global consequences of the monstrous waste that is the unemployment of the so-called developed world's workers.

# Currency Rates

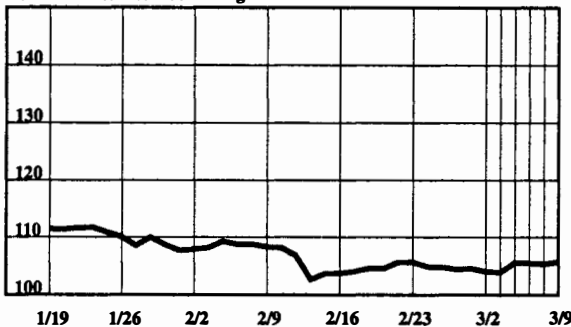
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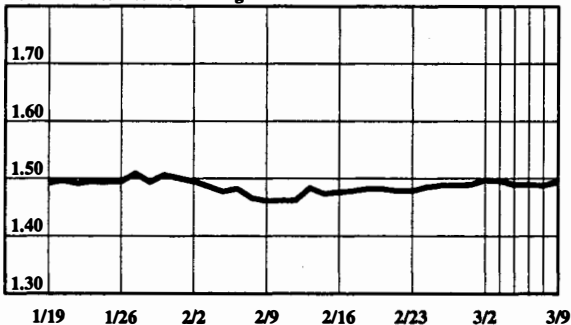
## The dollar in yen

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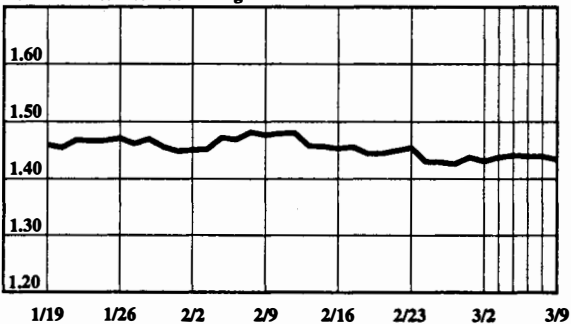
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## The dollar in Swiss francs

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# Plight of China's coolie labor worsens

by Michael Billington

The annual flood of unemployed peasants into mainland China's coastal cities, which peaks after the Spring Festival of the Chinese New Year, has again presented the world with the reality behind the China boom: Without the continual "blind flow" of about 200 million desperate peasants into starvation-wage jobs, the inevitable bursting of the worldwide speculative financial bubble would come sooner rather than later. Jeffrey Sachs, the Harvard economist who is sponsored by mega-speculator George Soros and his colleagues, and whose "shock therapy" has driven Russia and its neighbors into economic disaster and civil war, offered the following analysis of why China has been "successful" while Russia has not: "Tens of millions of impoverished peasants . . . are happy to work long days at 15¢ per hour producing Radio Shack alarm clocks, since the alternative back on the farms is even more desperate."

Yet, those who are advising the People's Republic of China government on economic policy from Hongkong, London, and New York, and who are running an increasing portion of the economy themselves, are complaining that wages are still too high! The Hongkong and Shanghai Banking Corp.'s economist Benny Chiu opined to the *Asian Wall Street Journal* that "abundant labor really should have meant lower wages." Productivity, he complained, has barely changed over the boom years, since the growth has come from increasing the scale of production rather than the technological level of production. His solution to the productivity problem is not to increase the technology, but to lay off millions of workers.

## 30 million jobs will be lost

The chief economist for Lehman Brothers in Asia, Miron Mushkat, told the *Journal* that if China "restructures" state sector industry as it is being told to do, as many as 30 million industrial workers (this is about one-fourth of the entire industrial work force) will lose their jobs *this year*. Goldman Sachs chief economist Jan C. Lee added that this restructuring will *not* lead to an expansion of production, but rather to a contraction. The Wall Street investment firms Lehman Brothers and Goldman Sachs have been in the forefront of the New York investment banks, which are funneling billions of dollars of U.S. mutual funds, pension



funds, and private funds into the Chinese cheap labor and real estate bubble.

The *Wall Street Journal* believes that throwing millions out of work would be a dramatic improvement; but the paper's owners are worried that Beijing may try to keep the unemployed alive. The *Journal* reports: "Beijing already is crafting unemployment programs and other costly social-welfare nets that economists say will impair the fiscally beleaguered government's ability to invest in new infrastructure and other productivity-enhancing areas, such as education. Major projects, including some badly needed power plants, are on hold."

Even the affected concern for infrastructure and education is less than genuine. The various International Monetary Fund and World Bank advisory studies make clear that the only infrastructure investments they want are those that are "cost-effective" in the short term, meaning those that supply the coastal export zones—not the development of the vast interior, as any sane infrastructure plan would require. As to education, it is increasingly left to local financing, which is leading to a *decrease* in the rate of children in school—a problem acknowledged by Beijing.

### Dope, Inc. opens offices

These financial wizards, from Wall Street and London's HongShang, who have brought the western economies into total collapse through a transformation out of production and into junk bonds and derivatives speculation, are now setting up their new offices in China. The old China hands from the days of the British East India Company drug trade and gunboat economy are even reopening their old offices on the Bund in Shanghai. The HongShang is reportedly re-purchasing its landmark colonial headquarters for \$50 million, while Jardine Fleming, Standard Chartered, and the other British opium traders are following suit. A more telling symbol of the disaster facing China is hard to imagine.

In addition to the vast unemployment, China's peasants are facing stagnant incomes and an inflation-driven collapse of their savings, which play a critical role in Chinese culture. Inflation rates of over 20% have continued, despite major national efforts to contain speculation and inflation last spring and again in January. Agricultural production is suffering badly, especially cotton production. A collapse of cotton output by 20% in 1992 and another 12% in 1993 has shut down thousands of textile mills, and has forced Beijing to import cotton, usually a major export.

### Tractors lacking

An indication of the cause of this problem is seen in the production statistics for Chinese industry for 1993. Despite enormous rates of increase in the export-oriented areas, the production of tractors collapsed by 35.3% from 1992, to a mere 37,000 tractors for 450 million working peasants.

One particularly disgusting aspect of the worldwide hype

about the China model, comes from the sleight-of-hand of the World Bank, which last year implemented a new method of calculating the Gross Domestic Product (GDP) of Third World countries. The method imposes a worldwide value on commodities and services, and then appraises per capita income based on this global value of goods and services, rather than on the actual price paid in each nation. GDP is then calculated by multiplying this concocted average "income" times the population. China thus leaped overnight from being the eleventh largest economy in the world, to third place!

How this is used is shown by this passage from an article in *Foreign Affairs*, the journal of the New York Council on Foreign Relations, for November-December 1993, by Nicholas Kristof, who covers China for the *New York Times*: "China is much wealthier than statistics often show. Officially, per capita GNP is still only about \$370 per year, but this figure is not very meaningful. The World Bank this year used two different approaches to purchasing power parity to derive GDP figures at internationally comparable prices. One method resulted in per capita GDP of \$1,680, the other of \$2,040. Because the data are of poor quality, the only thing that is certain is that the Chinese live much better than the official statistics would suggest."

U.S. environmental groups were given millions of dollars in the past five years to spread scare stories about a man-made ozone hole that would cause cancer on Earth.

Now, for only \$15, you can learn the truth about the ozone scare.

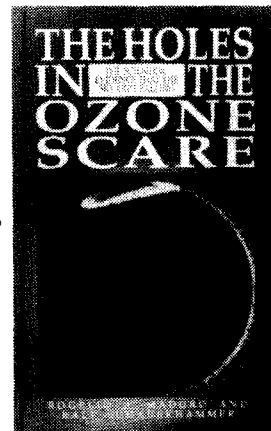
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## Cardoso, the 'dollar' minister

*The Inter-American Dialogue's presidential takeover bid advances in Brazil through new dollarization scenario.*

The recent announcement of the so-called URV—or as it has been popularly dubbed “United We Rob You” (*Unidos Robaremos Voce*), on the model of that already applied in Argentina—has the dual purpose of dollarizing the economy and launching the presidential candidacy of Finance Minister Fernando Henrique Cardoso. Cardoso is a longtime favorite of the Anglo-American establishment, as indicated by his membership in the Inter-American Dialogue.

Cardoso's new currency, the URV, is supposed to at last provide a universal value reference for a country which lives in an environment thick with indexation “indicators,” a policy imposed 20 years ago by the arch-monetarist minister Antônio Delfim Netto. Once accepted, the URV will lead to the dollarization of the economy, by means of its one-to-one correspondence to the dollar.

This dollarization mechanism is a variation of the old model of the gold standard, in which each monetary unit in circulation had to be backed by its equivalent value in gold; only in this case, it would be backed by the dollar, thus handing control over Brazilian credit policy to the U.S. Federal Reserve Board. This same strategy is being applied de facto across Ibero-America, as part of the financial agreements stipulated by the North American Free Trade Agreement (NAFTA) and its regional offshoots.

For now, the URV translates into little more than a wage freeze, given that the established standard ignores the accumulated wage losses of inflation that the country has experienced

during Finance Minister Cardoso's reign, during which inflation has gone from 20% a month to nearly 40% today. According to Brazil's Department of Labor Statistics, the wage calculation that went into defining the URV will cause a 25-30% real loss in wages.

Of course, the precondition for this new free trade mechanism, which was conceived by that gaggle of technocrats who purport to guide the destinies of Brazil's economy, is the savage 20% cutback in the already meager federal budget, a cutback cynically dubbed the Social Fund. Cruellest of all is that the areas most affected by the budget cutbacks will in fact be health and education. These two measures augur enormous discontent within the population, and could feed into a mass strike wave.

This policy of “gradual” austerity has the full support of the international banking creditors, who share the opinion that the shock program they would really like to apply is, for the moment, an impossibility, given the approaching presidential elections; violent social reaction would virtually guarantee a military intervention.

Despite Cardoso's best efforts to give his measures a national flavor, the stink of international diktats is unmistakable. In late February, even Brazil's bankers ridiculed Cardoso by ordering the printing of imitation dollars with the minister's face on them.

Nonetheless, bankers' support for both for the draconian measures and for Cardoso's presidential aspirations has already been transmitted by former minister Mario Henrique Si-

mensen, a member of Citibank's international advisory board. After a meeting with Cardoso, Simonsen became a virtual spokesman for the URV; in an interview with the daily *O Estado de São Paulo* published Feb. 13, Simonsen said that Cardoso's measures “are the best alternative.”

Companies such as Nomura Securities immediately dubbed Cardoso the ideal presidential candidate, and Salomon Brothers expressed optimism over the congressional approval of the so-called Social Fund.

Cardoso and his team hope to squeeze out even more international support, with its sequel of financial commitments, in the upcoming torturous negotiations with the International Monetary Fund. At the same time, there are reports that some White House advisers are growing enthusiastic over the potential for a Cardoso presidency in Brazil, as part of their new continental strategy.

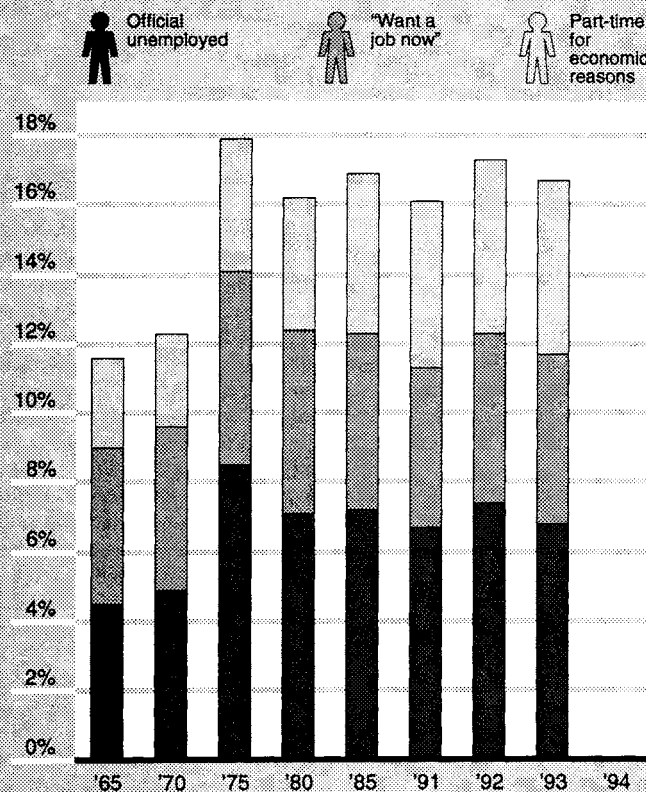
*O Estado* recently commented that Clinton advisers already have a draft scenario in which Fernando Henrique Cardoso becomes President of Brazil and “democratization” is consolidated in Mexico, presumably through granting political legitimacy to the Zapatista National Liberation Army.

The most significant Anglo-American support for Cardoso's presidential bid is the blessing he has already received from the Inter-American Dialogue. In a Dialogue seminar held the first week of March, “Brazilianist” Albert Fishlow, a good friend of Cardoso, declared, “the new stabilization plan will likely be a success,” and could put Cardoso in the presidency.

It would thus appear that the Dialogue, ever ready to control all the options, has two candidates for Brazil's highest office: Fernando Henrique Cardoso and its other member, the Workers Party's Luis Inacio “Lula” da Silva.

# U.S. Unemployment Coverup

## Total unemployed and partially employed (percent of total civilian labor force)



## FEBRUARY 1994

<b>Official unemployed</b>	<b>8,518,000</b>	<b>6.5%</b>
<i>Last month</i>	<i>8,696,000</i>	<i>6.7%</i>
<b>"Want a job now"</b>	<b>6,410,000<sup>1</sup></b>	<b>4.9%</b>
<i>Last month</i>	<i>6,998,000<sup>1</sup></i>	<i>5.4%</i>
<b>Part-time for economic reasons</b>	<b>4,643,000</b>	<b>3.6%</b>
<i>Last month</i>	<i>5,167,000</i>	<i>4.0%</i>
<b>Total</b>	<b>19,571,000</b>	<b>15.0%</b>
<i>Last month</i>	<i>20,861,000</i>	<i>16.0%</i>
<b>Civilian labor force</b>	<b>130,776,000</b>	
<i>Last month</i>	<i>130,667,000</i>	
<b>Employed</b>	<b>122,258,000</b>	
<i>Last month</i>	<i>121,971,000</i>	
<b>Non-farm payroll employees</b>	<b>111,325,000</b>	
<i>Last month</i>	<i>111,132,000</i>	

1. Compiled quarterly

Source: U.S. Bureau of Labor Statistics

Note: Data from the Household Survey for 1994 are not directly comparable to data for 1993 and earlier years, because of a major redesign of the BLS Survey, and the implementation of new data collection procedures.

Compiled by Anthony Wilkrent

### What the graph shows

The U.S. Labor Department's monthly unemployment rate (U-5b) is based on a statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as *not in the labor force* and is ignored in the official unemployment count.

But over 6 million of these discarded people are also reported on the quarterly survey indicating that they "**want a regular job now.**" These appear in the graph in dark gray shading. In addition, over 6 million more people are forced into **part-time work for economic reasons**, such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics, even if they worked only *one hour* during the survey week. These appear in the graph in lighter-gray shading.

### Total unemployed and partially employed (1965-94) (in thousands)

Year	Civilian labor force (a)	Official unemployed		"Want a job now"		Part-time for economic reasons		Total unemployed and underemployed	
		(b)	(b/a) %	(c)	(c/a) %	(d)	(d/a) %	(b+c+d)	(b+c+d)/a %
1965	74,455	3,366	4.5%	na <sup>1</sup>	—	1,928	2.6%	na <sup>1</sup>	—
1970	82,771	4,093	4.9%	3,881	4.7%	2,198	2.7%	10,172	12.3%
1975	93,775	7,929	8.5%	5,271	5.6%	3,541	3.8%	16,741	17.9%
1980	106,940	7,637	7.1%	5,675	5.3%	4,064	3.8%	17,376	16.2%
1985	115,461	8,312	7.2%	5,933	5.1%	5,334	4.6%	19,579	17.0%
1990	124,787	6,874	5.5%	5,473	4.4%	4,860	3.9%	17,207	13.8%
1991	125,303	8,426	6.7%	5,736	4.6%	6,046	4.8%	20,208	16.1%
1992	126,982	9,384	7.4%	6,181	4.9%	6,385	5.0%	21,950	17.3%
1993	128,040	8,734	6.8%	6,319	4.9%	6,348	5.0%	21,401	16.7%
1994 <sup>2</sup>	130,721	8,607	6.6%	6,704 <sup>3</sup>	5.1%	4,905	3.8%	20,216	15.5%

1. "Want a job now" category estimated as 3,350 or 4.5% for bar graph.

2. Cumulative average.

3. Weighted average of quarterly compiled figure.

# Business Briefs

## Bond Markets

### 'Crash' under way, says London trader

"The word 'crash' would be quite a nice way" to describe bond markets internationally on March 2, which saw "the biggest movements of funds ever in all the bond markets combined," a London bond trader commented to *EIR*. Another London financial source said, "Things are getting really stormy," adding that a financial crash like that of October 1987 is now in the offing.

In both Paris and Brussels on March 2, there was a "limit down" of bond futures, and in both places trading was suspended. In the London gilts market, as one source explained, "for the first time in anybody's memory . . . they have re-margined within the course of the day. That has never happened before." U.S. 30-year bonds fell one full point in trading after a big drop the day before, but almost recovered by the end of the day. This turmoil is dragging down equities markets, with Paris down 2.68% (at one point, the fall was as steep as 5%), and London down almost 1.5%.

The source said that the turmoil had been set off by "the focus on the hedge funds, which have been hit very hard by the recent collapse. There are rumors flying around that [George] Soros is going out of business and, if not that, then that 'unnamed similar funds' are in big trouble."

## Economic Theory

### LaRouche's views similar to mine, says Kuznetsov

Russian economist Dr. P.G. Kuznetsov said that his views on physical economy cohere with those of American economist Lyndon LaRouche, in an article in the March 2 Moscow weekly *Oppozitsiya* on his "President" project for "a life-support system for Earth" (see *EIR*, Feb. 11, p. 8). "At one time," wrote Kuznetsov, "work was being done in our country on a complete, ecologically closed life-sup-

port system for a lunar station. It would be ridiculous to project such a life-support system using some mathematical economic model. This is where you see the contradiction between 'physical economy' (Lyndon H. LaRouche's term), the foundations of which were laid by S.A. Podolinsky, and monetary economy."

Kuznetsov talked about frauds perpetrated by the International Monetary Fund. "In dollar terms, the gross world product is growing at a rate above 10%, although there is not a single country, never mind the world as a whole, where labor productivity is 10%." The deception, he concluded, is perpetrated by the "Big Seven" countries that "define the face of the IMF."

"Independent of me, Lyndon LaRouche has conducted analogous studies, showing that the IMF is a clique of thieves who are ruining the whole world. He proposed that the developing countries not pay their debts to the IMF. . . . And he got 15 years in prison."

Kuznetsov explained his agreement with LaRouche: "I would like to recall the situation that everybody was in, who attempted to study the problem of life or to describe social and economic systems and believe that the Second Law of Thermodynamics did not apply. There were quite a number of us, linked with the name of Pavel Kondratyevich Oshchepkov, and each of us was trying to prove he was the brightest, while official science was crushing us one by one like bedbugs. But today it turns out that at the other end of the planet there is a person by the name of LaRouche, who is working along these same lines."

## Labor

### Free market provoking class war, says Goldsmith

If the General Agreement on Tariffs and Trade free market globalists have their way, a new worldwide class war could erupt, Sir James Goldsmith warned in a paper to the "World Trade after GATT" conference in London, which was printed in the March 5 London

*Times*. Goldsmith, a free trader, reflects growing concern within part of the establishment over the worldwide search for the cheapest labor markets.

"What an astounding thing it is to watch a civilization destroy itself because it is unable to reexamine the validity . . . of an economic ideology," Goldsmith wrote. "I believe that free markets are absolutely necessary to improve efficiency, control prices, enforce innovation, and encourage choice. But free markets must be composed of nations with economies which are reasonably homogeneous and which are willing to accept some financial disciplines. Otherwise the *levelling of wages will be overwhelmingly downward*, and the free market will be corrupted by competitive devaluations. We need regional not global free trade. The regions can enter into bilateral trade agreements when it suits them. . . ."

"We have forgotten the purpose of the economy. In the great days of the United States, Henry Ford stated that he wanted to pay high wages to his employees so that they could become his customers and buy his cars. Today we are proud of the fact that we pay low wages! We have forgotten that the economy is a tool to serve the needs of society and not the reverse."

Should the free-trade globalists who speculate on big gains from investments in competitive low-cost regions win the day, he said, "the whole balance between capital and labor will be shattered as the cost of labor drops to reflect the new supply provided by nearly 4 billion people willing to work for a pittance."

## The 'American System'

### Hamilton featured in Phi Beta Kappa magazine

The economics of the first U.S. treasury secretary, Alexander Hamilton, was featured in the Winter 1994 issue of *The American Scholar Magazine*, the magazine of the Phi Beta Kappa Society (the honor society for *summa cum laude* graduates), in an article entitled "The

Strategic Vision of Alexander Hamilton." Thomas K. McCraw, the Straus Professor of Business History at Harvard Business School, echoes the Jan. 3, 1992 *EIR* commemoration of Hamilton's legacy, which was termed the "American System" of economics.

McCraw traces the evolution of Hamilton's thought during 1779-82 as a polemic against free trade, and details the collapse of the U.S. economy in the 1780s under free trade policy. During this period, Hamilton penned numerous recommendations to rectify the situation; his two themes were attacks on states' rights and free trade.

Hamilton's "*Report on Manufactures*" called for a full-blown industrial policy designed for a developing country. Unlike Jefferson and Adam Smith, who also thought America should stick to farming, Hamilton was determined that the United States be more than an agrarian country," McCraw wrote. "Because of the economic nature of his achievement, Hamilton as a statesman is best compared historically not with his contemporary rival Jefferson—the peerless apostle of political liberalism—but with the builders of modern economies in other countries at other times. He was the direct intellectual descendant of Jean-Baptiste Colbert, the great French minister who devised a system for the promotion of manufactures during the reign of Louis XIV. He was a legatee also of Charles Montagu, the chancellor of the exchequer who fashioned England's innovative strategy of public credit in the 1690s. In turn, Hamilton was himself an inspiration to Friedrich List, who envisioned and tirelessly promoted the German Customs Union, national railway network, and other measures leading to the eventual unification of the German Empire of 1871, long after List's own death. In breadth of vision and in sheer audacity, Hamilton invites comparison with Bismarck as well.

"In Japan, the program of forced modernization carried out by the Meiji reformers of the late 19th century was almost purely Hamiltonian in its economics. . . . Hamilton's *Report on Manufactures*, written nearly a century before, could have served as a blueprint for Japan's phenomenal leap into a modern industrial economy. Even the post-World War II Japanese economic miracle, based on a deliberate, focused development of competitive do-

mestic manufacturing in selected strategic industries, was fundamentally Hamiltonian in its conceptualization and execution. So, too, with the more recent development of the economies of Korea and Taiwan."

## Haiti

### Project Democracy spreads AIDS, genocide

Haiti is being wiped off the map by the embargo imposed by the U.N. and the Organization of American States, columnist Robert Novak warned in a commentary in the March 3 *Washington Post*. The apparatus known as "Project Democracy" has been the biggest backer of the embargo in the United States.

Novak reported on the genocidal effects of the embargo, and attacked the Congressional Black Caucus for continuing to demand that Jean-Bertrand Aristide, an advocate of "necklacing" opponents, be reinstated as head of state. "The economy has been ruined, and ecological systems ravaged. Malnutrition abounds and communicable diseases are rampant. The physical and psychological effects on a generation of young Haitians are devastating," Novak charged. He added that in a recent trip there, he found "strengthened determination that Aristide can never return."

Unemployment is 75-90%; some 70% of Haiti's businesses are almost bankrupt. "But economic collapse is eclipsed by a public health catastrophe signified by mounds of garbage in the city streets." Tuberculosis is out of control; anthrax and rabies are killing off swine and oxen, "with these diseases contracted by humans." In northeastern Haiti, one-third of new babies weigh less than four pounds. Novak described conditions in one maternity hospital where there is no anesthesia or running water. Two out of five babies born there have AIDS. "Damage to Haiti is permanent," Novak concluded. No one "believes Aristide really wants to return. Yet, 'the Colossus of the North is destroying its little brother in the Caribbean to send this message: Swallow 'democracy' if it kills you.'"

● **AZERBAIJAN** President Haider Aliyev and British Prime Minister John Major have signed an agreement clearing the way for a British Petroleum-led oil consortium to exploit Azerbaijan's oil resources in the Caspian Sea, Radio Moscow reported March 4.

● **A BUNDESBANK** director, Günter Storch, said that he is very concerned about the growing debt burden in Germany and the threat for financial markets posed by derivatives, in an interview on German TV.

● **ROMANIAN** workers (estimates say 2.5 million) joined a one-day national warning strike on Feb. 28, paralyzing the oil, mining, energy, and transportation sectors. The government has offered to resume talks on wages, investments, social welfare, and consumer goods prices, but has so far refused to break with the International Monetary Fund-authored austerity policy.

● **CHINA** has been trying to isolate Britain, while mending fences with Germany and France, Hongkong observers report. China had a "very enthusiastic" response to overtures from Paris for better relations, and has been offering very good terms to German contractors on projects that the British had bid for.

● **ARGENTINE** foreign debt, after the Brady Plan debt reduction, debt payoffs from privatizations, and the application of International Monetary Fund-style "stabilization" policies, has ballooned from under \$70 billion four years ago, to over \$100 billion today.

● **RUSSIAN** coal miners staged a nationally coordinated strike action on March 1, with 78% of mining districts taking part. The strike was organized by the Independent Mining Worker Union of Russia. Vitali Budka, of the state-controlled Coal Miners Union, which backed the strike, warned that if back pay demands are not met, future strikes would become political.

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## On the fifth anniversary of cold fusion's discovery

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*Now would be a good time to right the wrong done to cold fusion researchers, whose continuing discoveries challenge "conventional wisdom." Carol White reports on the Fourth Cold Fusion Conference.*

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When, on March 23, 1983, President Reagan announced the Strategic Defense Initiative (SDI), it could have had an impact far greater than the accomplishment of a strategic shift. Had President Reagan been allowed to implement the program as it had been conceived at that time, in consultation with Lyndon LaRouche and his associates, it should have presaged an industrial revolution. Since then, laser and beam technologies have been developed and incorporated into production, but not on the scale which would have been inevitable had the SDI been pursued as an anti-missile defense system based upon the application of new physical principles. In any event, such an impetus would also have counteracted the take-down of science and R&D capabilities which has characterized the past decade.

It was coincidental that Martin Fleischmann and Stanley Pons chose March 23, 1989 to announce their experimental cold fusion findings; they did not intend to connect cold fusion and the SDI in any way—although, of course, both cold as well as hot fusion can have some military implications. Nonetheless, it was appropriate, not for any connection to an anti-missile defense system or for any weapons application, but because it presented another chance for the United States to push ahead with potentially revolutionary science. Unfortunately, as with the SDI, this chance was largely sabotaged.

Many of the same scientists who had opposed the SDI became very vocal opponents of cold fusion. Dr. Robert L. Park, then executive director of the American Physical Society, expressed the attitude adopted by the scientific establishment within months of March 1989, in a statement he made to the *Washington Post* on May 15, 1991: "The story of cold fusion was shaped less by flawed science than by common human frailties: greed, ambition, vanity. . . . To be sure, there are true believers among the cold fusion acolytes, just as there are sincere scientists who believe in psy-

chokinesis, flying saucers, creationism, and the Chicago Cubs. . . . A Ph.D. in science is not an inoculation against foolishness—or mendacity." Park's argument, and every other attack on Fleischmann and Pons since, boils down to the claim that, since cold fusion violates the laws of physics as they are presently understood, then it cannot be true. By such reasoning, every great advance in our scientific understanding could have been outlawed. The case of Galileo comes to mind.

Wilford Hansen of Utah State University and Micahel E. Melich of the Naval Postgraduate School have collaborated in analyzing the highly publicized experimental data from Britain's premier atomic laboratory Harwell, which data were used to discredit cold fusion in 1989. Their conclusion—like that of Melvin Miles who analyzed similar experiments done at the California Institute of Technology—indicates many shortcomings and downright sloppiness of these early experiments. Readers of books, such as that very bad book, *Bad Science* by Gary Taubes, will have heard time and again, that Harwell claimed in 1989 to have definitively disproved the reality of cold fusion. Like the highly publicized experiments by Nate Lewis at Caltech, these experiments were used to buttress the negative report by the Energy Research Advisory Board (ERAB) to the U.S. Department of Energy, chaired by John Huizenga.

Fortunately, there have always been courageous men and women who have refused to deny truth, even sometimes at the cost of their lives, and this is also true among scientists. While we know of no death threats in the case of cold fusion research, Fleischmann and Pons were threatened, at least through the medium of hostile news coverage. The press mooted that they would be prosecuted for criminal fraud: Their crime was the claim that they been able to release atomic energy using the simple tools of the laboratory chem-

ist. Other scientists working on cold fusion were threatened with loss of funding, or even (in academic settings) that they would not be given tenure.

The exception to this miserable picture has been Japan, where research on cold fusion has been pursued by industry, with government support, to the point where today there is a Ministry of International Trade and Industry (MITI), \$30 million, five-year research program to follow up the possibilities presented by the Fleischmann-Pons experiment. Also in the United States there has been a substantial research program underwritten by the Electric Power Research Institute (EPRI), which has allocated several millions of dollars for a program conducted at Stanford Research Institute (SRI), and on some campuses.

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## A solid record of achievement

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Notwithstanding the generally negative environment which has slowed the pace of development, results have still been substantial, as we report below.

On Dec. 4-9, 1993, the Fourth International Conference on Cold Fusion (ICCF) was held on Maui, in Hawaii, attended by both scientists from all around the world and a significant number of industrialists. Oil companies, power companies, venture capitalists were present, as were some larger firms which have made substantial contributions to the research over the years. For example, the continuing research activity of Fleischmann and Pons, who are now working in France, is supported by the Aisin group, the Japanese Toyota affiliate, in collaboration with the Japanese think-tank, Technova, Inc. Italy's Fiat and Montedison are also emerging as joint cold fusion sponsors. An American group ENECO (formerly known as FEAT) has become influential in the patent sphere, and has purchased licensing rights for the Utah University Fleischmann-Pons patents.

Reports at Maui spanned many disciplines, and they showed a solid record of achievement over the past year. The depth and breadth of material covered in this conference was impressive. Not only has the Fleischmann-Pons experiment been successfully repeated in laboratories all over the world, whole new directions of research have spun off from their original discovery. It is not precluded that, by the end of the century, we will have technological applications of cold fusion; certainly, we will have major insights into solid-state physics and electrochemistry, which will spill over into many other fields.

### The new science

Martin Fleischmann and Stanley Pons began experimenting with cold fusion cells in 1983. At that time they did not expect to see large amounts of excess heat, but they thought that the ability of palladium to absorb large amounts of hydrogen (in this case, of deuterium (D), a heavy isotope of hydrogen which is traditionally used as a fusion fuel) might create

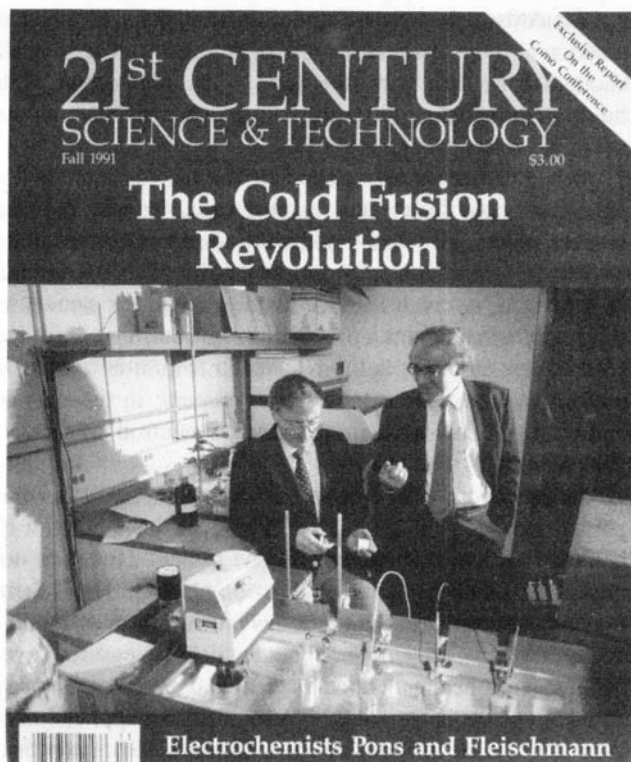
a sufficiently high-pressure environment to detonate a fusion reaction at room temperatures, using electrolysis cells small enough to be held with one hand. (The comparison with the huge dimensions of a hot fusion machine, such as the tokamak, is mind-boggling.)

It is still not entirely clear whether the phenomena described as cold fusion are fusion events, or may only be nuclear events. Hot fusion normally occurs when the nuclei of two deuterium atoms overcome the Coulomb barrier and fuse to form an even heavier hydrogen nucleus known as tritium (which contains a proton and two neutrons) or fuse to form a new element, helium-3. When tritium is formed, a proton is also released to the environment; in the case of helium-3, which has two protons and one neutron in its nucleus, a neutron is released.

In hot fusion, what is called the branching ratio—a comparison between the amount of tritium and the amount of helium-3 which is produced—is one to one. This does not turn out to be the case in a cold fusion reaction. Here, there may be produced a million times as much tritium as helium-3. Furthermore, the amount of heat which is measured (over and above the heat generated by chemical reactions that may be taking place, or resistance heating from the application of current to the electrolyte) can be a billion times greater than either of the nuclear products. Thus, there appears to be a nuclear “fire” with no nuclear “ash.” How to account for this state of affairs is one of the continuing theoretical anomalies of cold fusion. Although there are many theorists who have ventured solutions, the experiment is not yet sufficiently refined to allow testing them.

One thing which has bedeviled this new science from its earliest days has been the low repeatability of the experiment. One reason has been the failure of many experimenters to succeed in loading sufficient deuterium into the palladium in order to create the necessary density for a nuclear reaction to possibly occur. Here, again, we cannot overlook the fact that, according to traditional accounting by physicists, this probability, even with a very high loading ratio of deuterium to palladium, is so low as to seem inconceivable— $10^{-45}$ .

Fleischmann and Pons believed—and experiment has appeared to bear them out despite the conventional wisdom of physicists—that they could create some kind of unique state within the palladium which would foster a fusion reaction at room temperature, in defiance of the probabilities. If they could pack enough deuterium into the palladium metal (they figured something close to as many deuterium atoms as palladium atoms), they hoped then that not only would sufficient compression occur, but also some other conditions analogous to those which allow high-temperature superconductivity. This one-to-one ratio is known as the loading ratio. It has since been conclusively established that it is absolutely necessary to achieve a loading ratio at least above .85 for the reaction observed by Fleischmann and Pons to occur. Early attempts to replicate their experiment failed, most likely, because loading ratios were far too low, and even where a high loading might



21st Century Science & Technology covered the groundbreaking achievements at the Second International Conference on Cold Fusion held in 1991 at Como, Italy.

be achieved, deuterium was not confined within the lattice long enough to allow a fusion reaction to occur.

Fleischmann and Pons chose to use electrolysis in order to separate deuterium gas from heavy water— $D_2O$ . (Deuterium is chemically equivalent to hydrogen, but has a heavy nucleus, one which contains both a proton and a neutron, as opposed to hydrogen which has only the positively charged proton in its nucleus.) The advantage of this over introducing gas directly into the palladium is the ability to vary current in order to transform the conditions of the experiment over time.

For example, the surface of the palladium can be modified by introducing an additive to the water, such as lithium, silicon, or aluminum. (Lithium is also necessary to allow current to be conducted through the water.) Palladium is used as a negative electrode and platinum as a positive electrode. Both are submerged in the electrolyte and are connected by wires to a source, such as a battery.

The deuterium and oxygen are ionized, so the deuterium becomes positively charged. This is why a negative current is introduced into the palladium—so that the deuterium will be attracted to it. It migrates to the palladium and ultimately enters it. The greater the amount of current applied to the two electrodes, the greater the negative potential at the cathode, and the greater the attraction for the positively charged hydrogen or deuterium ions.

Some experimenters have skipped the step of electrolysis and simply introduce deuterium as a gas into an evacuated

chamber. Since palladium readily absorbs deuterium, the results have also produced cold fusion reactions. Increasing the pressure of the gas and decreasing the temperature of the palladium both serve to enhance the rate at which hydrogen or deuterium will be loaded into the sample.

## Reports at the Maui conference

At Maui, Fleischmann and Pons showed a good deal of interesting data indicating that, even after the current was turned off during their electrolysis experiment, it appears that fusion ignition may continue to occur in the palladium electrode—producing a considerable amount of excess heat—for up to 20 hours. Michael McKubre, who heads the cold fusion research group at SRI, told the audience that he had been able to reproduce one of the remarkable effects reported by Fleischmann and Pons in the Third International Conference on Cold Fusion Conference, held in Nagoya, Japan in November 1992.

Fleischmann and Pons then reported that they had been able, for a brief, ten-minute period, to produce power at a density equivalent to that of a fission breeder reactor, almost  $4 \text{ kW/cm}^3$ . They did this, they believe, by inducing a phase transition in the palladium and then rapidly heating it to boiling. McKubre found that he accidentally reproduced this same circumstance, when the cooler in one of his cells became blocked. He believes that he was producing scaled-up excess power at the rate of  $168 \text{ W/cm}^3$ . (In fact, both he and Fleischmann and Pons generated less actual power, because their palladium electrodes have a volume smaller than a cubic centimeter.)

## Russians take a new direction

Cold fusion research was begun in Russia as soon as Fleischmann and Pons had announced their results. One very interesting experiment was by a fusion scientist, Yan Kucherov, who devised a plasma experiment: A very low-energy spark caused deuterium gas to ionize; as it was absorbed into the palladium, not only was high excess heat released, but many nuclear products were also observed—neutrons (indicative of the production of helium-3) and also such products as radioactive rhodium, which appeared to come from transmutations of the palladium itself. The Kucherov experiment is currently being repeated at the Massachusetts Institute of Technology, with encouraging, if not conclusive, results.

Another group, led by Aleksey Baraboshkin, Ural director of the Russian Academy of Sciences, announced that they were getting high heat and particle emissions from a tungsten-bronze single crystal. Since last year, several more researchers have begun working with perovskite materials, ceramics which are similar to the materials used to achieve high-temperature superconductors. As with a Fleischmann-Pons cell, there are two electrodes, one positive and one negative, but, here, a solid material takes the place of the



liquid electrolyte. Following up on last year's work with tungsten-bronze single crystals, the Baraboshkin group has expanded its work to other perovskites. They have been able to replicate a pattern of neutron emissions which they first observed last year using tungsten-bronze. Now, they are using a ceramic made of cerium, strontium, and barium. The 20-millimeter-diameter disk is connected on each face with either platinum or palladium electrodes. When the disk is saturated with deuterium, a rapid two-second neutron burst is observed.

Jean-Paul Biberian (a physicist pursuing cold fusion research independently) and Tadahiko Mizuno (Hokkaido University) have followed this path as well. (*21st Century Science & Technology's* Summer 1994 issue will feature an interview with Mizuno.) While he has seen some extremely high heat excursions which have even melted his apparatus, these have obviously been uncontrolled occurrences. At the conference, he reported that he could achieve 50 watts excess heat in a cell which used a solid electrolyte, which was raised to temperatures between 400° and 500°C. A sample that has been saturated with deuterium will remain at this heat, while one that has absorbed only hydrogen cools. This standard is a point of comparison which Mizuno uses to estimate that he is achieving high excess power.

He uses samples made from a mixture of strontium, carbon, oxygen, yttrium, and niobium powders ( $\text{SrCO}_3$ ,  $\text{CeO}_2$ ,  $\text{Y}_2\text{O}_3$  and  $\text{NbO}_5$ ), which is ground to a powder and put through two heating cycles, covered with a porous platinum film and then introduced to a hydrogen or deuterium gas environment.

### **Tritium at Los Alamos**

Results announced from Los Alamos National Laboratory did not appear to be dramatic, but this was partly due to the perceived hostility between the hot and the cold fusion communities. In reality, Los Alamos researchers are showing an increasing ability to produce sufficient tritium on a repeatable basis to produce tritium fuel for hot fusion reactors, in the not-too-distant future. This would certainly put egg on the face of the many hot fusion scientists—particularly the group at the Massachusetts Institute of Technology—who have been vituperative opponents of cold fusion.

Physicist Thomas Claytor and chemist Dale Tuggle have concentrated upon tritium production over a period of years. While their results have never matched those of M. Srinivasan or John Bockris in rate of tritium production, they do have a very impressive record. At Maui, they reported upon a plasma experiment that they had just begun, which is extremely promising. In this instance, they use a palladium plate as an anode and a palladium wire as cathode, with deuterium gas as their fusion fuel; they are able to generate at a rate of .1 nanocurie per hour of tritium over a 600- to 700-hour period, with repeatability. (The experiment only comes to an end when the plate begins to sputter.) Tritium is found in the anode and at the back of it. They are also check-

ing for gamma ray emissions to see whether they may be finding radioactive rhodium.

Should they be able to scale up their maximum results by merely an order of magnitude, from 5 to 50 nanocuries per hour, they would be in the ballpark for being able to produce tritium for reactors. Unfortunately, the impressive 5 nanocurie per hour figure occurred only in one burst over an hour and a half, in a cell using a different experimental design (a pressed powder sample). They achieve their highest rate of tritium production by first powdering the palladium and then pressing it into samples between layers of silicon similarly ground to a powder and pressed. An electric field is applied directly to the sample.

Current is ramped up slowly, starting at low hundreds of milliamp current but reaching as high as 3 to 6 amps. Voltages vary between 1,500 and 2,000. With the high pulsed voltages, they have achieved rapid heating of the sample and rapid loading and deloading of the palladium under non-equilibrium conditions. These experiments yield only a fair repeatability. In 60% of the cases, there is a probability of getting over 5 nanocuries of tritium in a 100-hour run (in other words, they are producing tritium at an average rate of .05 per hour or less). There is a 20% probability that the rate of tritium generation will produce between 30 and 40 nanocuries in a 100-hour run.

### **The opposite of 'Eureka'**

Steven Jones (Brigham Young University) has made claims that he was a co-discoverer of cold fusion. This is somewhat ironic, because he is also highly skeptical of its existence. His claim is based upon the detection of neutron emissions from cells of his own design (he denies excess heat). At Maui, he cast doubt on his own neutron observations, as well as on those of his Los Alamos collaborator, Howard Menlove. They believe that the observation of five or more neutron bursts which they reported in the past have now definitely proven to be spurious and were caused by electronic artifacts, possibly associated with the presence of moisture in the detecting apparatus. While this has apparently led Jones to say that he "sees no compelling evidence for any nuclear effects in so-called cold fusion," Menlove does not concur. In fact, the collaboration conducted by Jones and Menlove with scientists at Japan's astrophysical facility Kamiokande, do not seem to justify Jones's present repudiation of his own past experiments.

The Kamiokande facility is a world leader in astrophysics research—in particular neutrino detection. While the numbers of neutrons observed from running either electrolytic or gas-loaded Jones cells were barely above background in most instances, important anomalies were witnessed, which could not be explained by uranium contamination—one scenario which had been suggested—nor by cosmic-ray background neutron emissions. (It should be noted that Jones's cells are significantly different from those used by Fleischmann and Pons or by McKubre.)

The published results from Kamiokande on the electrolysis experiment report only  $10^{-4}$  single neutron events per hour. However, four-neutron bursts were observed at a frequency of 0.02 per hour, which could not be explained. In the gas-loading experiment, anomalous events were also observed that were significant, despite the extremely low rate of neutron emissions. Were they to have come from uranium decay, indicating radiation from the environment, which was one hypothesis considered, there should have been two-neutron bursts observed.

### **The role of Mitsubishi**

At Nagoya, one of the most important events reported was that Dr. Eichi Yamaguchi detected helium-4 in his gas-loading experiment. He has spent this past year in France, where he is rebuilding his experimental setup in the same laboratory as Fleischmann and Pons. However, the Yamaguchi experiment is being pursued successfully at Mitsubishi Heavy Industries, by a team led by Dr. Yasuhiro Iwamura. The importance of having a corporation with the industrial and financial weight of Mitsubishi undertake to explore cold fusion cannot be minimized, as well as the fact that they have positive confirmation of a cold fusion reaction in an experiment designed on the model of Yamaguchi's work.

Dr. Iwamura works at the Advanced Technology Research Center of Mitsubishi, where a project to replicate the Yamaguchi experiment has been ongoing since April 1993. In all, they have done 100 experiments, 50 of which were preliminary, to test neutron and tritium detection capabilities separately. The last 50 experiments combined the three detection systems: helium-3 neutron detectors, a NaI scintillation counter to test for gamma-rays, and a high-resolution quadrupole mass spectrometer for gas analysis. So far, the Mitsubishi team has detected significant neutron bursts, and what they believe to be strong evidence of tritium emissions; they have yet to see gamma-rays or other evidence of helium-4 production.

### **Questions raised by the presence of helium-4**

Is helium-4 the nuclear ash which can account for the production of excess heat? It is elusive to find, permeable through glass, and plentiful in the atmosphere; but, if as now seems to increasingly be the case, it is produced in the cold fusion reaction, then we are well on the way to supplying sufficient nuclear reactions to explain the excess heat. Yamaguchi, Akito Takahashi, and Jirhota Kasagi in Japan, Benjamin Bush and Melvin Miles at the Naval Weapons Center in China Lakes, California, and Daniele Gozzi and his collaborators at the Sapienza University of Rome, have all seen evidence of helium-4 production in cold fusion experiments. Another researcher, Roger Stringham, has also reported observing alpha particles, using a very different type of experiment: He uses an acoustic wave to produce deuterium loading in his palladium sample.

At the Maui conference, Miles Bush (now at SRI) report-

ed on a new series of successful experiments: Whereas, in 1992 they had a run of experiments in which they produced neither produce excess heat nor helium-4, in five recent experiments, they have seen what they deem to be amounts of helium-4, significantly above background. In five other control experiments, no such helium was observed. Their results are in line with earlier ones that showed a good linear correlation between the amount of excess heat observed and the expected helium-4 production, assuming a D-D reaction which produced a helium-4 atom and an energy release of 23.8 MeV. Unfortunately, the amount of helium in question is so low that it is not much above the ambient, and one cannot readily dismiss questions about the accuracy of Bush's measurement.

Gozzi and his co-workers have been researching cold fusion for three years. One of the important elements of their experimental setup is that it includes blank cells. The extreme rigor of their experimental program was certainly demonstrated to the Maui participants, to whom they reported upon a series of inconclusive experiments which, at first, appeared to show evidence of helium-4 production, but also gave evidence of atmospheric contamination. His conference report was reflected on the kind of error which must be guarded against when measuring small-order effects.

### **Cluster fusion**

There have been especially interesting developments in the area of cluster fusion. The Takahashi group has continued with beam implantation experiments, and feels confident in asserting that the energy spectrum which they are seeing, with charged particles in the range of 8-9 MeV, is evidence of helium-4, which the Takahashi three-body fusion model predicts would have an energy of 7.9 MeV. Unfortunately, their present detection system does not allow them to simultaneously measure the presence of the 15.9 MeV deuteron that should also be produced by that reaction. Takahashi has also presented an elaboration of his multi-body cold fusion model, which is beyond the scope of this present report.

Kasagi uses a low-energy, 150 KeV deuteron beam to bombard a titanium target which he has previously loaded heavily with deuterons. The loading ratio of the target must be above 1.3 before he detects the emission of energetic protons. It can be as high as 1.9. As he reported in 1992 at Nagoya, Japan on this aspect of the work, at lower loading ratios only lower-energy protons were detected, such as would be expected from a normal D-D reaction ( $D+D=T+p$ ). When the loading ratio exceeds 1.2, highly energetic protons were emitted, which he believes indicates that complex cluster reactions are taking place.

Kasagi and Takahashi's results are quite similar, but Kasagi believes that he is seeing a variety of hot fusion events, with some cold fusion intermixed. Most interesting is his contention that he sees multi-body hot fusion reactions taking place simultaneously. Clearly, both his and Takahashi's multi-body fusion models demand new mechanisms for ener-

gy enhancement. According to the generally accepted model of fusion reactions, the probability of a three-body fusion occurring is extremely low. For Kasagi's model to work, one would need a probability enhancement factor of  $10^{12}$ . Not a small problem, indeed!

### Acoustical and radio waves

It may well be that, in future experiments, energy will be directly coupled with the deuterium which has been loaded into a palladium sample. One such means would be to use a radio-frequency device; another might be the method of using acoustical waves, perfected by Roger Stringham.

The eminent electrochemist from Texas A&M, John Bockris, has evaluated a number of experiments using radio-frequency waves, and he believes their results are highly significant. One such experiment was by Dennis Let, an independent researcher funded by ENECO. The important feature of Let's experiment is that he triggers an excess heat reaction with a radio-frequency wave. He also finds a similar heat rise using 533.588 MHz and 81.924 MHz, but not at other frequencies. The heating only occurs in a deuterium, and not a hydrogen system, and begins within 10 minutes after the wave is turned on. The rate of increase of the temperature is proportional to the power of the radio-frequency and the rate of excess power generation is extremely large—2 watts excess power over a .1 milliwatt input. The experiment was carried out in an open cell configuration; the cell was not thermostatted, which means that further refinement in the calorimetry is needed.

Bockris is also very interested in a post-conference report from Prof. Francesco Piantelli, a researcher in Siena, Italy. Using a nickel wire with a diameter of 0.5 cm and a length of 3 cm, in a closed cell filled with hydrogen gas which has some deuterium contamination, Piantelli appears to generate extremely high heat—50 watts over more than 20 days—merely by heating the less than one atmosphere gas, first to 180°C and then to as high as 400°C. A patent on this device is still pending, and all of the details of the experiment have not yet been revealed; nonetheless, there appears to be some radio-frequency stimulation, and also an applied magnetic field. Input energy varies from an initial 250 watts down to 20 watts. Many questions remain open on this one.

### Transmutation effects

While Fleischmann and Pons agree with theorist Giuliano Preparata that cold fusion is caused by a new kind of fusing between two deuterium nuclei, and Akito Takahashi and Jirhota Kasagi believe that it is a multi-body fusion effect, other possibilities exist: Perhaps cold fusion is not fusion at all, but rather, neutrons are being transferred from deuterium directly to heavier elements such as lithium or palladium. This is a simplification of an interesting new theory by one of the developers of the X-ray laser, Peter Hagelstein. Now a professor at MIT, he has also been working with plasma physicist Lewis Smullen, in an effort to reproduce the Kuch-

erov experiment. So far, he has found the results of his experiments promising, but not definitive. His research has been sponsored by ENECO, as has Kucherov's and like that of the Baraboshkin group.

Hagelstein reported that although he still regarded experimental results to be preliminary, he has elaborated his theory of virtual neutron transfer to account for the possibility of transmutation effects. If he is correct, then a new kind of atomic process, neither fission nor fusion, is occurring in what is commonly known as cold fusion. It is certainly possible that new kinds of fusion and virtual neutron transfers might occur simultaneously, along with other nuclear events, such as beta decay.

Light water ( $H_2O$ ) experiments also remain an important, if poorly understood, area of the work. In these experiments, hydrogen rather than deuterium is introduced into nickel cathodes, and excess heat is apparently produced, and perhaps also nuclear products. It is very difficult to understand what the mechanism of these experiments are, but that is no reason to overlook them, especially since nickel is cheaper than palladium, and ordinary water far more available than heavy water. Leaders in this field are Reiko Notoya at Hokkaido University in Japan, and Robert Bush at California Polytechnical University.

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## Looking into the future

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Our report here has been adapted from more substantial coverage for the Spring 1994 issue of *21st Century Science & Technology*. Although a relatively brief overview, it should suffice to present a convincing picture that research into cold fusion is far from dead.

We can confidently predict that next year will see even more substantial results as the program sponsored by Japan's Ministry of Trade and Industry (MITI) takes off. We have similar hopes for SRI, which has used much of the last year to restart its ambitious research effort, after having had to close down following the tragic explosion in January 1992. Fleischmann and Pons, in collaboration with Italian researchers, are exploring a whole series of new experiments in which an electric field is induced directly into the palladium sample, either in tandem with electrolysis or a gas-loading experiment or independently.

Five years after the historic Fleischmann-Pons announcement is none too soon for the scientific establishment and the U.S. Department of Energy to right the wrong which they have done to these scientists, an act which is vital to the progress of science. Public acknowledgement of the error of the effort to assign the epithet "pathological science" to cold fusion, is much needed. Such acknowledgement would not only bring a welcome infusion of new talent and new material resources to this promising field, but also would encourage other inventive scientists to challenge conventional wisdom.

Without this, science can only wither.

# Shock therapy ravages Russia's food production

by Robert Baker

March is the month for preparations for spring planting in the vast Eurasian farm region of the republics of the former Soviet Union. This year, the question of sowing grain constitutes a strategic issue of first importance.

During the mid-1980s, the Union of Soviet Socialist Republics accounted for about 11% of the world's total grain output, and about 6% of the world's population. Then, after the breakup of the Soviet bloc, under just three years of "shock therapy" overseen by the International Monetary Fund (IMF), agriculture output declined—along with the rest of the physical economy—by at least 30% overall.

Almost overnight, output in the extensive grain belt of the former Soviet Union dropped to at most 8% of the world harvest, itself declining relative to need. After some initial relief stocks from western Europe, no food imports have been organized to make up the gap. The consequences of this situation have been portrayed only piecemeal in the western media: empty food shelves, long bread lines, malnutrition, lost crops for want of equipment and lack of fuel. But the total picture has not at all been presented. You might even think there has been "one bad season," or just an "adjustment" period for private farming to "take hold." Nothing could be further from the truth.

Not only is the food supply shrinking in volume, but the physical means and the social organization to produce food are in the process of disintegration as well. This is the background from which to judge the criminality of the latest decision of the Group of Seven nations (United States, Germany, France, Italy, United Kingdom, Canada, Japan) which met on Feb. 26 in Germany and declared that IMF conditionalities must continue in eastern Europe and the former Soviet Union. Continue these, and the conditions for famine and war are guaranteed.

Russian Security Council member Mikhail Maloy said in an interview to the Paris daily *Le Figaro* on Feb. 18: "Agriculture has no more fertilizer, no more coal. If we don't take exceptional measures, the sowing will not be able to be done on time."

FIGURE 1

The countries of the former Soviet Union



In order to evaluate the crisis state of agriculture, and the need for the appropriate emergency policy changes and economic measures, *EIR* has assembled up-to-date data from the U.S. Department of Agriculture (USDA), the U.N. Food and Agriculture Organization (FAO), Europe-based farm trade journals, and press accounts from the former Soviet Union. (We are employing the term FSU in this report solely to reflect the organization of the statistical base.)

What follows is a series of graphs and tables summarizing the plunge in output of basic foodstuffs since the late 1980s, the decline in inputs used—land area, fertilizer, equipment—the fall in food imports, and the decline in per capita consumption. Most of the data and discussion refer to the overall situation in the former Soviet Union (Figure 1). In addition, selected data are given for certain features of agriculture in the Russian Federation, Ukraine, and Kazakhstan, because these three countries account for over 70% of the production of many staple food products in the FSU. Figure 2 shows the percentage of population in these respective locations, and their relative shares of output of major food and farm commodities.

**Malnutrition growing**

The dire picture is summarized by a recent account in the Moscow weekly *Argumenty i Fakty*, which reported on widespread malnutrition. Bread and potatoes are the almost exclusive diet of many families. According to the Moscow journal, over 1989-93, meat consumption in Moscow fell from 75 to 58 kilograms (kg) per capita per annum, milk and dairy products fell from 397 to 298 kg, vegetables fell from 91 to 77 kg, and fruit fell from 41 to 37 kg per capita.

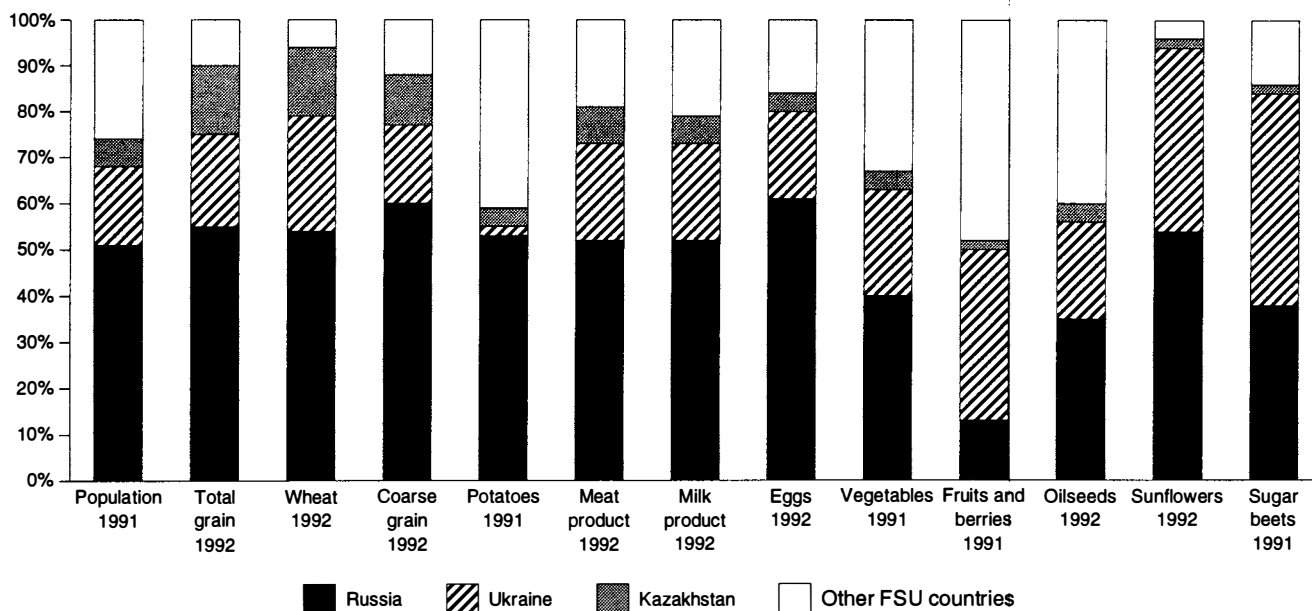
Not only did the amount of food consumed decline, but the quality of food is also much worse. Pig fat and bones, for example, are now counted as “meat.” A recent survey among Moscow students ages 10-15 showed that 50% do not consume any milk or dairy products. Long lines form before dawn outside slaughterhouses, just for the bones.

The situation with vegetable and fruit consumption is no better. Roughly 50% of young men drafted into the army are disqualified even by the most cursory medical examination.

Recent studies in Bryansk and Kaluzhskaya *oblasts* showed that, respectively, 96 and 90% of the population suffer from vitamin deficiency. In the Kaluzhskaya region,

FIGURE 2

**Relative shares of population and food production in the countries of the former Soviet Union**  
(percent of total in entire FSU)



Source: Compiled from various U.S. Department of Agriculture publications.

68% of the inhabitants suffer severe vitamin deficiency, which may lead to an outbreak of scurvy. Many people report that even in prisoner-of-war camps, food consumption was higher.

Indicative of the government's concern about the food crisis, Aleksandr Zaveryukha, Russian deputy minister for the food industry, promised last month at a meeting in Smolensk that the government in Moscow "wants to do anything possible to prevent the population from becoming completely impoverished."

**Fall in per capita food intake**

Figure 3 gives per capita weights of declining consumption of various food items in the Russian Federation, which has approximately 51% of the population of the FSU, for the period 1980 through the "shock therapy" period to 1993. You can see that potato consumption has increased by 26% since 1988, going from 104 kg per capita in 1989 to 131 kg per capita in 1993, as higher-protein foods such as meat become less affordable and scarcer. People are scrambling to grow potatoes on private plots, where most of the national crop is produced (see box).

During approximately the same period of time, *EIR* estimates that average kilogram consumption per capita of protein-rich meat, eggs, dairy products, and fish has fallen drastically. Total meat consumption fell 29%, from 75 kg per capita in

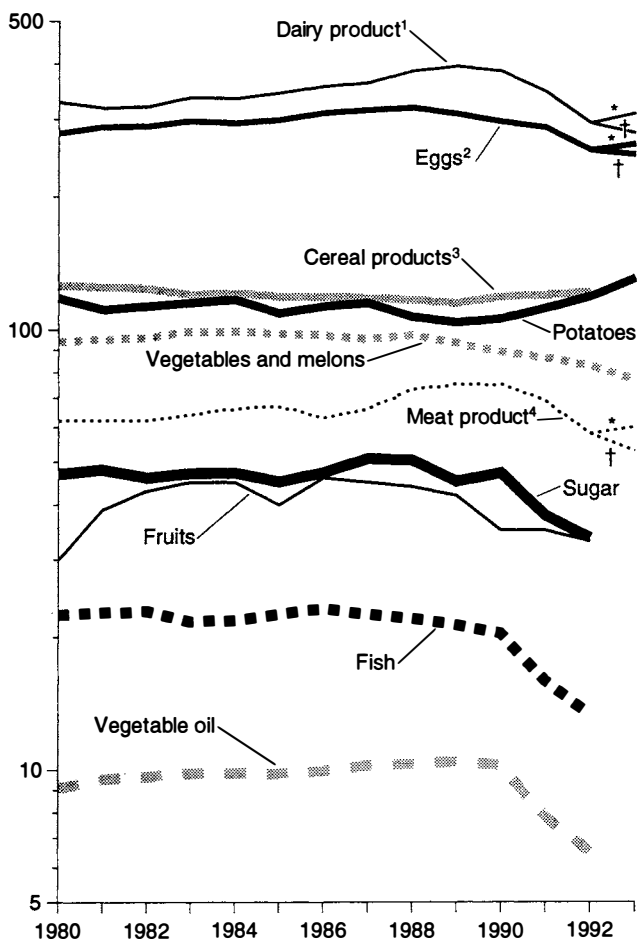
1989 to 53 kg in 1993. Egg consumption fell 21%, from 319 eggs per capita in 1988 to 250 in 1993. Dairy products consumed fell 29%, from 386 kg per capita in 1988 to 280 kg in 1993. And fish intake fell 43%, going from 23.2 kg per capita in 1986, to a projected 13.2 kg in 1993. (Remember, pig fat and bones are considered as meat.)

Contrast the above to 1988, when a deputy chairman of the U.S.S.R. State Planning Committee (Gosplan) indicated that a significant step in eliminating unmet demand for meat would be by increasing meat production by 30-35% and milk production by 20-25%. This means that in 1988, actual annual demand for meat was over 80 kg per capita.

Between 1988 and 1992, per capita vegetable and melon consumption dropped 21%, per capita consumption of sugar, vegetable oil, and fruit declined 34%, 38%, and 25% respectively. This pattern of declining diet holds true throughout the FSU. In many of the smaller republics, it is much worse, as more reports for 1993 come in.

In the Russian Federation, state output of flour and bread in 1993 fell 15% and 11% respectively, as the result of the elimination of state subsidies. The withdrawal of these subsidies resulted in large hikes in retail bread prices last year, with bread prices in Moscow rising from 263 rubles in early October to 477 rubles by mid-December. These declines were not made up by food imports, as will be documented below.

**FIGURE 3**  
**Annual consumption of selected food products in the Russian Federation, 1980-93**  
(kilograms per capita)



1. Milk equivalent.  
2. Number of eggs.  
3. Flour, groats, and pulses; bread and pasta in flour equivalent.  
4. Meat equivalent, including fat and offal.  
\* USDA estimate.  
† EIR estimate.

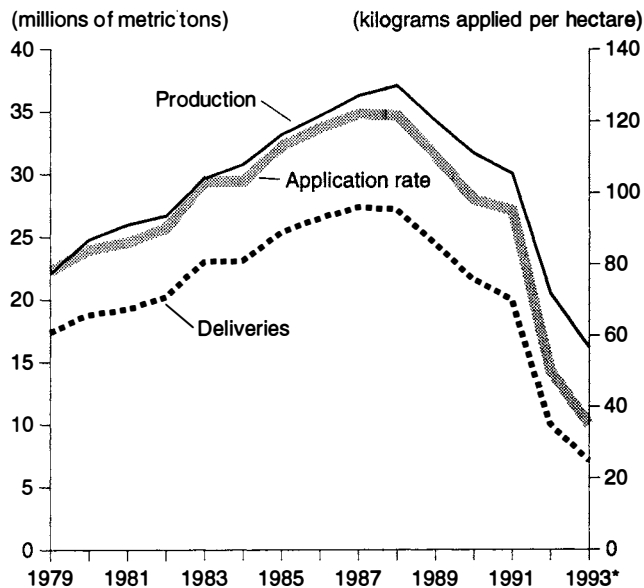
### Fall in farm inputs

The decline in food output is far from a matter of a few "bad seasons." Rather, it reflects how basic productivity relationships in the crop and livestock chain are being destroyed. Look, for example, in **Figure 4**, at how the sheer volume and rate of application of fertilizers have dropped in the FSU.

Besides the lack of needed minerals, the absence of plant protection chemicals and machinery is even worse.

Begin with cultivated land area itself.

**FIGURE 4**  
**Production and deliveries of fertilizer in the former Soviet Union**



\* EIR projection.

Source: U.S. Department of Agriculture, "Former U.S.S.R., Situation and Outlook Series," May 1993.

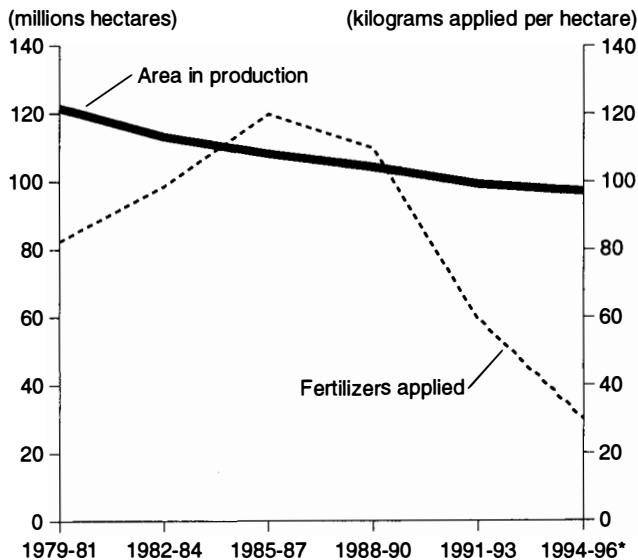
**Land area.** The number of hectares of land (see **Figure 5**) in the FSU, cultivated for grain production (wheat, coarse grains, and rice) fell 18% (22.2 million hectares) from a three-year average of 121.5 million hectares per year during the 1979-81 period, down to an average of 99.3 million hectares per year during 1991-93. Moreover, the quality of the land in use is declining, in terms of factors of productivity.

**Fertilizer.** Mineral fertilizer output in the FSU is the largest in the world, having surpassed U.S. production in 1972, and is primarily concentrated in Russia, accounting for 50% by weight. Next is Belarus with 20%, and Ukraine with 15%. In 1988, U.S.S.R. production peaked, exceeding the total combined production of the United States, France, West Germany, and Great Britain, accounting for approximately one-third of world ammonium (nitrogenous fertilizer) trade. But since 1987, fertilizer exports increased from these FSU production regions, while domestic use collapsed—a point causing great anger among FSU farmers.

From the late 1960s to the late 1980s, fertilizer use in the FSU increased about four-fold. Between 1991 and 1993, as shock therapy free market reforms scrapped price regulations for farm inputs, fertilizer prices climbed two to three times as fast as the prices of farm output. As a result, the Russian

FIGURE 5

**Area in grains production in former Soviet Union shrinks since 1979**



\* EIR projection.

Source: U.S. Department of Agriculture, "Former U.S.S.R., Situation and Outlook Series," May 1993.

Ministry of Agriculture estimated that less than one-fourth of all crops were fertilized in 1993.

According to the USDA and other expert sources, per hectare application rates of fertilizer in the FSU dropped 71% between 1988 and 1993, going from 113 kg per hectare to an estimated 35 kg in 1993 (see Figure 4). Total tons delivered to the farm regions is projected to have dropped 74% from 121.5 million tons in 1988 to 7.1 in 1993. And fertilizer production is down 16.2 million tons in 1993, which is a drop of 56% from the 1988 high of 37.1 million tons. The inflated prices are now over 100,000 rubles per ton.

In 1992, FSU fertilizer exports had a considerable depressing effect on world market prices—for example, in potash. An undervalued ruble made fertilizer exports highly profitable in the early 1990s. In order to ensure adequate domestic supplies in 1992, the Russian government attempted to halt fertilizer exports by imposing quotas. In 1993, attempts to restrict fertilizer exports were pursued by giving sole right of export to the Russian agrochemical company Rosagrokhim, and all fertilizer shipments through the port of Odessa were ordered stopped and an investigation was begun of enterprises engaged in the unlawful export of agricultural chemicals. As a result of depressed prices, several western nations imposed protectionist measures on certain fertilizer products.

The factor most limiting mineral fertilizer's effectiveness has been the relative lack of complementary chemical pesticides. Without the latter, heavy fertilizer doses often merely feed weeds; plus, increased grain production is lost to insects.

Russian Deputy Prime Minister Aleksandr Zaveryukha, who has responsibility for the agricultural sector, told *Rossiyskaya Gazeta* in December 1993 that "large areas have not received mineral fertilizers, organic fertilizers are practically not being transported out into the fields, and there are no pesticides and herbicides, so there is massive infestation of fields" with weeds and insects.

Dr. Yablokov, a respected Russian academician, notes that the 1987 pesticide use in the former U.S.S.R., at 0.4 kg per hectare, was only a fraction of the levels used in many developed countries—1.8 kg in the United States, 18.5 kg in the Netherlands, 17.6 kg in Japan, 13.3 kg in Italy, and 4.5 kg in the Federal Republic of Germany. The FSU produced only two-thirds of the pesticides needed by its agriculture in the late 1980s. Today, in the Russian Federation, for all practical purposes the farm chemical industry—the main producer and exporter of plant protectants in the FSU—has collapsed.

In the mid-1980s, the Soviets halted the production of a number of their top chemicals and became dependent on imported pesticides. However, hard currency shortages, exacerbated by the new need to pay hard currency for imports from the former Comecon countries, contributed to a drop in 1991 imports to an estimated 20,000 tons from 154,000 in 1985. In 1992, Russian farmers used only 16% of the insecticides and fungicides used in 1988; 43% of the seeds were treated, and 29% of the past rate of herbicides was used.

The production of plant protection agents (herbicides, insecticides, and fungicides) in the FSU during the first half of 1993 was only 27,000 tons, down 87% from the same period in 1985. This was compounded by a 35% decrease in imports. USDA sources say that currently the FSU is completely dependent on imports, since domestic production for 1994 is shut down completely.

**Fuel.** Disruptions in harvesting operations caused by interruptions in the supply of fuel adversely affect crop output. Deliveries of diesel fuel (13.4 million tons) to Russian Federation farms in 1993 were down 18% from a year earlier (compared to a 16% drop in 1992), and deliveries of gasoline were down 30% (compared to a 13% fall in 1992).

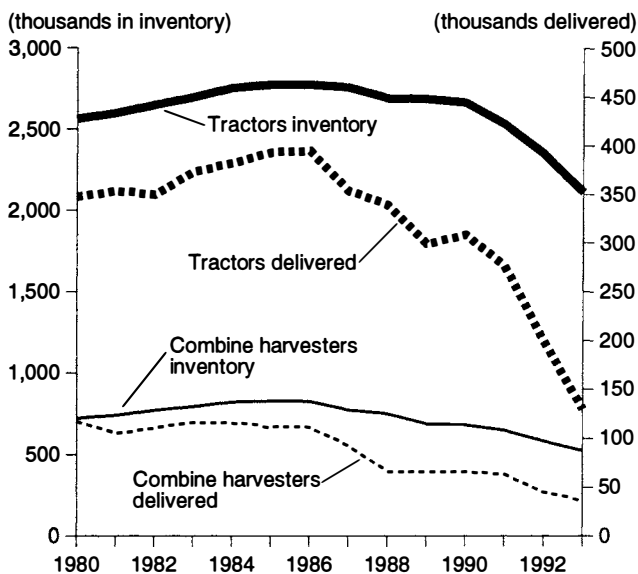
**Machinery.** Billions of rubles worth of farm machinery have accumulated in FSU government warehouses. Farms could not pay to buy the equipment when machinery prices climbed 19 to 35 times, along with fuels and lubricants, while procurement prices for farm-produced agricultural commodities increased only ten-fold.

Sources at the USDA and official FSU statistics indicate that farm equipment production in the FSU fell about 60% in 1993 compared to 1992. Deregulated tractor prices have



FIGURE 6

### Inventories and deliveries of tractors and harvesters in the former Soviet Union



Source: U.S. Department of Agriculture "Agriculture Statistics of the Former U.S.S.R. Republics and the Baltic States," No. 863, September 1993.

jumped from 12,000 rubles in 1988 to as high as 13,000,000 rubles in 1993—over a thousand-fold. **Figure 6** shows how tractor deliveries to FSU farms dropped 67% below the high in 1986, going from 395,000 per year to 130,000 per year in 1993.

Russia, Ukraine, and Kazakhstan produce respectively 60%, 26%, and 6% of the agricultural machinery in the FSU. Production of tractors in Russia fell 54% in 1993 (89,000) compared to 1991 (193,000).

Low availability of specialized application equipment is the major factor limiting the effectiveness of mineral fertilizer, insecticide, and herbicide usage. Therefore, an estimated 14 million tons of nitrogen, phosphate, and potash nutrients are washed out of sloping lands each year—three to four times desired norms.

In 1984, some 116,000 new combines (Figure 6) were delivered to FSU farms. The chief of the Russian Ministry of Agriculture's main Administration for Crop Production, Ivan Gridasov, told the Moscow newspaper *Rossiyskiye Vesti* on Aug. 28, 1993, "Twenty thousand fewer combine harvesters have taken to the fields because of a shortage of spare parts and fuel. By the end of 1993, combine deliveries have fallen 69% to a projected 36,000." Combine inventories are projected to fall in 1993 to 525,000, which is 37% below the 828,000 in inventory in 1985.

While 18% of grain combines were inoperable because of

mechanical problems in mid-1990, the number of inoperable combines rose to 26% in 1992, and to 32% in mid-1993. Thus, over the course of eight years, the farmers of the FSU have lost almost 50% of the useable mechanical grain harvesters.

The production of grain combines in Russia declined 40% in 1993 (33,760 units) compared to 1991 (55,400).

Terrible difficulties are being faced in planting fall and spring crops in the FSU. Primarily as a result of a late start caused by the delayed harvest, poor weather conditions, decisions by farms to sow less due to the high cost of inputs, and the lack of cash on hand, the area seeded to winter grains (not including private farms) in the FSU last year for harvest in 1994 fell markedly for the second consecutive year. Area seeded to winter grains for harvest in spring of 1994 was reported at 14.3 million hectares, down 30% from 1991.

In preparing for 1994 spring seeding operations, Russian farms plowed only 41.9 million hectares during the fall of 1993, down 31% from 60.9 million hectares in 1990. The cumulative effect is that less and less land is getting planted and farmers cannot overcome the increasing workload being placed on their shrinking machinery inventory.

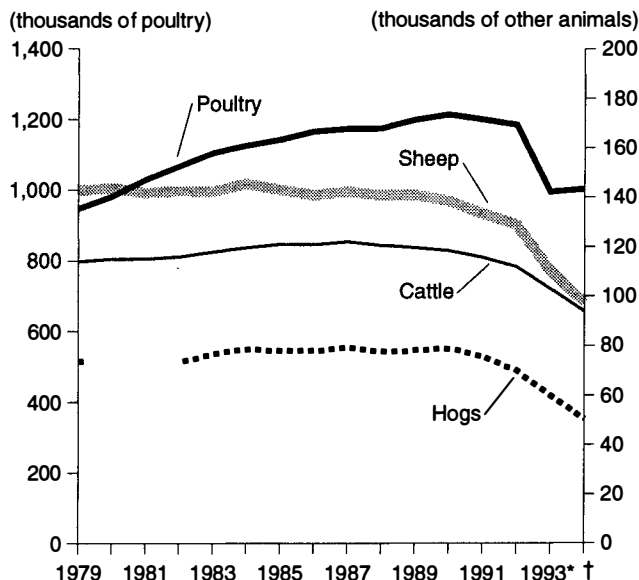
### Destroying productivity—land and livestock

While land area use for grain production is shrinking, improvements in land have come to a complete halt. Budgeted investment for land improvement has decreased significantly in the FSU and is expected to fall further in 1994. In Russia itself, approximately 66% of the 213 million hectares of agricultural land suffers from insufficient and unpredictable rainfall. More than one-half of Russian agriculture lands are swampy, highly acidic, or salinated. Since 1985, commissioned projects for new land irrigation, or improved drainage, declined 85%. About 127 million hectares in Russia suffer from severe soil erosion, an area which grows by 400,000 to 500,000 hectares annually and needs terracing badly. Only 5% of Russian land is drained properly. According to estimates, 79% of cultivated land, 66% of natural hay meadows, and 90% of pastures need improvement. Over 20% of farm land is susceptible to wind and water erosion and needs conservation terraces.

After years of massive state subsidies to the state-controlled livestock sector, the initiation of the January 1992 price "reform" began a process whereby state subsidies to both livestock producers and meat consumers were slashed, and western cartel intervention, black marketeering, chaos, and all manner of destruction took place. (See **Figure 7**).

FSU cattle inventories fell 16% to 103 million head in 1993, down from 122.1 million head in 1987. Poultry numbers dropped 18% to 995 million head in 1993 from a high of 1,214 million head in 1990. Hog numbers fell 24% in 1993 to 60.2 million head, down from 79.5 million head in 1987. Sheep numbers were down 24%, in 1993, to 110.7

**FIGURE 7**  
**Decline in livestock inventories in the former Soviet Union**



\* Estimated.  
 † Projected 1994.

Sources: U.S. Department of Agriculture, "Agricultural Statistics of the Former U.S.S.R. Republics and the Baltic States," No. 863, September 1993; subsequent USDA data.

million head, compared to 145.3 million head in 1983. *EIR* forecasts another 9-16% drop in livestock numbers in 1994, unless emergency measures are implemented immediately.

More incidence of disease among herds due to poorer feed rations and reduced availability of veterinary medicines also reduced inventories. **Figure 8** shows the decline in livestock inventories in Russia, 1987-94. Compared to 1992, birth rates per 100 head of breeding stock in 1993 fell 3.3% for cows, and 7.8% for hogs. Death rates per hundred head of breeding stock in 1993 increased 10% for calves, and 13.8% for hogs.

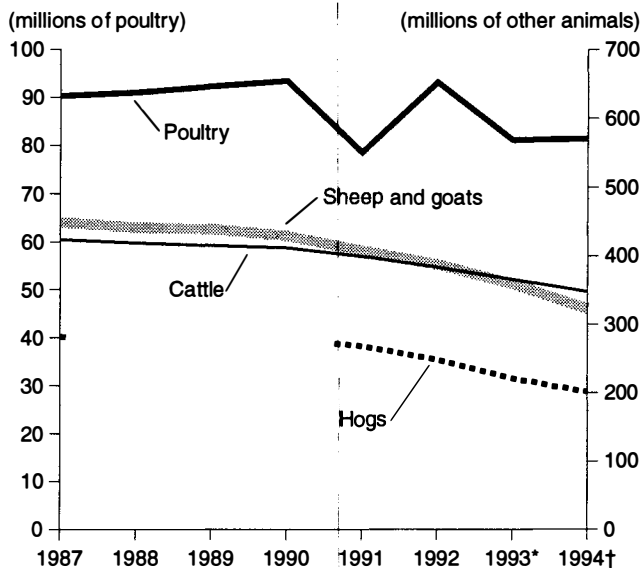
Average daily weight gain in hogs and cattle has fallen respectively 20% to 288 grams per day, and 26% to 370 grams per day, compared to 1989.

### Fall in food output and imports

**Figure 9** shows the overall pattern of decline in production of key grain commodities by averaging the yearly production of three consecutive years, starting in 1979.

The graphs indicate that, when comparing the three-year average production output in the 1988-90 period when compared to the 1991-93 period (the shock therapy years), average production fell significantly for every crop grown in

**FIGURE 8**  
**Decline in livestock inventories in the Russian Federation**



\* *EIR* estimate.  
 † *EIR* projection.

Source: U.S. Department of Agriculture, "Agricultural Statistics of the Former U.S.S.R. Republics and the Baltic States," No. 863, September 1993.

the FSU—except for potatoes, which had a slight increase. Almost 90% of all potatoes are grown in private allotments as survival rations.

In 1988, the U.S.S.R. Agricultural Ministry had set a goal of producing 250 million metric tons (mmt) of all grains by 1990 and 280 mmt by 1995. Overall, combined average yearly wheat and coarse grain production for the 1991-93 period is projected to decline to 171 mmt, about 100 mmt short of previous practical objectives. Yearly average coarse grain and wheat production in the FSU is down respectively 11% (89.3 mmt to 81.3 mmt) and 9% (96.7 mmt to 89.3 mmt).

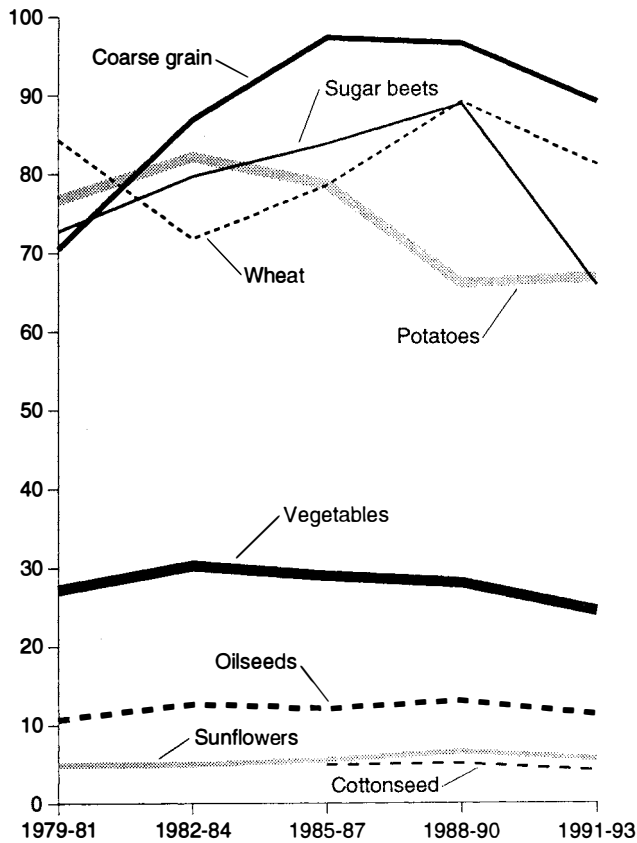
Vegetable and sugar beet volumes are down respectively 20% (28.1 mmt to 24.5 mmt) and 26% (89 mmt to 66 mmt). Oilseeds (12.95 mmt to 11.2 mmt) and sunflowers (6.6 mmt to 5.66 mmt) are both down 16% from the previous three-year period.

Now examine the drop in livestock products. As price "liberalization reform" in 1992 and food subsidies were lifted, food prices increased dramatically in the FSU. With less purchasing power, the public forsook livestock products for cereals-based food; livestock producers found fewer willing purchasers, and found high grain prices for their required livestock feed. These combined factors caused producers to

FIGURE 9

## Decline in output of major food crops in the former Soviet Union

(millions of metric tons)



Source: U.S. Department of Agriculture, "Agriculture Statistics of the Former U.S.S.R. Republics and the Baltic States," No. 863, September 1993.

cut back production of livestock products, as shown in **Figure 10**, both for the FSU and for the Russian Federation.

The FSU's production of milk products dropped to a projected 86.5 mmt by 1993, down 18% from a high point in 1989. Total meat production, including beef, pork, mutton/lamb, and poultry, dropped to a projected 14,800 mmt by 1993, down 27% from its peak in 1989. Egg production dropped to 65.5 million eggs in 1993, an 18% fall since 1988.

As food output fell, food imports also dropped drastically over the past 36 months. **Figure 11** shows the decline in the FSU of imports of wheat and coarse grains, from 1987-93. Total wheat and coarse grain imports for all 15 republics of the FSU declined 56%, going from 41.5 million tons in 1988 to 18 million tons in 1993.

The financial situation of the FSU, under the International Monetary Fund's conditionalities and shock therapy, dictated lower grain imports. Hard currency constraints compli-

cated Russia's ability to service its debt. At first, the European Community donated significant quantities of food outright. However, as the Thatcher-Bush shock therapy policy was enforced, such donations ceased. From then on, almost all of FSU grain imported since 1991 has been with the use of export credit guarantees—advanced from the government of the home office of the exporting companies, which themselves are a non-governmental cartel. Since 1991, almost all U.S. grain exports to the FSU—to Russia in particular—were financed using the federal mechanism called GSM-102 export credit guarantees. But as of 1992, Russia was suspended from the GSM-102 program for defaulting on its repayments, and as of May 1993 was in arrears by \$850 million. As a result, food aid and concessional loans will be the major route for financing U.S. grain exports to the FSU in 1993-94, and U.S. foodstuffs exports to the FSU in fiscal 1993 are down over 40% from fiscal 1992. This is shown in **Figure 12**.

In 1993, food imports by the Russian Federation dropped significantly from 1992. Meat and poultry imports dropped respectively 74% (146,000 tons to 36,000 tons) and 87% (30,700 tons to 4,000 tons). Imports of grain dropped 60% (28.9 mmt to 11 mmt). And wheat flour and soy oil imports dropped respectively 93% (700,000 tons to 49,000 tons) and 81% (58,000 to 11,000 tons).

### Restore productivity

**Soil fertility.** The year 1993 was the sixth consecutive year in which deliveries of fertilizers to FSU farms fell (with the bulk of the decline beginning in 1992); and yet crop yields have not fallen as much as most observers would expect, because of fortuitous growing weather in 1993. While weather plays an important role in grain production patterns in the FSU, many Russians argue that while yields did not rise at the same rate as fertilizer input use, year-to-year yield fluctuations were curtailed, and could rise again.

Other analysts maintain that it takes 3-4 years before the full impact of fertilizer input declines will be felt, since only a portion of phosphate and potash applied is available the first year of application. The remainder is released during the second and third years, and thus yield reductions of a major magnitude could most likely occur in 1994.

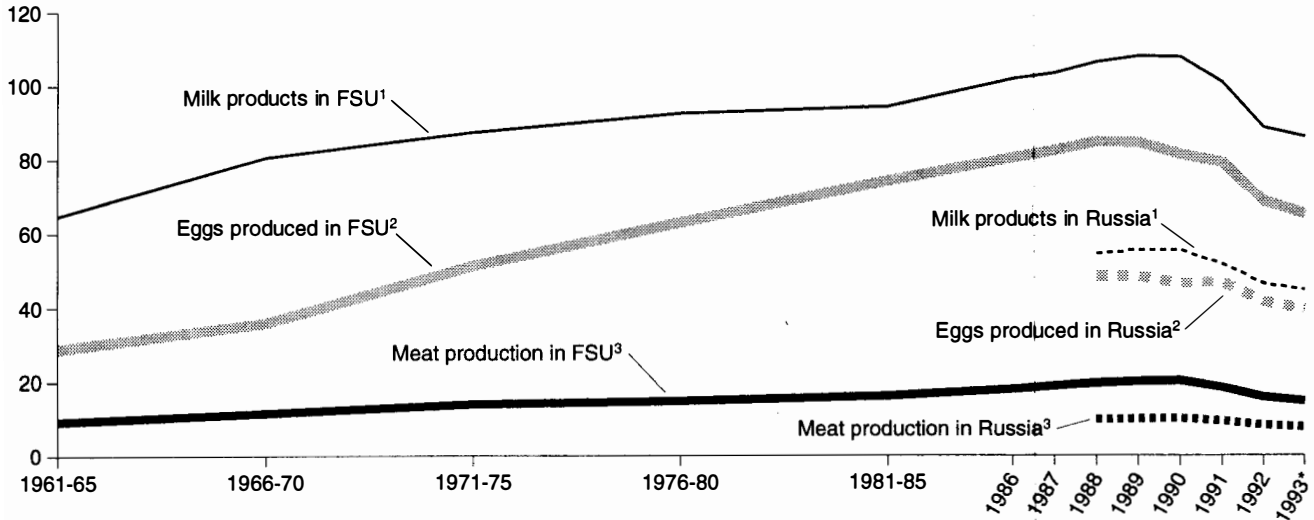
This dynamic can be seen by analyzing fertilizer application on farms in the FSU. (See **Figure 13**.) While the average amount of fertilizer applied per hectare increased about 16% in each of the three-year periods between 1979-81, 1982-84, and 1985-87, the average yield increase per hectare did not show up significantly until the succeeding three-year period, by 10-13% per year.

However, starting in 1988-90, the amount of fertilizer applied per hectare in the FSU declined 8% (119.8 kg to 109.8 kg per hectare), and this showed up in 1991-93 as an average 5% drop in yields per hectare (1.8 tons to 1.71 tons

FIGURE 10

**Milk, meat, and egg production in former Soviet Union is down to 1970s levels**

(millions of metric tons)



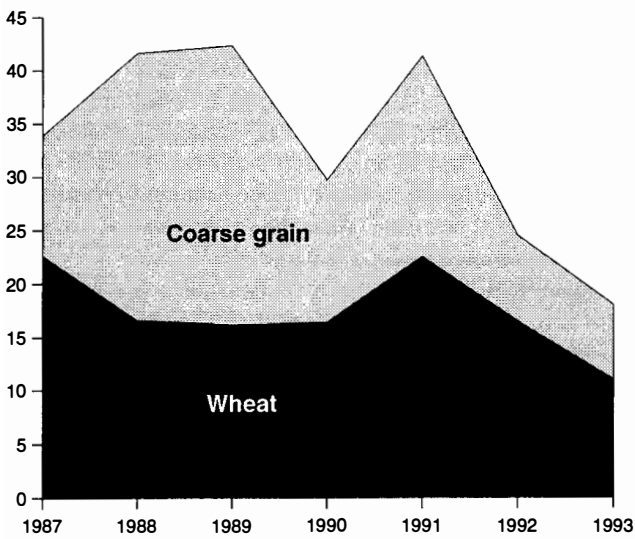
1. Milk equivalent.  
 2. Millions of eggs.  
 3. Includes fat and offal.  
 \* EIR projection.

Source: U.S. Department of Agriculture, "Agriculture Statistics of the Former U.S.S.R. Republics and the Baltic States," No. 863, September 1993.

FIGURE 11

**Imports of wheat and coarse grain into the former Soviet Union**

(millions of metric tons)



Source: U.S. Department of Agriculture, "Former U.S.S.R., Situation and Outlook Series," May 1993.

per hectare).

With very little fertilizer, next to no herbicides for weed control, and unprecedentedly low inventories of machinery and fuel supplies for mechanical cultivation, most farmers would agree that the land could turn into a choking weed patch. Since the average yearly fertilizer rates for the 1991-93 period are down 45% from the previous three-year period, in the 1994-96 period grain production in the FSU could drop another 20-25% or more.

**Grain.** With the benefits of modern grain harvesting equipment, the FSU could save millions of tons of grain. In May 1988, according to *Pravda Ukrainy*, Soviet economist Nikolai Shmelev stated that "every year we [the U.S.S.R.] lose as much as 25% of our grain" to poor harvesting practices and bad processing, storage, and transport.

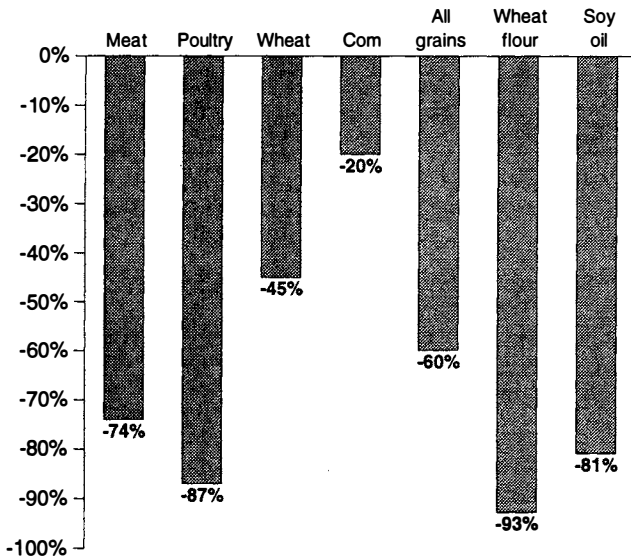
In March 1989, Soviet General Secretary Mikhail Gorbachov told Moscow domestic television, "Our losses in grain harvesting and pre-storage treatment amount to 15-20 million tons per year. About as much is lost in storage and processing. In all . . . the losses equal our purchases abroad."

One authority states that each year, 60-80 million hectares of grain are not harvested quickly enough, resulting in losses of 17-20 million tons. Russian farmers failed to collect 30% of the entire harvest grown in 1993, because of poor quality harvesting equipment and no spare parts, according to Moscow Interfax in December 1993.

FIGURE 12

### Sharp drop in food imports into the Russian Federation

(percent drop from 1992 to 1993)



Source: U.S. Department of Agriculture, "Former U.S.S.R., Situation and Outlook Series," May 1993.

Another source notes that if the time for harvesting could be cut by 7-10 days, yields could be increased by 0.3-0.4 tons per hectare. If applied to all grain areas, the faster harvest could produce an additional 30-40 million tons annually.

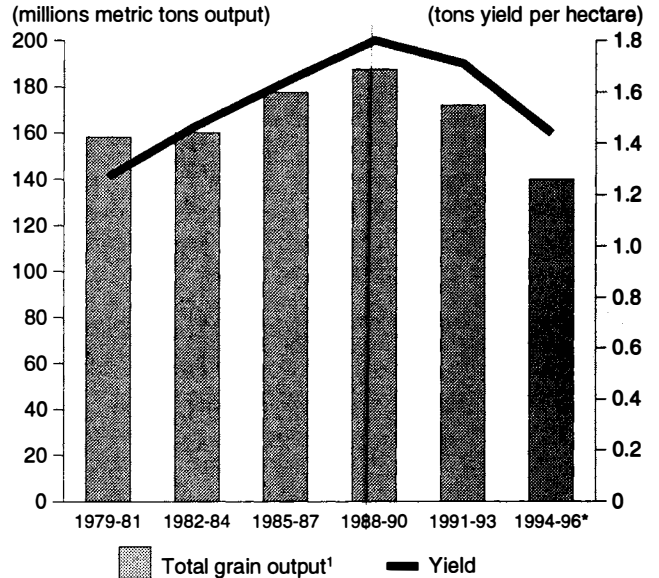
**Livestock.** Increased output of livestock products and livestock productivity could be obtained by improving FSU feed rations rather than inventories. Because of a shortage of high-quality livestock protein feed, one-third of FSU poultry feed, one-third of hog feed, and one-half of cattle feed output is reportedly deficient in protein. In 1988, corn made up 68.4% of feed rations, compared to 45% in the United States and Europe, and high-protein oil meal comprised only 9% of the Soviet Union's mixed feeds, compared to 25% for the United States and Europe. The daily rate of gain for Soviet cattle and hogs was only about 50-60% of the U.S. level; milk yields were less than 50% of the U.S. level.

Now, after "shock therapy," it is much worse. For example, in 1991 the U.S. hog industry produced 7 million tons of pork from 57 million swine. In the FSU, productivity is 30% below the United States, and only about 6 million tons of pork were produced from about 70 million swine.

FSU specialists estimate that if feeds were properly balanced with oilmeals and other additives, grain use could be reduced annually by 20-30 million tons, could reduce the amount of feed needed to produce a pound of meat by 10-

FIGURE 13

### Total grain output and per-hectare grain yield in the former Soviet Union



1. Wheat, coarse grain, and rice (clean weight).

\* EIR projection.

Source: U.S. Department of Agriculture, "Former U.S.S.R., Situation and Outlook Series," May 1993.

15%, and could increase meat output by 2 million tons annually from the same size livestock herd.

### Officials sound the alarm

The context of vast food underproduction, documented in the graphs, makes clear the meaning of the emergency declarations that have been issued beginning in mid-1993, in Russia and other locations:

- On Sept. 17, 1993, the Supreme Soviet of Russia adopted an emergency declaration designating agriculture to be an "emergency situation." Referring not merely to the current crop year, one of the main aims of the document was stated to be "the preservation of the agro-industrial complex as a basic component part of the Russian Federation economy."

- On Nov. 30, 1993, Russian Federation Prime Minister Viktor Chernomyrdin signed a decree, "On Measures to Give State Support to the Agro-Industrial Complex in 1993-94." To all appearances, this document was dictated not only by the economic situation, but by the Dec. 12 election as well, as it prioritized state payment to be made before Dec. 21 of money owed by the state for farm products supplied by farmers. However, as of early 1994, very little payment had been made. Moreover, the Nov. 30 decree, while it also extended to December 1994 the deadline for farm borrowers



*Russian shoppers outside a milk store. Per capita consumption of dairy products in Moscow has dropped from 397 kilograms in 1989 to 298 kg in 1993, and only 50% of Moscow students ages 10-15 consume any dairy products whatsoever.*

to repay loans, nevertheless, this loan extension is not at the "preferential" rate of 40%, but at the prevailing rate of about 210%.

- On Jan. 28, 1994, Deputy Prime Minister Aleksandr Zaveryukha, in charge of agribusiness in the Russian government, declared at a news conference in Moscow that Russia's agriculture "failed to overcome the extremely complex financial and economic situation in 1993." He gave statistics on the billions of rubles of agriculture-related debt, and announced emergency finance measures.

- In February 1994, the Moscow Department of Agriculture issued a report on the crisis in Russian agriculture, stating that more disasters are looming, because this coming year's collapse in food production is projected to be much worse than that of the last two years.

- On Feb. 18, 1994, Mikhail Maley, Russian Security Council member and official in charge of reconversion of the defense industry (cited above), said in his interview with *Le Figaro* that if the Russian economic crisis—especially in agriculture—continues another three to five months, the current leadership will lose political control, and the only organized force remaining to produce what is required is the military-industrial complex.

In general, in the two-year period, between January 1992 and January 1994, Russian consumer prices increased by 3,560%, and the exchange rate of the ruble went from 225 to 1,750 rubles per U.S. dollar. The Russian State Committee

for Statistics (Goskomstat) has announced that the population's real monetary income is at most 57% of the 1991 level.

### Huge potential

The potential productivity of the countries of the FSU is enormous. Western European wheat yields are currently 276% higher than in the FSU (5.14 tons per hectare, compared to 1.86 tons per hectare). Coarse grain yields in western Europe are likewise 276% higher than the FSU (4.92 tons per hectare compared to 1.78). There is no reason why, with proper investment and training in modern input technology, grain yields of the FSU could not equal the higher yields of western Europe.

In 1993, the FSU planted 31% fewer hectares of wheat and coarse grains (97.1 million hectares compared to 119.4 million hectares) than in 1980, a difference of 22.3 million hectares. If the total 1980 wheat and coarse grain area, 119.4 million hectares, could be brought back into production levels with yields equal to western Europe, then another 383.7 million tons (201.7 million tons of wheat and 182.0 million tons of coarse grains) could be produced in the FSU, as compared to 1993 levels. *This alone would increase world wheat production by 36%, and world coarse grain production 23% above 1993 levels.* If this improvement were to take place over a 10-year period of investment, this would accumulate into a 38 million ton average increase every year.

# Chaos follows privatization 'reform'

by Robert Baker

In June 1988, there was decreed a Law on the Cooperative System in the U.S.S.R., opening the way to significant changes in the functioning and degree of autonomy of the 27,000 collective farms and 23,000 state farms in existence at that time, which produced about 70% of total Soviet agricultural output. After the breakup of the U.S.S.R., further "reform" decrees were promulgated, in the context of draconian austerity imposed by the International Monetary Fund. Chaos has resulted.

In November-December 1990, the Russian Council of People's Deputies laid the legislative basis for the creation of private farms. Any citizen could receive a plot of land (of limited size) free of charge, free of taxes and land rent for five years. A private farmer must own the land for ten years before selling it, and then can sell or transfer it only to his heirs or to the Council of People's Deputies. If he doesn't farm it for one year, ownership reverts to the Council of People's Deputies.

What happened? As of Jan. 1, 1993—the deadline set by the Russian government for the re-registration, but not the disbanding, of state and collective farms—very few private, small farms had been established. Seventy-six percent of all collectives retained some sort of collective ownership, including state and collective farms; 21% became joint stock companies; and about 4% broke up into private farms.

By Jan. 1, 1994, nearly 660,000 new, private, peasant household farms had started in the former Soviet Union, but altogether, they occupy just a total area of about 4% (19 million hectares) of the farm land, averaging 31 hectares apiece. The rate of new farm registrations has now slowed way down.

The private farms produce only 3.5-5% of the country's grain, although they own 22% of the cattle, 25% of the hogs, and 35% of the sheep and goats.

## What stands in the way of private farming?

The productivity of individual family farms has been severely limited by all manner of difficulties. There is the problem of obtaining the necessary inputs. There is political instability. Farmers think, "You can get land, but when will it be taken away again?" U.S. Department of Agriculture specialists guess that 30% of new Russian Federation farmers went bankrupt in 1993.

To hedge against 60-90 day delays in receiving payment

for grain sold to the state grain elevators, coupled with 25-40% monthly inflation rates for fuel, fertilizers, and spare parts, most farmers discontinued grain sales. As of January 1994, the government was in arrears to grain producers by at least 700 billion rubles. At one point, when an estimated 600,000 tons of grain a day was being sold to the state on credit, the debt was increasing at a rate of some 50 billion rubles daily.

Grain withheld on the farms caused massive shortages for livestock producers and flour millers. Those grain producers who did sell and moved their product along, were hit by inflation pushing input prices still higher, while the ruble continued to fall in value.

To allay this, in mid-1993, governments of the nations of the former Soviet Union tried to entice farmers to sell grain to the state by raising grain procurement prices in both nominal and real terms. The Russian state-set procurement price for hard wheat went from 30,000 rubles (about \$55) per ton in February to 77,000 rubles (about \$80) per ton in September, and some reports have it as high as 100,000 rubles per ton.

However, in late January 1994, Deputy Prime Minister Aleksandr Zaveryukha, in charge of agribusiness in the Russian government, reported at a Moscow news conference that debt to the farms for their produce totalled 2.3 trillion rubles, and the farms' debt to the state for fuel, machinery, and other supplies amounted to 1.8 trillion rubles. The Russian government has now announced plans for customs duties of up to 20% on dairy and meat products, nearly 25% on sugar.

A new phase of this disintegration is now in the making: free trade in grain marketing. For decades, there was a state monopoly on the grain trade in Russia. Grain was purchased from the producers, and it was stored, processed, and distributed by the Ministry of Grain Products. At the end of the 1980s, the situation began to change, but still the proportion of grain coming onto the free market has been insignificant—only 2-3% of the total. This is due primarily to the fact that until recently, Roskhleboprodukt, the state grain procurement monopoly, formed the federal grain fund, and producers were obliged to surrender 30% of their harvests to it at prices set by the fund.

But in December 1993, the Russian government decreed that: 1) In 1994 the federal government will only procure grain for its strategic reserves, the military, and selected regions; all other regions will be responsible for meeting their own needs; 2) all purchases are to be made at market prices, not state-set prices; 3) regions are prohibited from obstructing grain flows; and 4) state grain procurement, processing, and baking enterprises are to be privatized after three years.

In 1994, no federal grain fund will be formed, so there will be no obligatory grain deliveries to the state. Thus the way is opened for international grain cartel operations to invest money in the grain complex to set up "free market" grain exchanges.

# Russian farm crisis proves that Worldwatch Institute is lying

by Paul Gallagher

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## **State of the World 1994: A Worldwatch Institute Report on Progress Toward a Sustainable Society**

by Lester R. Brown et al.

W.W. Norton & Company, New York, 1994

265 pages, paperbound, \$11.95

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An unprecedented attack on the populations of the Third World is taking place in 1994, centered upon the United Nations World Population Conference to be held in September in Cairo, Egypt. The new barrage of malthusian propaganda about a population explosion comes at a time when the populations of all the advanced industrial nations are actually declining or about to fall, and their work forces are becoming too small to support the elderly.

This attack is being opposed from the Third World by the African Academy of Sciences (see *EIR*, Jan. 7 and Jan. 28, 1994), and worldwide by political forces collaborating with Lyndon LaRouche and his movement.

The drive to coerce Third World nations to enter formal agreements now, to stop their population growth at a predetermined limit within less than 40 years, is being led by a powerful non-governmental organization, the Worldwatch Institute. Worldwatch is effectively part of the U.N. apparatus, but its activities are funded by half a dozen oligarchical foundations—including the Mellon, Dodge, and MacArthur trusts—and its new report, *State of the World 1994*, is funded and circulated by the Rockefeller Brothers Fund. Worldwatch has been run since its founding in 1974 by former U.S. Department of Agriculture official Lester Brown.

This assault is based upon the most terrific frauds. The grossest one is the claim that *world production of grain, fish, meat, and milk products has reached its natural limits*, and that further increases of even insignificant size, can only be wrung out of nature with great difficulty and destructiveness.

Worldwatch calls this supposed natural limit “carrying capacity,” and is setting the following agenda for the Cairo

conference: All nations must agree to conform to “national carrying capacity studies” financed by the World Bank and enforced by World Bank/International Monetary Fund (IMF) “conditionality” of credit; they must stop population growth within a ceiling determined by “national carrying capacity.”

As Lester Brown states it with particular brutality, “If people know that large families will bring more hunger, and even mass starvation, they may well decide to shift to smaller families.” Brown continues that the “national carrying capacity” projections will give governments “the trade-off between family size and consumption levels.”

As we shall show, the potential *increases in food production in Russia, Ukraine, and Belarus alone*, dwarf the “natural upper limits” of food production which Worldwatch claims to have determined, and which have been lent “scientific” prestige in recent statements by the British Royal Society and the U.S. National Academy of Science.

### **An act of God?**

Worldwatch’s claim could be paraphrased as, “God doesn’t want us to grow any more food.” The report even attempts to pinpoint 1984 as the year when “God” made his decision clear, since world food production has grown very little since then. To which the appropriate question is: “Which god are you worshipping?”

To establish the context: Total worldwide grain production, which also underlies production of animal protein, is stagnating at about 1.7 billion tons per year. *EIR* estimates that about 3 billion tons of grain per year is needed to allow an adequate diet for the entire human population.

Since the early 1980s, as farmers’ real incomes have been cut in the world’s major producing nations, the use of irrigation has not risen since 1984; total land in cultivation has fallen; government and trade treaty rules have taken about 20 million acres out of cultivation to reduce non-existent “surpluses”; and total fertilizer use has not risen since 1989. Since 1990, worldwide grain production per person has dropped by 11%.

About 10% of world grain is produced in Russia, Ukraine, and Belarus, although their production has fallen





**Figure 10-6. World Grain Output Per Person, 1950-93, With Projections to 2030**

Worldwatch Director Lester Brown has set an agenda for the upcoming Cairo Conference on world population: He wants the Third World to accept his unscientific claptrap about the “natural carrying capacity” of the planet, and agree to curb the growth of their populations. The Worldwatch Institute’s calculation (see inset) of world grain output per person, 1950-93, with projection to 2030. The potential for increased food production in Russia, Ukraine, and Belarus alone demolishes the institute’s fraudulent projections.



by 15% under “shock therapy” since 1989. In these countries alone, large increases (7-8%) in world grain and food production could be realized. These increases would contribute to reducing the danger of war and civil war among and within the nations of the former Soviet Union.

### The ‘carrying capacity’ fraud

Lester Brown states in the introduction to *State of the World* that Worldwatch is moving to set the agenda for the Cairo conference. This agenda, “carrying capacity,” is the direct application of *management of animal populations* in a game park, to populations of human beings endowed with reason, science, and art. The report’s first chapter says, “A telling example of carrying capacity involved the introduction of 29 reindeer to St. Matthew Island in the Bering Sea . . . the herd expanded to 6,000 by 1963. The following winter, however, the population crashed.”

The claim then follows, that human interaction with the environment is only “a more complicated example,” that “we have surpassed the planet’s carrying capacity” already! This is supposedly determined by the human population’s consumption of “earth’s net primary productivity (NPP),” a function of global photosynthesis by plants. Such quackery does not even account for the existence of fossil fuels, which release the energy of millions of years of photosynthesis

(including through fertilizer applied to crops).

The concept of “carrying capacity” is not only racist, but also represents extraordinary ignorance of human physical economy, in which technology of food production is a crucial measure of human progress to higher population densities. “Carrying capacity” is the diametric opposite of Lyndon LaRouche’s breakthrough in physical economy, which measures economies by *potential relative population density*, a function of human scientific discovery and technology of production, which is merely served by consumption. This breakthrough is now being recognized by scientific societies in Russia and China as well as the Third World.

### The population growth fraud

The Worldwatch report wants to make the malthusian claim that human population is growing geometrically, and food production arithmetically or not at all. It claims that world population will double “before 2050,” growing at 90 million per year and rising. It also *overstates* many nations’ actual populations: Brazil’s is claimed to be 153 million, for example; the actual 1990 census figure was 134 million. In fact, Bureau of Census figures show that the annual world population increase reached 80 million per year already in 1970; grew slowly to 85 million per year; and since the late 1980s has been falling back toward 80 million per year.

Human population has been growing *arithmetically* for more than 20 years, while *potential* food production has expanded *geometrically*.

The arithmetic rate of population growth itself is now falling in worldwide depression. Worldwatch reports that per capita income has been falling since the 1980s, along with food prices, even though per capita food production is falling. In western Europe and Japan, populations are stagnating or falling. In other major Asian countries, growth rates are falling toward 1% per year. Relatively rapid growth, but at a declining rate, remains only in some parts of the Mideast, Africa, and South America, none of which has yet reached the European population density of 1840. In the Balkans, Russia, and other nations of the former Soviet Union, population and life expectancy are falling. The human race is not far removed from zero population growth, after 30 years of “post-industrial” policies and International Monetary Fund (IMF) suppression of economic growth.

Does smaller family size mean more household consumption (Worldwatch’s most basic claim)? Look at the United States since 1960 (see *EIR*, Jan. 18, 1994). Average U.S. household size, nearly 4 persons in 1960, has now fallen to 2.6 persons—an average household so small it can hardly be called a family anymore. But per-capita consumption, far from benefitting from shrinking family size, has fallen since 1970 in most major categories of the family “market basket.” The post-industrial economic depression has caused *both* the falling family size and the shrinking family market baskets.

This is emphasized implicitly in the African Academy of Sciences’ January 1994 opposition to the Cairo conference. The Academy stated that *inadequate* fertility and *insufficient* population growth were threatening Africa’s potential to resume growth at any time in the future.

### **Outrageous claims about food**

The most outrageous Worldwatch claims are their calculations of world food production’s supposed “natural limits.” These consist of saying that since production of grain has grown at only 10 million tons per year since 1989, it can *never* grow by more than 10-12 million tons per year. This, despite the fact that from 1950-85 world grain production grew nearly 5% per year, much faster than population growth, until the drop in farmers’ income hit. The claim is an updated version of the infamous 1972 *Limits to Growth* book of the Club of Rome. That report is today acknowledged to be fraudulent even by Club of Rome members (see *EIR*, Dec. 17, 1993, p. 16).

On the basis of claiming that grain production cannot increase, Worldwatch further claims that fish farming cannot be expanded and that meat production can only fall worldwide. Their claim is illustrated in graph on page 31. Obviously, under such assumptions, the population density of nations would fall dramatically.

Furthermore, the report fraudulently claims that “natural

limits” of food production efficiency were reached simultaneously in all nations in the mid-1980s, although the agricultural productivity of those nations was dramatically different, with 100-300% differences in yields per hectare between the leading producers of wheat, rice, coarse grains, and the backward producers.

### **The case of the former Soviet Union**

In the case of the 1980s collapse of the Soviet Union and the disastrous failure of IMF “reform policies” since 1989, both land cultivation and such inputs as farm equipment and fertilizers have collapsed. The area of land cultivated has fallen by 25 million hectares (20%) since 1981, all of the drop occurring in Russia itself. The use of fertilizer has dropped 60% since 1988 in Russia, Ukraine, Belarus, and Kazakhstan taken together. All other inputs (gasoline, trucks, machinery) have shrunk by 15-30% since 1989. Roads and rails for moving agricultural produce have decayed without maintenance.

The Worldwatch report refers to this *policy-made* agricultural collapse only once in its book-length report, and attributes it to—soil erosion! Is God particularly determined that Russians not grow any more food?

Russia and the world have lost 30 million tons of annual grain production since 1988, in this collapse brought on by combined catastrophic economic failures of both communism and “free trade” policies. This is 15% of the average 1980s crop level, which was never consistent or reliable. All livestock production has fallen dramatically; meat, milk, and egg production have all fallen by 20%; milling of flour and bread production are down by more than 10%.

The magnitude and speed of the economic crisis deepened by free trade renders ridiculous any claim that “natural limits” or “carrying capacity” have robbed the human race of this food.

The average yield of grain per hectare in Russia is now about 1.7 tons—it has fallen only 5%. In Ukraine the average yield is more than 3 tons, and has not dropped, but in Belarus and Kazakhstan the figure is lower than that of Russia. The worldwide average grain yield, however, is 2.6 tons per hectare, approximately the productivity level of India, or slightly higher. Russian farming is historically below this level due to lack of transport and water infrastructure, very low effective fertilizer use, scarce and poorly maintained machinery, collective farming, and slowness to introduce new technology. Ukrainian farming is above the world average, a fact which in itself demolishes the Worldwatch frauds.

If agricultural yields in Russia, Ukraine, and Kazakhstan were merely at the world level, that would increase grain production by about 100 million tons annually. If land cultivation were only returned to early 1980s levels, the increase would be 120 million tons per year. If these three nations reached an average productivity in grain equal to that of Ukraine, the increase would be almost 150 million tons of

grain per year.

If this improvement were to take place over 10 years of agricultural investment, the *yearly average* increase would be 12-15 million tons per year. This alone is larger than the total *maximum* yearly increase in grain production Worldwatch will allow *might* be possible.

Moreover, this is just the minimum practicable increase in grain yields. There are far greater possibilities for increasing grain output, even without large-scale irrigation. Consider the scale of increase in wheat and coarse grains output from the former Soviet Union (FSU) if average per hectare yields were raised to those obtaining for rainfed grain cultivation in western Europe.

Western European wheat yields are 276% higher than the FSU (5.14 tons per hectare compared to 1.86 tons per hectare). Coarse grain yields in western Europe are likewise 276% higher than the FSU (4.92 tons per hectare compared to 1.78). If the total FSU 1980 wheat and coarse grain cultivated area, 119.4 million hectares, could be brought up to levels of western European per hectare yields, then another 383.7 million tons (201.7 million tons of wheat and 182.0 million tons of coarse grains) could be produced in the FSU, as compared to 1993 levels.

This grain harvest increase in the former Soviet Union alone would increase total world wheat production 36%, and world coarse grain production 23% above 1993 levels.

### Lies about new farm technologies

There is more to the fraud of the Worldwatch agenda for the Cairo population conference. Worldwatch also claims that "the backlog of unused agricultural technology is shrinking in industrial and developing countries alike, slowing the rise of cropland productivity . . . with many of the world's farmers already using advanced yield-raising technologies." This claim is truly incredible with regard to farmers in Africa, South America, and many populous nations of Asia, especially China.

The most important of these broad technological advances are those of irrigation and water management. Worldwatch acknowledges that these still account for only 17% of farming worldwide, and have not increased since the early 1980s. Worldwatch director Brown also admits that increased yields from fertilizer use are heavily dependent on irrigation. But he claims that "lack of suitable sites for irrigation dams" constrains further expansion of irrigation, and that desalinating seawater is not considered a likely development by the British Royal Society or the National Academy of Sciences.

Here, truly, Mr. Brown's "God" has become very heavy-handed indeed (the Invisible Hand).

In fact, the best estimate from veteran agronomic researchers into both extensive farming and "protected agriculture" (hydroponics, aeroponics, and other forms of controlled environment, high-yield farming) is that two-thirds of

the off-the-shelf technologies for increasing surface area, or cubic area, yields of fruits, vegetables, fish, as well as field grains and livestock output, are, in effect, *not in use*.

The magazine *21st Century Science & Technology* published an analysis, "Advanced Technologies Can Feed Billions" (Fall 1993), taking apart Brown's assertion in 1993 that "most known means of raising food output are already in wide use." Three examples of developed, ready-to-go technologies given by the *21st Century* survey are: 1) "space travel"-style controlled environment food production; 2) combined fish and hydroponic production; 3) farming "by the foot."

The "space travel" category of farm methods refers to any of the greenhouse, hydroponics, "plasticulture," or similar methods of protecting and "babying" crops with custom-designed nutrients and growing conditions so that yields can be as much as 30-50 times greater than those from extensive farming. Japan, the Netherlands, and California specialize in this. Applied widely, the techniques could "make the deserts bloom" around the world.

Second, controlled environment fish tank production has reached the state of development, where even the fish effluent can be cycled back into hydroponics, for a "balanced meal" high cubic meter output of both vegetable biomass and fish tonnage per facility.

For high-yield extensive farming, tractors can be equipped with computerized tracking equipment, to take signals from satellite data, so that customized fertilizer and tailor-made seeds can be applied "by the square foot" in the field, based on previous soil surveys.

If farming the world over were improved by more energy and water, and upgraded to include more and more modern technologies, the world would easily produce delectable foods for billions more people.

### Worshipping God, or Gaia?

The entire basis of the Cairo world population conference, then, is a falsehood and willfully intended to force down already-falling human fertility levels to zero growth; notwithstanding, it is backed by the U.S. State Department and various scientific academies herded by those of Britain and the United States.

If Lester Brown's "God of natural limits" does not wish the nations of the Earth to produce any more food, we may find Brown's sin in the Book of Deuteronomy, Chapter 7: "And He will love thee, and bless thee, and multiply thee: He will also bless the fruit of thy womb, and the fruit of thy land, thy corn, and thy wine. . . . There shall not be male or female barren among you. . . . Thy fathers went down into Egypt with threescore and ten persons; and now the Lord thy God hath made thee as the stars of heaven for multitude." But if man worship a false, pagan god instead, reminds Deuteronomy, "the Lord shall scatter you, and ye shall be left few in number."

# Hebron massacre deals heavy blow to peace

by Muriel Mirak-Weissbach

It became clear in the aftermath of the Feb. 25 massacre in Hebron, that there were many hands pulling the strings of mass murderer Baruch Goldstein and his accomplices, both in Israel and abroad, specifically in Britain and the United States. Whether or not those hands are chopped off will determine whether the PLO-Israeli negotiations will be resumed, or whether the process will be ended.

The policy behind the mosque massacre was enunciated in the London *Independent* by Conor Cruise O'Brien, the establishment mouthpiece who has consistently articulated British geopolitical doctrine, whether vis-à-vis Germany, the Balkans, or the Middle East, since 1989. In his March 4 commentary, O'Brien identified "two strategic" objectives in Goldstein's shoot-up: to destroy the peace process and to trigger expulsion of the Palestinians from the Occupied Territories. "The collapse of this agreement," he wrote, "the return of Fatah to terrorism, and some spectacular attacks on Jews could easily lead the government of Israel to resort to massive repression, leading to a massive flight of population, whether intended or not." Dismissing the Palestinians' belief that the international community would prevent such expulsions as a "mirage," O'Brien concluded, "the reality, I fear, is that Baruch Goldstein's sinister calculations were only too well founded and that his ghost, and all the other ghosts of Hebron, are now in charge of events."

O'Brien's scenario is all too precise. The Hebron massacre has altered the objective as well as subjective situation in the region decisively. The immediate effect of the cold-blooded shooting of Muslims at prayer was to call into question the credibility of the partners to the peace process, starting with Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasser Arafat. Ultimate responsibility for the attack

was laid at the doorstep of the Israeli government which, as Jordanian economist and political commentator Fahed Fanek told *EIR*, "was partial to the crime, at least by default." Fanek's argument, echoed throughout the Arab world, was that "though the Israelis decree curfews for the Palestinians, they do not do the same for the Israeli settlers," and thus "allow armed wolves to roam among the lambs." Fanek pointed out that the massacre occurred on a Friday, the day on which the "Israeli army guards stationed at the mosque are usually on special alert." More generally, as the Israelis are the occupying power in the territories, they are held responsible for the Palestinian inhabitants' security.

Fanek's viewpoint was bolstered by reports of survivors of the massacre, who testified that the attack was mounted not by one but by a group of Israelis who unloaded several rounds of ammunition without intervention on the part of the army guards. Yasser Arafat declared that 10-12 settlers were deployed, and that at least a part of the military must have been witting. The first report, issued on Feb. 25 and updated on March 2, by the Palestine Human Rights Information Center, said at least 50 people were killed inside the mosque and courtyard by gunfire and five more were killed the same day, three in Gaza and two who were trying to reach hospitals where wounded had been taken. Eyewitnesses interviewed by the PHRIC testified that Goldstein entered the mosque, walking past Israeli soldiers standing guard, and opened fire, changing the clip on his machine-gun at least twice. One reported that "people tried to run away but soldiers came into the mosque and used tear gas at the entrance and also opened fire at people. It was impossible to tell who was shot by the settler and who by the soldiers. It all happened at the same time." Another eyewitness reported that a second man,

placed behind Goldstein at the mosque door, also fired shots from an automatic weapon. The second assailant reportedly escaped before Goldstein was seized. This view was not only that of the Palestinian victims. An Israeli TV military correspondent, Alon Ben David, reported that Israeli soldiers entered the mosque and shot at "those who were attacking the Israeli," Goldstein. On March 8, an Israeli commander admitted that of the eight soldiers deployed to the site, five, for some reason, "arrived late" that day. Palestinian investigators are trying to gain access to material evidence at the hospital, e.g., bullets extracted from victims, to determine who and how many were shooting.

### **Burden of proof is on Rabin**

Such charges placed the burden of proof on Rabin. Denouncing the mass murderer Goldstein in a Knesset speech Feb. 28, the Israeli prime minister embraced the "lone assassin" theory, and, by heaping praise on the military as an institution, seemed to rule out any complicity. Yet, as Arafat stressed, there exists a body within the Israeli military, similar to the Secret Army Organization (OAS) apparatus which tried to sabotage de Gaulle's disengagement from Algeria. Arafat pressed the Israeli government to adopt a Gaullist attitude and clean out *all those elements within the military, security, and police apparatus* which are contaminated. Otherwise the government itself, which has staked its mandate on its peace initiative, will lose all credibility as a negotiating partner and will be toppled. To regain credibility, it has no choice but to pull the string of the vast network, which ties the armed settlers to complicit military and political operatives, and through both, to the well-financed terror apparatus based in the United States. Rabin, who admitted the existence of this international nexus, is being urged to name the names from the ground level to the top political instigators, and rid the country of this menace. Minister for Absorption of Immigrants Yair Tzaban took a step in this direction by revealing that the killer groups among the settlers had received military training in New York State in July, at the hands of Israeli military reserve officers. He called on the U.S. government to take action, but at a March 8 press conference, the State Department spokesman could not answer questions on the issue.

If the Israeli government adopts the means it has at its disposal to purge and prosecute those responsible, persons whom Foreign Minister Shimon Peres did not hesitate to call "Nazis," it must as well face the task of disarming the settlers, a demand voiced by Arafat again after the massacre. If the Israeli state is responsible for the security of the settlers for such time that the settlements remain, there is no justification for tolerating a parallel, vigilante military force. Moreover, it is a fascist force, capable of becoming a Frankenstein monster in Israel. Ze'ev Sternhell, a Hebrew University expert on the origins of fascism, told *Libération* on March 9 that the Kahane movement was made up of "Jewish Nazis"

who, however, different from the German Nazis, have a "religious fanaticism" which would lead them to expel non-Jews from Israel and even prevent mixed marriages. This ideology led the rabbi eulogizing at Baruch Goldstein's funeral to state that "1 million Arabs are not worth a Jewish fingernail" and prompted Goldstein followers to flaunt their support for the mass murder, saying, "We are all Goldstein."

This ideology represents a poison which no civil society can tolerate. About 12% of the overall Israeli population, according to Sternhell's studies, embrace this ideology, with "active and passive sympathizers" reaching 25%. The mass demonstration organized in Tel Aviv on March 5, which saw Peace Now activists marching arm in arm with Israeli Arabs, called for dismantling the Kiryat Arba settlement in the interests of peace. To rid the country of the Nazis, "a little civil war" would be required, according to Sternhell.

Rabin has waffled so far. In the March 6 cabinet meeting, both he and Foreign Minister Peres overruled a motion, presented by a majority of ministers, to remove the Kiryat Arba settlers, even though, as Housing Minister Ben Eliezar stated, this move would be taken to protect the security of the settlers from possible reprisal. Rabin even invited the Tsomet party to join his coalition. Tsomet is led by Rafael Eitan, a former chief of staff, who made himself notorious with his 1983 characterization of Arabs as "cockroaches." Although nothing came of the proposal immediately, Rabin then approached the right-wing Shaas party with a similar offer, and on March 8, it was leaked that he was flirting with the Likud. Such moves indicate Rabin's somewhat desperate attempt to coopt part of the anti-peace opposition, perhaps in a Machiavellian ploy aimed at clipping their wings. Rabin is seen as betraying the psychological insecurity which gripped him in the 1967 war. While he goes on record as committed to continuing the peace process, he appears unwilling or unable to take those steps toward the settlers and settlements which are a precondition for negotiations. As Saeb Erakat, head of the Palestinian delegation at the bilateral talks in Washington, put it: "Rabin has to stop being hesitant. That part of him that wants peace must prevail over that part of him which does not want to give up the territories. It is his hour of truth."

Whatever the motives of Rabin's flirtation with the faction which endorses the policy, albeit not the methods, of Baruch Goldstein, it provoked furor even within his government's ranks. The Meretz party made known it would bolt from the coalition, should he bring in the Tsomet. The Palestinians are demanding that Rabin confront the security issue ruthlessly dealing with those political factions he has been ostentatiously wooing. It is now the consensus in the PLO, that unless the security issue is addressed effectively, there can be no more progress.

### **Palestinians in a Catch-22 position**

According to the peace initiative signed in September, Palestinian security in the territories is to be handed over to

a Palestinian police force; yet, futile haggling over numbers of police have prevented any agreement, while the militant settlers have made known, contrary to stated government policy, that they intend to "shoot Palestinian police before they can be shot." As PLO economist Mohamed Nashashibi said, "No national authority, even if we were given the 20,000 Palestinian police we have demanded, could deal with 120,000 armed settlers."

Related to the settlers' disarmament, which the PLO executive had defined as a precondition for renewing talks, the underlying issue of disbanding the settlements in the Occupied Territories, which had been postponed to a later stage in the interim negotiations, must be moved up on the agenda. As Ghassam Khatib, a former PLO negotiator from East Jerusalem told *EIR*, "The massacre revealed the defects in the Cairo and Oslo agreements, which need to be reviewed for the sake of success of the interim agreement." He noted, "our conclusion is that any accord which does not guarantee a separation between the settlers and the Palestinians will not work, because all the settlers are opposed to the peace process." And, "If the Palestinians [in the police force] have weapons, this could lead to a situation like in Bosnia." The "time bomb" of the settlers, in Faisal Husseini's words, must be defused.

U.N. Resolution 465 of 1980 states that the settlements are illegal and should be disbanded. In this regard, six members of the executive committee of the PLO and a large number of national council members are requesting that the Oslo and Cairo accords be reviewed, such that the following priorities head the agenda: 1) Israeli withdrawal; 2) dismantlement of the settlements; and 3) inalienable rights of the Palestinian people.

### **Anti-Arafat factions strengthened**

Unless these issues are resolved, Arafat will pay the price. The Hamas movement, which has been vying for hegemony among Palestinians in the territories, made massive political capital out of the massacre, establishing itself as the leading force in Hebron and elsewhere. Even in Jordan, whose government cut off peace talks (as did the Syrians and Lebanese), daily mass demonstrations have been channeling protest as much against the Israelis as against Arafat. Hamas locally, and the Group of Ten Syrian-based Palestinian organizations doctrinally opposed to the Gaza-Jericho accord, have played the massacre as proof that "there is no result of the peace negotiations" and that "resistance, including armed struggle, demonstrations and strikes" is the only strategy, in the words of Jordanian-based Hamas leader Mohamed Nazzal.

If Arafat is to keep any bargaining position whatsoever, he must show his ability to wrest concessions from the Israelis which will guarantee the security and economic well-being of the Palestinians. His executive body has already been reduced by defections, and there was the threat of an institu-

tionalized split between the PLO leadership in the Occupied Territories, which is more intransigent in its demands for protection of Palestinians on the ground, and the Tunis-based leadership directly involved in the talks. Unless Arafat can reverse the situation, such internal friction is destined to increase to the point that he may end up being the lone negotiator, representing no one. That would mean the end of the peace process.

The dangers on the ground are two: that the Hamas and other rejectionist movements of the Group of Ten will take up arms and retaliate, plunging the region into war, and that the Israeli extremists will launch another atrocity, bringing Israel itself to the brink of civil war.

Already, the Intifada has resumed in full force. Since the Feb. 25 massacre, daily riots have hit cities of the Occupied Territories (West Bank and Gaza). Casualties due to Israeli shooting of stone-throwing youths, have reached over 25, which means that half as many Palestinians have died since Hebron as in Goldstein's massacre. Demonstrations and rioting have become the daily fare on the other side of the "green line" within Israel proper, for the first time. These riots, led by Israeli Arabs in Lydda, Ramla, and Jaffa, have introduced a new factor, as Palestinians are burning down Israeli shops, confronting Israeli forces with a new form of protest within their borders. This is a recipe for civil war.

Subjectively, the Hebron massacre and its aftermath have dealt the death blow to whatever optimism remained among Palestinians in the territories regarding the prospects for a peaceful future and economic betterment. Despite concrete plans for vast infrastructure projects, as agreed upon in Oslo, virtually no money has flowed into the territories for development, due mainly to World Bank sabotage. The massacre in Hebron turned the entire peace process upside down, putting economic cooperation, the precondition for any accord, at the bottom of the list. Thus a population which, regardless of political preferences within the Palestinian camp, nurtured hopes that the agreements might bring rapid, visible improvement in their concentration-camp style living conditions, has been cruelly deluded. Bitterness, and rage have supplanted the hope that had been ignited. A.M. Rosenthal, a *New York Times* writer hostile to any Arab-Israeli peace, cynically rejected the very idea of "great technological and scientific cooperation to put deserts into joint bloom," referring to the economic protocols of the Oslo accords. On a higher plane, the Hebron massacre dashed hopes in precisely such a venture.

As *EIR* has documented, leading spokesmen both for the PLO and Jordan have endorsed the idea that the most advanced technologies available, such as nuclear-powered desalination, could be harnessed to define new parameters for the region's development. For Rosenthal, as for the immediate controllers of Baruch Goldstein, talk of desert gardens, particularly if for Arabs, should be put off "until another day, another century."

# A tank does not roll backwards from the battlefield, Mr. Clinton!

by Katharine Kanter

The first thing a big-game hunter learns when stalking a dangerous beast is either to kill it outright, or to pack up his toys and games and go home. Judging by what has happened in the last days on the Bosnian front, President Clinton had better drop trout fishing and call in some Bengali tiger hunters to handle the British.

On Feb. 28, the world rejoiced as American F-16s shot down four Serbian fighter-bombers returning to Krajina. The U.S. action was not in pursuance of the Feb. 10 NATO ultimatum to Serbia, which expired into dust on Feb. 21, but was a unilateral act, in execution of the U.N. Security Council air interdict proclaimed in March 1993. Although violated tens of thousands of times by the Serbians, never before had that interdict been put into effect. The Serbian planes were from a squadron of six, turning back from a raid on the Bosnian munitions factory at Novi Travnik. They had taken off from the Udbina military airbase in Serbian-occupied Krajina, manifestly to test U.S. reaction: The Serbians first sent up two planes, which were shot down, then two more, which were shot down, and then the third pair, which got away, or were allowed to get away.

Two days later, on March 1 in Vienna, the government of Bosnia and the Bosnian Croats signed a document entitled "Confederation Agreement," brokered by American diplomat Charles Redman, the primary and most laudable aim of which appears to be to arrive at a cease-fire between the Bosnian government and the Croatian forces inside Bosnia. Although the document, in spite of its title, is simply a treaty to create a Bosnian-Croatian federation inside Bosnia, whereas that chapter dealing with a hypothetical future confederation between the Republic of Bosnia and the Republic of Croatia remains vague in the extreme, the real question remains what the United States in fact intends to attain, from a strategic standpoint, with this agreement. At this point in time, any pressures put upon Bosnia to agree to a confederation would merely be an impotent attempt to use both Bosnia and Croatia as surrogates, in order to put the lid down on a terrifying strategic crisis into which Russia and the United States have been thrust by Great Britain.

While for Bosnia and Croatia, the key thing is to come to

a military alliance against Serbia, and to blow the whistle on the Great Game in which they are both nothing but pawns, the United States has incomparably more freedom to act than either. But nothing, absolutely nothing, has been done by the U.S. administration to lift the arms embargo against Bosnia, an act easily within its power to bring about, and which alone could change the entire course of the war and almost certainly bring about a Bosnian victory.

In any event, Bosnian Serb leader Radovan Karadzic told the German magazine *Der Spiegel* in the second week in March that he rejects the federation agreement, and his so-called foreign minister, Aleksa Buha, said, "There will be no return to a sovereign and integral Bosnia." On March 9, Redman met with Serbian President Slobodan Milosevic, who told him that Serbia might generously consider taking part in the Vienna talks, if all economic sanctions against Serbia are lifted. That may very well be in the cards. On March 7, a Bulgarian Danube flotilla carrying 6,000 tons of diesel fuel moved into Serbian waters; the crew radioed they would blow up the cargo if they were stopped. They were not stopped.

## A new Versailles Treaty

The fear is that the U.S. moves reported above were merely tactical, shooting into the dark to test Anglo-Russian reactions, and that some sort of secret pact has been reached between Russia, the United States, and England to draw up at the expense of the Bosnian state, a *new Versailles Treaty*, as Karadzic said in so many words to the Madrid daily *El País* on March 9. To *Pravda*, he said: "I would like to believe that the war will end soon, and we will create a *new border between East and West*" (emphasis added). This would mean dumping the Owen tripartition plan, for an equally immoral and unacceptable *bipartition* plan with half of Bosnia going to Serbia.

As the slaving wolf pack, led by the London *Daily Telegraph*, goes for Clinton's throat over the so-called Whitewater scandal, and as Richard Nixon, with official approval, engages in the strangest of maneuvers with the Russian opposition in Moscow, the U.S. administration appears



Bosnian Vice President Ejup Ganic (left) at a meeting in Sarajevo in October 1993.

to be signalling that its tanks may be rolled back. On March 8, when the Serbians attempted to shoot down a NATO plane over Serbian-occupied Krajina, wounding three of the five passengers, there was no retaliation by NATO, save a lame statement the following day that "greater security measures" should be taken for such overflights by bringing them up to a 15,000-foot altitude. Violent Serbian artillery attacks in the Gospic region of Croatia early this week have also met with no response.

The fear is, that the U.S. administration will compromise in order to stave off the specter of a pan-Balkan war, and accept what amounts to nothing more than a Russian promise to cool off Serbia, i.e., pie in the sky. And that to get that, the United States will allow Karadzic's new "East-West line" to be drawn through the Balkans. This time around, however, now that the British have rolled out the red carpet for Russia in Bosnia, Russia's influence will extend toward the Adriatic and the Mediterranean, the prize it never won at Yalta. As a sweetener to the United States, England has made noises about allowing Turkish troops to be moved into Bosnia under Unprofor (U.N. Protection Forces) aegis, which deployment it has successfully blocked for two years of war, under the pretext that the Turks would help the Bosnians.

### **British invasion force to be beefed up**

A few hundred Turks in Bosnia will not bother the British or the French much; Lt. Gen. Sir Michael Rose, head of Unprofor in Bosnia, an SAS man expert in secret intelligence and "counter-terrorism," spent the first week in March lobbying in the British Parliament for his country's pro-Serbian invasion force to be beefed up. Shortly, 900 troops from the Duke of Wellington Regiment, and 80 Saxon armored troop carriers, will be sent into Bosnia. The French government has agreed to send in about another 1,000 of their choirboys as well, which brings the number of the French invasion force up to 7,000 crack troops.

Meanwhile, on the blood-soaked terrain of Bosnia, the British are running the show. On March 8, it was the British ambassador to the U.N., David Hannay, who called a meeting of the 20 countries involved in Unprofor, to "see" who

might be "allowed" to contribute some of the 10,650 additional troops that *British* Lt. Gen. Sir Michael Rose demanded. The new Bosnian-Croatian Federation agreement may be the brainchild of the United States, but it is *British* troops who have been designated, as though by some mysterious force, to patrol the Bosnian-Croatian cease-fire lines. It is *British* Brig. John Reith who met with the Bosnian chiefs of staff at Gornji Vakuf to discuss the cease-fire arrangements, and, according to the London *Times*, his role as commander of forces in Bosnia has just been expanded: The *British* have created a new South-West sector, where the *British* will be commanding Spanish, Malaysian, and Canadian troops. It is the *British* who have been "masterminding," in the *Times*'s words, the handing over of Croatian and Bosnian heavy matériel to the Unprofor in pursuance of the cease-fire. It is the *British* who have decided upon 15 so-called "active weapons sites" where they will "allow" (sic) "up to six" guns to be pointed outwards, so that the Bosnians or Croats may respond in the event of an attack by Bosnian Serbs!

Again, on March 6, it was British General Rose who met with Karadzic at Pale, the site from which the Serbians have destroyed Sarajevo, and agreed with him that Russian troops would be moved into Tuzla, and that all Bosnian troops would be withdrawn from Tuzla airport, in exchange for a Serbian "promise" to allow Unprofor to reopen the airport for humanitarian flights. Tuzla is the capital of the most strategically critical province for the Bosnian war effort. Although Unprofor has had hundreds of heavily armed troops all over the airport for a year, the British have argued that they could not "protect" incoming flights—until such time as they got the Russians in on the deal the week before. But the Bosnian government had just put out an official statement, reiterated by Vice President Ejup Ganic, that they would not accept one single additional Russian soldier on the territory of Bosnia.

Once the British had achieved their aim, and the first Russian "technicians" were flown into Tuzla on March 9—the Bosnian government had removed its troops from the airport the day before—the Serbians promptly announced that they would not allow the airport to be reopened until they were satisfied about "air corridors"; U.N. spokesman Sylvana Foa chimed in that the airport could not be opened "for a week to 10 days."

### **Serbian-U.N. aggression incessant**

The situation on the ground in Bosnia is appalling. In the northern Bosnian city of Maglaj, which has been subjected to uninterrupted shelling by the Serbians, and which is about to fall, 20,000 people have been living underground for months. Forty people were killed in late February as 4,000 shells fell on the city. The last aid convoy to reach Maglaj was on Oct. 25. The only food has come from airdrops. In their X-thousandth violation of the farcical air interdict, the Serbians bombed the Maglaj bridge on the weekend of Feb.



26; NATO rushed to declare that that raid was “unconfirmed.” On March 4, the U.N. Security Council said it would “think about” declaring Maglaj a “safe area”—in 10 days time.

How good it is, to be a U.N. “safe area,” such as Srebrenica, which was declared such on May 3, 1993! The city is about to fall. The suburbs, the villages of Ljeskovik, Ureici, Klocjevac, Susice, Jasenov and Podravanje fell after U.N. troops *withdrew* from the area in early March. Communications between Srebrenica and Zepa (also a “safe area”) have been cut. Fresh Serbian troops are pouring into the area. On the night of March 4, according to the Bosnian Information Center in London, 1,000 refugees who had been moved by U.N. troops into a “safe” camp at Slatovici, had to flee before the Serbian assault.

Since Feb. 6, another city critical to Bosnian defenses, Bihac, has been under relentless shelling by the Serbians, because it lies between Serbian-occupied Krajina and those parts of Bosnia they have seized. On March 1 alone, Unprofor troops stood around whistling, and counting, as heavy artillery fire rained down *500 times* on that one day upon the city. Unprofor has confirmed that the Serbians are having a field day with the air interdict, using Gazelle helicopters to fire missiles at villages on the Grabez plateau. Between February and early March, the Bosnian defense lines have been forced back by five or more kilometers.

Western military observers (“voyeurs” would be a more appropriate epithet), have confirmed that 3,000 fresh Serbian troops have been moved up from Pale, Prijedor, Banja Luka, and Sarajevo—from the latter city, thanks to the Russian relief column replacing them. In a criss-cross movement, and not by coincidence, given the fingertip British control over Unprofor, at least 2,000 U.N. troops were moved up to Sarajevo to “police” the cease-fire there—needless to say, it has already been broken with impunity by the Serbians—thus stripping the areas under immediate Serbian attack of their supposed defenders; meanwhile, the Serbians were able to bring their heavy matériel and an unknown number of men out of the Sarajevo area up onto other lines. Volunteers are now pouring into the Bihac region over the border directly from Serbia, and General Mladic, commander of the Serbian forces in Bosnia, has just visited the region.

Could it be plainer, that the Bosnians themselves count for nothing in the Great Game? As the Paris daily *Le Figaro*'s correspondent Isabelle Lasserre wrote: “In Bihac, Bosnian Commander Dudakovic dreams on. He still thinks NATO will step in!” The French commander in the area, Colonel Légrier, told Lasserre that Dudakovic “is *over-dramatizing* when he says he can only hold out three weeks. He is just trying to get the Unprofor onto his side and convince NATO to help.” A man whose leg, but not his sense of humor, had been blown off by a Serbian shell, said to the French daily: “Things here are great, just great. We are under U.N. protection—think how awful it would be if we weren't!”

## ADL is messing with German elections

by Rainer Apel

Last autumn, a massive slander campaign launched by the entire political left of Germany, including the Social Democratic Party (SPD) and the World Jewish Congress, brought the candidacy of Christian Democrat Steffen Heitmann for President in the May 23 elections to an abrupt end.

### Heitmann forced out

Heitmann became a target because he broke a taboo of postwar German politics when he questioned the phony “anti-fascism” of the Anti-Defamation League (ADL) of B'nai B'rith and co-propagandists in East and West, and their self-proclaimed right to interfere in German politics. He said it was not acceptable for Germany's reputation to be determined forever by debates on the Nazi Holocaust against the Jews; he said that it should finally be acknowledged that postwar democratic Germany, especially since unification in 1990, had nothing in common with the Nazi Reich.

Heitmann received no backing from his Christian Democratic Union party (CDU) against the attacks, which labeled him a “neo-Nazi,” and even Chancellor Helmut Kohl told him it would be better for the atmosphere at home and abroad if he were to pull out of the race—which he did.

The affair had the smell of the black propaganda campaigns that East bloc disinformation specialists used to launch against West Germany. The broad mobilization of leftist forces against Heitmann also gave a foretaste of bigger things to come.

The national party convention of the SPD in Wiesbaden last November provided the first hint that “anti-fascism” was being planned as a major theme for the 19 different election campaigns in 1994, as a tool against the government of the CDU and Kohl. “Fight the Rise of New Heitmanns,” “Stop the New Nazis,” and other slogans that dominated the debate at the SPD congress, indicated that the super-election year of 1994 would become a troubled one.

### Economic program lacking

For the SPD, the “anti-fascism” or *antifa* tack also provided an opportunity to compensate for the lack of a convincing economic program. This method has a long tradition, and because it worked in the case of Heitmann, the leftist Social

Democrats who are in this special branch of politics have been encouraged to try more.

But it is difficult to sell “anti-fascism” to a wider segment of citizens in a country such as Germany that does not have the massive scope of racist and anti-Semitic incidents that, for example, Britain has. Even though such incidents have increased over the past four years, violent *antifa* countergangs have been sent in to ensure the situation remains heated.

For example, the upcoming soccer match between England and Germany. For unexplained reasons, the European Soccer Federation fixed April 20 as the date for the match, even though it was aware that matches with English teams tend to attract hordes of violence-prone British skinheads as well as their counterparts from the host nation. April 20 is also a special pretext for provocations by skinheads and neo-Nazi groups, because it is the birthday of Adolf Hitler. April 20 has been designated by the *antifa* underground as the beginning of its counter-campaign against the neo-Nazis, with whom they have a more than symbiotic relationship.

### What’s Kissinger’s role?

Nobody with a sane mind would have fixed that date for a soccer match. But the sanity of soccer officials is also questionable on other grounds as well: They recently brought Henry Kissinger onto the board of the Federation of International Football Associations.

The circumstances of the match smell of orchestration and provocation. When authorities in Hamburg, the city that was first named for the match, cancelled permission for the event because they had evidence of a nationwide buildup for left-right clashes, the soccer association chose Berlin, keeping the April 20 date, naturally.

But Berlin is “Hitler’s capital” in the eyes of *antifa* activists. And, indeed, the *Interim* journal (No. 274) of the radical left underground called “the planned match on the Führer’s birthday, in the stadium built by the Führer [for the 1936 Olympics], in the capital of the Führer’s Reich, a huge provocation.”

### Police are alarmed

Berlin police have already raised alarm over preparations in the *antifa* scene for “offensive” actions that also aim to kill “neo-Nazis” in violent clashes. *Interim* stated that “we are living in a hostile hinterland. . . . The fact that, in an atmosphere that has been hyped up through ethnic pogroms and state repression, a fascist may well get killed, shouldn’t surprise anyone.”

This has to be prevented, and it would be helpful, for example, if persons who have experience with the provocative role played by the Anti-Defamation League in racist clashes in the United States, assisted in defusing the violent buildup. Such killings would visibly encourage the *antifa* to intensify its subversive operations.

## Goons assault LaRouche associates

The two goons pictured here are from Germany’s “anti-fascist” or “*antifa*” scene, photographed on Feb. 28 in Heidelberg as they conducted a violent attack against two members of the Solidarity Civil Rights Movement (BBS) who were gathering petition signatures for the upcoming European parliamentary elections. Immediately after this photograph was taken, the goons were joined by three more, who together struck and kicked the two petitioners, one of whom had to be hospitalized. In a statement later, BBS spokesman Anno Hellenbroich demanded that “it is more necessary than ever now to stop the hate campaigns which have been led under the guise of ‘anti-fascism.’ ”

EIR has documented, in a German-language special report entitled “Strategy of Tension,” how both the German “left” and “right” radical scene is being manipulated



by a combination of British and former communist East German intelligence assets as a means of keeping Germany domestically unstable, with the aim of preventing Germany from playing a leading role in the peaceful economic recovery of western and eastern Europe.

# Negotiations with the Zapatistas: a Camacho coup d'état in Mexico

by Hugo López Ochoa

Mexican government negotiations with the Zapatista National Liberation Army (EZLN) ended their first phase with a total capitulation by President Carlos Salinas de Gortari to the principal demands of the narco-terrorists. Central to those demands was the Zapatistas' insistence on an extraordinary session of Congress to pass a reform of Mexican electoral law which would allegedly guarantee clean presidential elections on Aug. 21, which would reform Article 4 of the Constitution, and which would grant political, judicial, and language autonomy to the country's Indian communities.

Apart from the demands for improved health, education, and other social needs which were included on the list of 34 points conceded by the government, a key EZLN demand was that their terrorist movement be granted "belligerent" status. If Salinas did not accept this demand, the narco-terrorists said, he must resign to make way for a transition government that could guarantee compliance with the full list of demands.

Salinas did not resign nor did he grant the Zapatistas belligerent status, but, supposedly to gain time, he openly or covertly granted every other demand. The world was stunned. Never before has there been a case of a narco-terrorist group winning so much in so little time (seven weeks) without a real military force behind it and with a theater of operations limited to one state, Chiapas, which has only 3.5 million out of the country's 85 million inhabitants.

But it was the EZLN, not Salinas, which in fact gained time, since it is the EZLN which remains intact, fully armed and, according to its "Commander Marcos," ready to lead a new uprising should the results of the Aug. 21 elections not be to their liking. Or *before* Aug. 21, if hardliners from the PRI ruling party should prevail in Congress and the concessions are not fulfilled.

## Foreign pressures

The truth behind the negotiations is that it was pressure from the U.S. State Department, from the non-governmental and human rights organizations financed and deployed by Anglo-American intelligence, and from private institutions financed by powerful groups of speculators and financiers such as George Soros and the Inter-American Dialogue,

which broke the President's resistance and prevented the launching of a definitive military operation against the Zapatistas.

The result is that Salinas is now a lame duck, controlled by Manuel Camacho Solís, the former foreign minister and former Mexico City mayor who was foisted upon Salinas by all of the above-named institutions for the post of "Commissioner for Peace and Reconciliation in Chiapas," and who now serves as the messenger of the Zapatistas' Marcos and of "Commander" Samuel Ruiz, the theology of liberation bishop from San Cristóbal de las Casas, Chiapas and the real chieftain of the EZLN.

What has occurred in Mexico is a coup d'état, headed by Manuel Camacho Solís but with foreign backing. As the apparent architect of the negotiations, Camacho has been left with so much power that everyone is now asking if he will overthrow Carlos Salinas de Gortari; if he will replace Luis Donaldo Colosio as the ruling PRI party's presidential candidate, if he will launch himself as an independent candidate in order to defeat Colosio at the polls, or if he will use his power simply to pave the way to the presidency for Cuauhtémoc Cárdenas Solorzano, the presidential candidate of the Zapatista electoral arm, the Party of the Democratic Revolution (PRD).

The truth is that all of these questions are redundant since, by using the EZLN as a Damocles' sword over Salinas's head, Camacho has already de facto overthrown the President, imposing his own agenda on the negotiations; he has already broken the candidacy of Luis Donaldo Colosio, by forcing the government to accept the presence of "foreign observers" at the Aug. 21 elections (something once considered taboo, because it is a violation of national sovereignty); and he has already in his hands the power to launch himself as an independent candidate whenever he wants, depending on the circumstances, or to open the door to Cárdenas.

## Path to civil war

The tragedy is that all of these options will lead to civil war, which would begin with the dismantling of the PRI, the party which has ruled Mexico since 1929 and which is currently racked by confusion and polarization of forces

around the government's concessions to the Zapatistas. Further, the country's agricultural and industrial producers see themselves in the mirror of Chiapas, where the insurgents wreaked havoc, expropriated land, imposed "war taxes," and kidnapped, harassed, and murdered those opposing them in the style of Peru's Shining Path terrorists, according to inhabitants of those areas declared "free zones" by negotiator Camacho Solís.

Several columnists have already stated it outright: If the narco-terrorists get their way, there will be two Mexicos—an Indian one with its own laws, language, and army, because the EZLN has never disarmed; and another *mestizo*, which is the vast majority of Mexicans. In the case of Chiapas, a state bordering on Guatemala, there is the additional danger of the EZLN's separatist zeal being encouraged by the autonomy concession.

Of all the options, the one which has grabbed most attention is that of an independent Camacho candidacy. It is no accident that his Wall Street and London friends have already launched an unprecedented campaign on his behalf. Various articles have appeared in the *Washington Post*, the London *Financial Times*, the *Los Angeles Times*, and the *New York Times*, openly backing him as Mexico's next President.

The Feb. 27 *Washington Post*, for example, stated, "The Chiapas peace talks have made Mr. Camacho the symbol of a more open system, with greater choice for the public and less official corruption. . . . If he should run against Mr. Colosio, there would be nothing automatic about the outcome," that is, a PRI victory would not be assured.

While presenting the idea that the Chiapas conflict could prove a turning point in the political history of Mexico, the U.S. daily defined relations between the Salinas government and its negotiator as "ambiguous." "Mr. Camacho has gone farther than the government expected in his criticism of the present political system," editorialized the *Post*, "but it hasn't repudiated him." The daily acknowledged that Camacho is allied to Cárdenas's PRD, which has become the virtual electoral arm of the Zapatistas and fully backs its demands. "For the fragmented and disorganized Mexican left, the negotiations have served as a sort of catalyst," the *Post* asserted.

### 'Free elections' a separatist smokescreen

Another *Washington Post* article on Feb. 24 makes clear that the Zapatista demands for free elections and opposition to the North American Free Trade Agreement (NAFTA) are pure demagoguery. The *Post* was also delighted that in the peace talks, negotiator Camacho did an "about face" and agreed to open the talks to a national agenda, when just days earlier he had said such a thing was impossible. "There are many of us who want change . . . and new treatment for Indian communities throughout the country. The solution will be a commitment to democracy," said Camacho Solís.

But what is this "new treatment" of the Indians which "Commander Marcos" is demanding? Above all, it is the de-

mand for "administrative and political autonomy" for the Indian communities. This concession would mean the destruction of the current federal pact established by the Constitution, and would set the basis for Mexico's territorial disintegration.

On Feb. 24, the London *Financial Times* celebrated this "change in strategy," assuring readers that Camacho was privately pressuring for "the necessary political concessions if the crisis in Chiapas is to be resolved."

That British intelligence and the Anglo-American financial elites are behind all of this is proven by the fact that one of the leading human rights groups active in Chiapas, Americas Watch, is heavily financed by speculator George Soros, whose links with Camacho Solís were revealed when the latter, as mayor of Mexico City, granted Soros a concession to construct the huge speculative real estate emporium known as "the Santa Fe project."

### Speculators seek a divided Mexico

Clearly, a divided Mexico at war with itself will more easily fall prey to international speculators such as Soros, and to its international banking creditors. That they in fact might want to provoke such a civil war, using the elections as pretext, is revealed by Anglo-American agent of influence Alan Riding who, in a *New York Times* article on Feb. 27, said, "If Mr. Colosio wins, will anyone believe him? . . . For unrest to be avoided, Mr. Cárdenas would have to concede defeat. . . . In the past, Mexico's political system escaped outside scrutiny. But after NAFTA, Congress, human rights groups and the press in the United States are all eager to test Mexico's claim to be a democracy. So this year, even Washington must sign off on the fairness of the elections."

On March 9, the *Wall Street Journal* entitled its coverage, "Tensions Run High in Mexico's Politics as Camacho Considers a Run for Office." The daily reported the situation inside the PRI: "If Camacho accepts the candidacy for another party, we'll finish him. He'll be a traitor."

Clearly, if a successful military offensive against the Zapatistas is going to be launched, President Salinas will have to break with his friends of the São Paulo Forum (a Cuban-spawned collection of narco-terrorist organizations and sympathizers from across the continent) whom he has helped in negotiations with their respective governments, including his official biographer, the Sandinistas' Tomás Borge.

He will also have to break with the Anglo-American establishment, the authors of NAFTA, who are now betraying him as well. For the bankers, Salinas, Colosio, and the PRI are unsalvageable. The British press agency Reuters reflected this view in a Feb. 24 report on the recent World Economic Forum in Davos, Switzerland, which was attended by a desperate President Salinas during the Zapatista destabilization. Said one diplomat quoted at the affair: "A banker told me that Salinas was treated like dirt at Davos. No one wanted to see him." Why then insist on keeping the chimera of "investor confidence" alive?

# On eve of elections, Ukrainians have had it 'up to here'

by Konstantin George

One of the greatest tragedies that has occurred in Europe since the 1991 independence of the former Soviet republics is the fate that has befallen Ukraine. In principle, independence began for Ukraine with great promise. This nation of 52 million is extremely rich in agriculture and industry, including a large high-technology sector. Above all, it is blessed with an educational and scientific skill level comparable with that of developed Europe. But now, two and a half years after independence, Ukraine's economy and society are in shambles. The outcome of the crisis in 1994 will be decisive for the fate of Russia, and hence Eurasia, for many years to come. In a tour of Ukraine in late February and early March, this author received an in-depth picture of the situation in Ukraine at the start of this fateful year.

The economic and social deterioration is even worse than in Russia, and is driving the country toward an immense and incalculable social explosion. This could occur any time after the March 27 parliamentary elections. The living standard for at least 90% of the population has become intolerable. Wages, when they are paid at all, are lower than in Russia, and large parts of the work force have not been paid in two months. No one can really live on the basis of wages alone. Real income is the wage plus whatever can be earned by various buying and selling operations, involving goods and services. The average monthly income is about the equivalent of \$50-75, with many people below that figure.

Prices are close to or in some cases higher than western European levels. These prices are rising rapidly all the time, with a monthly hyperinflation rate of 120%. The only areas of life still unaffected by this are prices for rents, mass transportation, and utilities.

Compounding the problem is that the days are gone when local inflation, as measured in prices denominated in the Ukrainian ersatz currency, the karbovanets, could be counteracted through the acquisition of a small amount of dollars. Prices now are equally high, whether paid in the dollar or the karbovanets (known as "the coupon"). Introduced in the autumn of 1992 at par with the Russian ruble, or about 1,000 to the dollar, the coupon in late February was at 36-37,000 to the dollar, and within days again down to 38,000 to the dollar, and roughly at 25:1 to the Russian ruble. This free fall is continuing with no end in sight.

Ukrainians can, and do, differ on many questions. How-

ever, a universal refrain is: "This just cannot go on; it can't."

A word must also be said concerning the extraordinary civility of Ukrainians, living for so long under such impossible conditions. People are unhappy and suffering immensely. However, I was struck by the nearly total absence of this misery being reflected or expressed through open rage in public, in contrast to, for example, street scenes of rude pushing and jostling all too common in Russian cities.

## How the crisis was created

The worst part of the Ukrainian tragedy is that the crisis was man-made by powerful western, largely Anglo-American, forces working in tandem with the neo-imperialist elite ruling in Moscow. Under East-West "New Yalta" arrangements, Ukraine has been abandoned by the West, and left open to the Russian policy of securing the reconquest of Ukraine as the cornerstone of a new Russian Empire. As we shall see, Moscow's weapon in this policy is not the Russian Army. Ukraine's predicament is that, lacking western support, it is completely dependent on Russia for energy. Moscow regularly uses the blackmail weapon of reducing or stopping vital supplies of oil and gas, without which Ukraine comes to a standstill, and fuel for the nuclear reactors that produce so much of the republic's electricity supplies.

The latest case of natural gas curtailments began in late February and continued into the second week of March. The game is always the same: Gas or oil is curtailed or turned off, and in exchange for supply resumption, a new round of Ukrainian political concessions to Moscow is demanded. This "slow burn" method of whittling down the nation's capacity to resist future reconquest has had, combined with internal factors, the effect of achieving a potentially dangerous depoliticization of a large segment of the population. This is reflected in a desperate mood in a large minority of the population, a yearning for a return to economic and social security, no matter who delivers it.

The deterioration, playing into the hands of Moscow, has been aided and abetted in the two years since independence by the members of the "ex"-communist nomenklatura who still rule Ukraine. There are many honest, patriotic Ukrainians in positions in both the government and leading institutes, who constitute the best hope for the future, if they could be united into a coherent nation-building force, combined with



*Ukrainian President Leonid Kravchuk gives a press conference in Washington on March 4, 1994. His regime is running the economy according to the dictates of Moscow and the western banks.*

the best leaders and figures in the various parties now in opposition. In the nomenklatura-dominated system, the hands of these people are tied. The decision-making machinery has been solidly under the control of corrupt nomenklatura networks.

This "ex"-communist nomenklatura has sabotaged the post-independence economy, creating the destabilization required for an eventual Russian reconquest. This nomenklatura has ruled Ukraine as a sort of trusteeship for Moscow and the International Monetary Fund (IMF). It has plundered the nation for its own enrichment, which can be gauged by the question of state-organized capital flight, and the symbiotic relationship between the nomenklatura and the "privatization" promoted by the IMF.

The Ukrainian state earns from export sales by state enterprises a rock-bottom \$8 billion per year in foreign exchange. What the state "earns," however, the state never sees. According to informed estimates, since independence, only 5% of the foreign exchange earned by state enterprises has been turned over to the state. The rest has vanished into western bank accounts. This does not mean that state enterprise directors are all criminals. The rules for export earnings, set by the top nomenklatura figures, force the enterprises to behave this way, even if the enterprise directors themselves would gladly bring the capital back to invest in Ukraine. Remember,

the rate of the coupon is 38,000 to the dollar. Under the rules of the Kravchuk regime, any hard currency earned by state enterprises and held in Ukraine must be exchanged at a ridiculous rate which is about one-sixth that of the real coupon rate, ensuring, to the delight of western banks, that nearly all the money earned in the West will stay in the West.

An even bigger scandal has been the so-called privatization. Choice properties are put up for sale to private persons or groups. Invariably, these groups turn out to be composed of leading nomenklatura figures, or includes them as partners with either Moscow or western interests. These properties are sold at ridiculously low prices.

For example, one of the leading high-rise hotels in the capital, Kiev, was sold to a group involving the family of former Ukrainian Communist Prime Minister Vitold Fokin, for a mere \$15,000! In another case, an industrial plant was sold off to nomenklatura "private" interests, for the grand sum of about \$100,000. The plant had \$22 million in almost-new imported western machinery. The nomenklatura grouping in question went into the export business, exporting some of this nice machinery, and reaped a very handsome hard currency profit.

### **Political cutoffs of energy**

Through a combination of "inside-outside" operations by Moscow and its fifth column in Ukraine, the crisis will worsen, especially after the March 27 elections. The stage for energy blackmail was set when on Feb. 20, Turkmenistan abruptly stopped all gas shipments to Ukraine, citing Ukrainian non-payment. This was a bogus reason, since Ukraine has a surplus of items needed in Turkmenistan, which could be bartered for the gas in case Ukraine cannot pay in cash. The real reason was that Moscow wanted Ukraine to have no alternative to Russia for its energy source. That became clear, when on March 5, in the culmination of several earlier supply reductions that had begun soon after the Turkmenistan move, the Russian gas monopoly, Gazprom, reduced the flow of natural gas to Ukraine from the "normal" 160 million cubic meters per day, down to 30 million. Gazprom declared that Ukrainian non-payment of about \$900 million owed for gas deliveries forced their move.

To the uninformed person, the reason might sound convincing. However, also on March 5, Gazprom made an parallel announcement that normal supplies would be continued to the republics of Belarus and Moldova. Both these republics, proportionately, are as much in arrears as is Ukraine. Both promised to begin installment payments. So did Ukraine, and that before the Gazprom cutoff, when Ukraine said it would immediately pay \$20 million as the first installment. Beyond that, the Russian supply disruption came only days after Ukraine and Russia had signed an agreement regulating the amount of Russian gas deliveries from 1994 through 2005.

The reason for the near cutoff is political. Belarus, already de facto owned by Moscow, is moving toward some

form of union with Russia, which will probably take the formal form of a "confederation." For Moldova, Gazprom's continuation with normal deliveries was linked to the referendum of March 6, where a clear majority of those who voted chose to keep Moldova independent, and against any union with Romania. Timed with the Gazprom announcement, Moldovan President Mircea Snegur announced that the referendum outcome was a vote of confidence in his policy of forging close links with Russia.

The Russian gas cutoff against Ukraine was otherwise timed deliberately to coincide with the Washington visit of Ukrainian President Leonid Kravchuk.

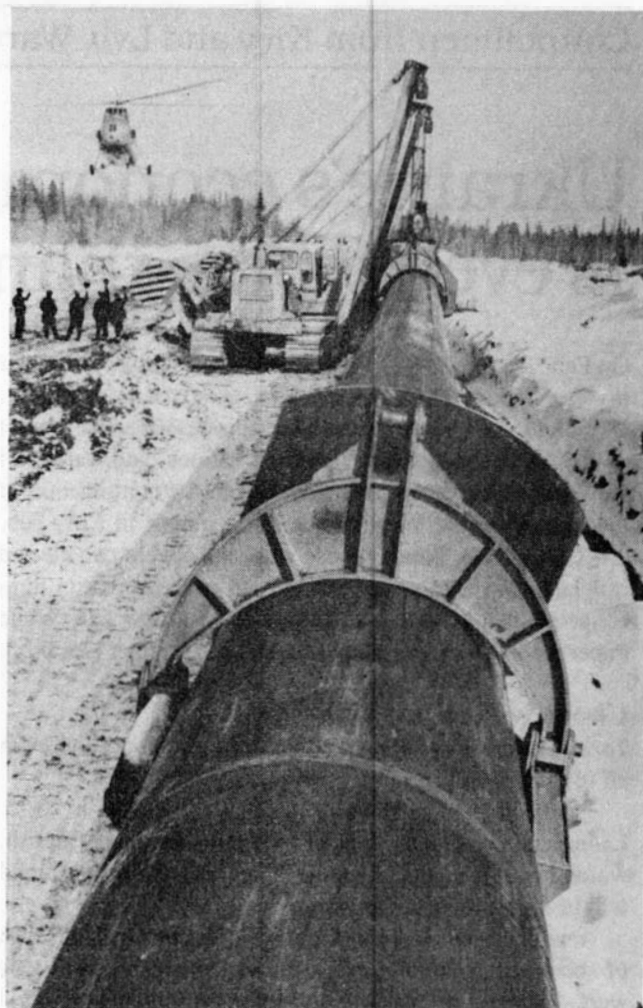
The effects on the Ukrainian economy, already in desperate straits, will be devastating. The Ukrainian gas monopoly, Ukrgazprom, declared on March 7 that it will have to suspend gas supplies to steel mills and the chemical industry to be able to ensure gas supplies for the population. As in all past cases where Moscow has cut gas supplies, it is ready to resume them in exchange for yet another round of political concessions by Ukraine.

Thus on March 8, Gazprom announced that supplies were being increased to 100 million cubic meters per day, far below the "norm," but enough to prevent a breakdown before the March 27 elections, a key consideration in Moscow's policy of seeing that its trusteeship remains in place. Gazprom added that talks with a Ukrainian delegation would be held in Moscow on March 10.

Heating is rationed in Ukraine. People are not freezing, but to maintain apartment heating, supplies have been cut to industry, resulting in partial or whole plant closures. In Kiev apartments there is heat, but the temperature is somewhat above 54°F. The author got a taste of the energy shortage on the overnight train from the western Ukrainian city of Lviv to Kiev, a 12-hour journey with an outside temperature of about 12°F. There was no heat in the train, though this fact, though unpleasant, had been pre-discounted, since unheated overnight trains are quite normal in the former Soviet Union. In the former Soviet Union, however, there is always something you don't expect. In this case, there were no blankets, either. It was cold that night.

## The elections

Although the Ukrainian situation is tragic, it would be wrong to say that there is no hope. For all its problems, Ukraine, unique among the former non-Russian republics grouped in the Community of Independent States, has the capacities and dedicated people who can resurrect a functioning sovereign nation-state out of the present disaster. This will be, however, a longer-term prospect. For the near term, the only hope is that the March 27 elections could break the hold of the nomenklatura. The chances for this are extremely poor. The regime's tactic, worked out with Moscow, of endlessly postponing the nation's first real elections since independence, has unfortunately paid off. A substantial part of



*A natural gas pipeline in Lviv, Ukraine. Since Ukraine is dependent on Russia for its energy supplies, Moscow is using delivery of oil and gas as its most powerful blackmail weapon.*

the electorate who, nine months or a year ago, would have voted against the regime, have become so disgusted with all politics and politicians, that they will not bother to vote. Voter abstention as high as 50% is expected. The badly split opposition could possibly gain a slight numerical majority in the Parliament. The electoral law, drafted by the regime, is stacked in favor of the party which receives the most votes. This will benefit exclusively the "former" communists, who will emerge as the single largest party.

The opposition has no illusions about this. At a Feb. 23 Kiev press conference given by Vyacheslav Chornovil, leader of the largest opposition party, Rukh, the election outcome was all but conceded. Chornovil declared that Rukh's goal was to get enough votes to get 20% of the seats in the next Parliament. What is universally recognized, is that the elections will not solve anything, and the crisis will worsen toward the breaking point. Then will come the really decisive political battles.

# Ukraine's economic condition is even worse than Russia's

On Feb. 16, *Executive Intelligence Review* hosted a seminar in Washington, D.C., where representatives from Russia, Ukraine, Latvia, Georgia, and Armenia described the impact of economic shock therapy on their nations, and warned of the grave strategic dangers involved in the continuation of that policy by the West (see a partial report in *EIR*, Feb. 25, 1994 p. 54). Among those who spoke were two elected officials from Ukraine. What follows is the verbatim transcript of their remarks, excerpted from a new *EIR* White Paper reporting on the proceedings of the seminar (see box).

## **Chornovil: an 'inhuman' policy**

*Taras Chornovil is a publisher and Member of the City Council in Lviv, Ukraine.*

Ladies and Gentlemen. Excuse me for not speaking English, which I have not yet learned well enough, although I think I will be trying to learn it faster.

I will be brief. In the first part of this seminar, the results of shock therapy in the economic and social life of Russia were described extensively and from various standpoints. I think that the experience of Ukraine and the other countries that will be presented in this second part are no less interesting and very indicative in many respects, insofar as the economic experiments being conducted in those countries—in many respects inhuman experiments, I would say—and used by some forces to discredit the very idea of these countries' independence, defy common sense and require a serious analytical approach.

The economic condition of Ukraine today is even worse, even graver than the condition of Russia. This is the case, despite the fact that three years ago serious, authoritative, and I believe rather realistic circles in Germany, especially several German banks, were of the opinion that Ukraine had significantly better chances of exiting from the crisis than did the other countries of the former U.S.S.R., including Russia. What happened? How did Ukraine not only fail to embark on a healthy economic reform, but rather get into what is happening now, which even the International Monetary Fund criticizes as absolutely untenable economic and political activity?

Who is organizing this inhuman policy? Alas, unfortunately, the one who has actually carried out the political and economic experiments in Ukraine is the President of the

country, Leonid Kravchuk. But who inspires and organizes this policy, if it is so insane that even the IMF rejects it? Sadly, it is rather well known persons. Among the foremost advisers of the President, we may find the Ukrainian emigré to Switzerland Bohdan Havrylyshyn, who is a leader of the Club of Rome.

The harshest and most insane political views of the Club of Rome are being introduced into the economy of Ukraine. First of all, this means profoundly entropic social processes. Among these are the reduction of science-intensivity, the reduction of Ukraine's science and its economy; lowering of the portion of highly productive processes in the economy; and the country's shift essentially to the level of a banana republic.

If we look at the results of this policy, we can see that Ukraine unfortunately might become the first country where malthusian theories lead to their most absolute results. It has already been mentioned that Russia is experiencing population shrinkage. In Ukraine, this process could be observed already ten years ago. Today, the reduction of Ukraine's population is proceeding at a terrible rate. Moreover, this is not only because of natural mortality and a falling birth rate, but it is due to mortality from disease, poisoning, radiation poisoning, and very high infant and child mortality. The reduction of Ukraine's population has reached a level that may be compared with genocide against the people—and before too long, perhaps even with the genocide of the 1930s, when between 7 and 10 million Ukrainians were annihilated by the artificially created famine, or with the genocide against the Jews during the Second World War, or against the people of Cambodia.

While international political clubs like the CFR [Council on Foreign Relations], the Trilateral Commission, IREX, and the Club of Rome chose for Russia a system of slow political and economic extinction through the introduction there of one version of shock therapy, without measures for social defense or general economic recovery, in the case of Ukraine it was deemed that even this was not enough. Today, Ukraine is essentially being dissolved. In many smaller Ukrainian-Russian or CIS institutions at the level of agencies or ministries, virtually the entire activity of the Ukrainian government amounts to seconding what has already been decided and adopted in Moscow, Minsk, or Washington. It



is clear that this policy corresponds to concrete decisions by the great world empires, but not to the needs and necessities of Ukraine.

The tragedy of Ukraine is that while moving to independence and its own new statehood, it was unable to free itself from influences and leaders of the past. The criminalization of the old communist leadership in Ukraine hangs today like a sword of Damocles over our 50 million people. The fact that the President of Ukraine launders communist funds in Swiss banks and that this is quite well known to the International Monetary Fund and the Club of Rome and other international organizations, makes it possible for them confidently to manipulate the President himself, the majority of the Supreme Soviet [Parliament], and the national government.

This grave situation appears especially tragic against the backdrop of the events of last year, when a government was being formed in the interest of Ukraine. Although we did not have a good premier a year ago, we did have a number of ministers and political leaders in the Executive branch who were capable and wanted to guide Ukraine out of the dead end of its former communist condition and prevent its decline into total Africanization or Latin Americanization according to IMF prescriptions. But apparently this was far from desirable for many people.

In scarcely three years, Ukraine's powerful scientific capability has virtually ceased to exist. This was science comparable with the scientific achievements of America, France, or Germany. The military-industrial complex is almost completely destroyed, through pseudoconversion, whereby these great high-technology plants now produce irons, frying pans, and so forth. They have not been retooled to produce new radioelectronics, electronic equipment, or computers.

This all aims at turning the country into a second-rate economic wasteland.

Today in Ukraine the question is not even posed of a choice between monetarism and physical economy, as in Russia. For Ukraine today there are two other questions. First, the social survival of people, because not only over half, but rather the overwhelming majority of the population is below the poverty line. A monthly wage of \$10 is now considered not a bad income at all, though some prices in Ukraine today are higher than prices in America. The other question is the survival of Ukraine as a state. Again, this is not the charting of a path between monetarism and physical economy, but a pathway out of the dead end of a criminal economy where Ukraine is today.

Criminality at the state level is the most terrible criminality there can be. Today Ukraine has neither a state-controlled economy, nor private property owners who would be thinking about the economy and its reproduction. Our economy is run by opportunists who are thinking about how to obtain the maximum profit today and tomorrow take that profit and put it in Swiss or American banks.

Parallel with this, it must be said that, thanks to the efforts

of Washington and Moscow, there is, for all intents and purposes, a covert, undeclared war being waged against Ukraine. The disarmament of Ukraine and the transfer of nuclear weapons from Ukraine to Russia, which itself—as we already heard today—is experiencing extreme instability, can only be evaluated as an attempt to present Ukraine to the world as a country that has capitulated in war and is paying tribute to the victor nations.

The liquidation of nuclear weapons and the related nuclear industry was one of the most important links in the destruction of negentropic processes and the increase of entropy and chaos in the social and economic life in Ukraine. As a consequence, we can say, with reference to LaRouche's works in physical economy, that the potential relative population density in Ukraine today is already significantly lower than the country's actual population density. That means that millions of people are literally below the survival line.

What is the way out of this horrific situation in one of the largest countries in Europe? The fundamental internal problem of Ukraine is that the movements and parties should, and many of them are beginning to do this, expose the criminal essence of the current leadership in Ukraine, replace it, bring to power a government of national trust, and at least pull the Ukrainian economy out of the condition of being simultaneously completely crushed by the command-administrative system and the anarchy that, paradoxical as this may sound, exists in parallel with it. Only after this, when the first economic steps have been taken, shall we be able to talk about Ukraine making a choice between monetarism and physical economy, between liberalism and constructive democracy.

I think that democratic organizations around the world, including the Schiller Institute, could help us a lot in working out such a concept and disseminating it. At the same time, there could be measured political pressure on the governments of the big countries, including the United States, to curtail the unconstructive pressure being exerted on Ukraine today. In the future, I really would prefer not to represent Ukraine as a testing ground for inhuman economic experiments. Unfortunately, this is what we have today both from Washington and Moscow on the international level and with the domestic leadership in Kiev.

Forgive me for concluding my presentation on a less than cheerful note. I would like to hope that at the next conference or seminar I will be able to say more pleasant and cheerful things. Thank you.

### **Ponomarchuk: Ukraine a 'banana republic'**

*Dmytro Ponomarchuk is a city council member in Kiev, Ukraine, and director of Rukhpress.*

Ladies and gentlemen, we are grateful for the invitation to take part in this event. We have been working with the Schiller Institute for some time and we have seen that this is not only interesting, but holds some promise.

Taras Chornovil, like his father, talks very fast. Because his father, Vyecheslav Chornovil, is the leader of our movement, the leader of the opposition, he rarely gets the floor, but when he does get to the microphone, he says everything and he says it very fast—and he says what's essential.

I have only ever seen one banana tree in Ukraine. It is in the botanical garden. Nevertheless, Ukraine may already today be called a banana republic. Because there are bananas in Ukraine today; large quantities of them are imported, while bread lines may be seen almost every day.

Before 1913, Ukraine was considered the breadbasket of Europe and supplied grain to half the countries of Europe. Today we have what we have. Those are not my words, but the words of the Chairman of the Supreme Soviet of Ukraine, Ivan Plyushch. The next-to-the-last premier of Ukraine, Leonid Kuchma, used to say: Tell me what to build and I'll build it. This gives you some idea of the leadership of Ukraine. About the President, Taras Chornovil has already told you.

Meanwhile, Kravchuk meets with Kissinger and this is portrayed in Ukraine as a great achievement of our foreign policy. . . .

Here you have the role of the World Bank, the IMF, and various firms which are waiting for the crisis of the Ukrainian economy to reach zero and Ukraine to come crawling on its knees to the rulers of the international system of finance and distribution of influence and beg for help. Ukraine is not quite ready for that. Its rich resources and capacities are keeping it afloat so far. Approximately half the black-earth

## EIR White Paper on crisis in ex-USSR

EIR News Service, Inc. is pleased to announce the release on March 14 of a White Paper, the proceedings of its February 1994 seminar in Washington on "The Effects of IMF Shock Therapy on Russia and the Newly Independent States." The document includes full transcripts of the reports by the anti-IMF opposition figures in Russia, Georgia, Latvia, Ukraine, and Armenia, including academic authorities, elected officials, and scientists, who gave a unique picture of the devastation which has resulted from western policies since the fall of the Berlin Wall in 1989. To order, send \$10.00 for each copy plus \$1.50 for postage and handling (add \$.50 postage and handling for each additional copy) to: Russia White Paper, EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390.

zone of the entire former U.S.S.R. is on Ukrainian territory. We are the European leaders in output of manganese and some other ores. Ukraine still produces a fair amount of steel, which is exported in slabs, not further processed in Ukraine, but sold right away at the lowest prices in the world. But even this income has enabled us to fend off social unrest in the Donbass and other coal and steel regions of the country.

A worker receives a monthly salary that converts into as much as \$30 in world prices. In science and education, the wage is up to \$15-20. Pensioners get closer to \$8-10.

Ukraine and its people are still exploited, having suffered for 300 years and only in 1991 obtained independence on paper. Each person received the right to be independent of his homeland, independent of his obligations to her, and to seek happiness in other worlds. The best minds are leaving and the mafia plugs the holes in the economy, replacing the economic ties that have been broken. As I have already said, sooner or later there will be an attempt to bring Ukraine to its knees.

Hope may still be placed on our patriots, on the opposition National Rukh movement, which is appealing to the minds and hearts of the people to finally say no and to fiercely resist those who would swallow Ukraine, that tasty morsel of Europe.

Such forces do still exist. The latest example is the upcoming March 22 elections to the Supreme Soviet of Ukraine. During the first month of the electoral campaign, Rukh and others who would like to see changes in Ukraine have shown some strength. On Jan. 15, the leader of the electoral campaign staff of the Ukrainian opposition forces, Myhailo Boichyshyn, disappeared without a trace. This morning I confirmed from Kiev that he has not yet been found. These are the conditions under which Ukraine is approaching the elections, but this consolidates the patriots.

We think that even if we do not secure a majority, we will not permit the western forces I have mentioned—who are using Russia for their purposes—to strangle Ukraine, having established a bridgehead in the Crimea.

I have an interesting quotation from one of the people running for the Supreme Soviet, who said, "The West's policy toward Ukraine is calculated to make citizenship in the dominating country the most precious and sought-after property." Thus citizenship should become a commodity on the free market of passports. He said this half a year ago, but then the day I left Kiev for America on this visit, one of the biggest newspapers in Ukraine published an announcement that the U.S. State Department is conducting a special emigration lottery. Any Ukrainian can take part for \$100 and win the right to work and take up residence in the United States. I believe that it would be difficult to think up a more terrible crime against a nation which is trying to establish its statehood after three centuries of occupation. Only antichrists could propose to sell for \$100 what was given by God.

Thank you for your attention.

# Kashmir: Don't fall for the British trap

by Lyndon H. LaRouche, Jr.

*Mr. LaRouche, the American statesman and economist, delivered these remarks to a conference of the Schiller Institute, held Feb. 19-20 in Washington, D.C., in response to a question on the subject of the Kashmir conflict.*

There is an ongoing effort by certain powers to manipulate Pakistan and India into a war over Kashmir. If it succeeds, it will lead in part to the destruction of the region of the subcontinent, will lead to no benefit for the people of Kashmir, will lead to no benefit to the people Pakistan, and no benefit to the people of India. On the contrary, it will lead to their destruction.

The Kashmir dispute is an example of the kind of problem which people have to think about before they permit their passions to be aroused on some issue.

In South Asia, British intelligence and its offshoots have a card index on every family, every region, every village. To run an operation in that part of the world, British intelligence will send its agents out, give them an index from the card index of certain villages, individual families, individual personalities, their tastes, their prejudices, their habits. They will send in an agent in the tradition of Wilfred Blunt, to manipulate the people. The first thing you know, there is a lively war on, and people are blaming each other and killing each other.

Precisely this is happening in the former Yugoslavia, which, unfortunately, was an artificial state to begin with, *created* by British intelligence, for the purposes of future manipulation. In the late 1980s, British intelligence, with the help of the International Monetary Fund, destroyed the Yugoslav people. The British roped in certain parts of the Serbian faction around Slobodan Milosevic to take over the dominant position in politics, with the help of people such as former U.S. Deputy Secretary of State Lawrence Eagleburger and former U.S. National Security Adviser Brent Scowcroft, who were working for the British along with Henry Kissinger and company.

Today, in former Yugoslavia, people who have lived at peace with one another for 40 years are killing each other. Why? Because they had some reason to hate each other? No. Because the British did not want a reunified Germany nor a reunified Germany having influence on Europe, and therefore they started a war in the Balkans.

These traps must be avoided. When someone wants to

manipulate you, they manipulate you about something over which you feel strongly, or can be induced to feel strongly; and you get a bloody war.

The same people trying to manipulate India and Pakistan into war over Kashmir, are planning for a general North-South war. The plan is centered around the so-called Turkish project, the Turkish-Islamic project, or Islam as greater Turkey. This is a very active commitment of some people in the capital in Turkey.

## The British aim

The Central Asian portion of the former Soviet Union, particularly the part that is referred to as "the roof of the world" that cuts through those Turkic-speaking parts of the former Soviet Union, down into Kashmir, through Tibet, and so forth, is the cockpit for a plan of general destruction of all the people in Eurasia. The British aim is to get them to *kill one another* over issues over which they happen to be locally, temporarily impassioned.

People must rise up above these issues, and must define what the just solution is to problems in the region, and not play the games of war.

For example, there is the case of a certain political party which is controlled by British intelligence, which was a leading party in India. Somebody came up with a myth about reestablishing a Hindu temple on the site of a mosque, and they tried to blow up central India. In the recent state election in India, that party went down to crushing defeat. One would hope that all over the world, people who are manipulated will understand this, will not play the games.

If people play into the issues, of which there are many, involving China, Southeast Asia, South Asia, the Middle East, then *this world will surely go into a bloody hell from which no one in these regions would survive.*

There is a plan to try to split Kazakhstan on the basis of ethnically pro-Russian and pro-anti-Russian factions and to use that split in Kazakhstan, the destabilization of Russia over Kazakhstan, as a way of destabilizing the entire Islamic portion of Central Asia. If Russia, which is still a military superpower, is the target of this, there will definitely be a reaction.

There is a plan to involve China in this destabilization. There is a plan to ignite the Tashkent area down into Kashmir, northern Pakistan, and so forth, into a conflict. One included intent of such a war is to split up Pakistan into at least three parts (Baluchistan, the Northern part, and so forth), and to dismember and possibly destroy the nation altogether.

South Asia must recognize that the issue that is hot in the clubs, in the family letters, in the Pakistani, Indian, and Kashmiri press and circles, *may not be the real issue.* The British are looking to set off reactions of Turk against Iranian, of Arab against Iranian and Turk. They are looking to split off various parts of Pakistan. They are looking to dismember India.



*A lake in beautiful mountainous Kashmir, where British intelligence is attempting to ignite a war between India and Pakistan.*

*This is the problem to be faced.*

It must also be understood that British intelligence is not something from the British Isles; it's Satan himself, who's taken over a part of the real estate of the world and said, "That's the capital of my empire." It's not the British people. It is something *evil* which also exists in part in the United States, as the cases of Eagleburger, Scowcroft, and Kissinger illustrate the problem.

### **Stop being manipulated**

We must stop being credulous, we must stop being manipulated. We must see what is going on in the world and not merely be concerned about our immediate emotional reaction to an issue, where the reaction itself may be something that is being stirred up.

The people of South Asia must have peace.

I have been acquainted with South Asia since 1946, when I was there in the service at the end of World War II. In the Spring of 1946, I had some friends who were students in India. They were both Islamic and Hindu. Like students of that time, they were shouting "*Jai Hind.*" And some of them were shouting: "*Pakistan zinda bad.*" They were both seeking independence.

One day, a group of these students who were friends of mine went up to the British Governor General's Palace—and the British soldiers called them "wogs" and kicked them

viciously—as if they were dogs. In response, these fellows set off on a routine demonstration at the Governor General's Palace in Calcutta. The usual protest, a lot of noise. But they didn't come back; some of them never came back. The British soldiers killed many of them. There was a protest in the same region. The British set up machine guns in the streets and mowed the people coming toward the protests. Within two days, all of Bengal exploded. There were 3 to 5 million people (nobody knew how many) marching continuously in the streets of Calcutta, shouting "*Jai Hind! Pakistan zinda bad!*" arm in arm. Islamic, Hindu, arm in arm. Side by side.

Because of the Communist Party of India and the British and Churchill and Stalin, who had cut a deal, that moment of great unity and peace and brotherhood, which was expressed in the streets of Calcutta for those three or four days, was gone. In another year, the same people were butchering each other through a British manipulation.

That's the way the history of South Asia has been played ever since the British got their paws in the area.

People should not fall for these traps. Look for another solution. Yes, there must be peace, it must be fought for. But we do not promote a war between Pakistan and India over Kashmir or over any label. Once South Asia plays that game, it will be another Balkan war. But this time it will be for keeps, and it will be all of Central Asia and Asia, not the Balkans.

## Bush gave TV network to Cisneros clan

*Why did the American FCC ignore warnings about the corruption of the Venezuelan enterprise?*

On March 4, the Caracas dailies *Ultimas Noticias* and *El Mundo* reported on a letter sent by Alejandro Peña, secretary general of the Venezuelan Labor Party (PLV), to Venezuela's minister of transportation and communication, César Quintini Rosales, demanding that the license granted to the Cisneros Organization for the operation of the Venevisión television network be revoked. The Cisneroses have used Venevisión "to lie, to manipulate, to defame and to slander anyone who dares to raise questions about their other business interests," charged Peña.

"For example, Banco Latino, of which the Cisneroses own a large portion and on whose board of directors sits Ricardo Cisneros Rendiles (currently a fugitive abroad), bilked state-owned oil companies and the Armed Forces. When I attempted to warn publicly about the danger that that represented, Venevisión launched a scandalous campaign of slanders against me."

Peña detailed several instances of the Cisneroses' manipulation, including the successful 1985 campaign led by Ricardo Cisneros's older brother, Gustavo Cisneros, to ban *Narcotráfico SA*, the Spanish-language edition of *Dope, Inc.*, a book commissioned by *EIR* founding editor Lyndon LaRouche. The book reported on the Cisneros family's alleged ties to international drug money-laundering interests.

But, said Peña, he is not the only victim of the Cisneroses' near monopoly control of Venezuelan television

(besides Venevisión, the Cisneroses also own a goodly chunk of a former rival, the Televén network). When Banco Latino, Venezuela's second largest bank, went under on Jan. 13, depriving its 1.2 million depositors of their life savings and their pension funds, while its directors, including Ricardo Cisneros, absconded with the funds, the Cisneros propaganda machinery immediately began to badmouth Banco Latino's other directors, turning attention away from their own criminal role.

This caused the Cisneroses' former cronies and business partners Siro Febres Cordero and Gustavo Gómez López, chairman of the collapsed bank, to accuse Venevisión "of blatantly lying and manipulating the news to hide the obvious responsibility of the Cisneroses in defrauding Banco Latino."

Similarly, Venezuela's Federation of Environmental Organizations went after Venevisión recently when it was discovered that the administrator of a Cisneros-run entity, Bioma, had paid to have dolphins butchered to film for a Venevisión documentary, which was broadcast in November 1993 by Univisión in the United States (see *EIR*, March 11, 1994, p. 43). In his letter to Minister Quintini, Peña asked: "What is the future of a country that allows its communications media to be controlled by powerful mafias who defraud the citizenry and the state itself? Is this not the essence of a dictatorship?"

The U.S. Congress should heed

Peña's call, because the Venezuelan Cisneros brothers and their equally questionable partner, the Mexican Emilio Azcárraga, along with the American Jerrold Perenchio, were, incredibly, handed more than a dozen American TV stations and control of the largest Spanish-language television network in the United States, Univisión, by the Federal Communications Commission (FCC) in 1992, during the Bush administration.

The deal, the largest ever in the history of U.S. broadcasting, was approved behind closed doors. Despite the fact that nearly every major Hispanic organization in the United States, as well as *EIR*, raised objections to the transfer of a limited U.S. media asset to a foreign consortium of questionable character, the FCC refused to hold a single hearing.

An appeal has been filed, but while the case winds its way through the judicial system, Congress should investigate, with a view to having the FCC revoke its 1992 decision. Investigators should explore the question: Why did FCC Chairman Alfred C. Sikes, a Republican, and commissioners Sherrie Marshall, Andrew Barrett, James Quello, and Ervin Duggan never even meet to explore such questions raised by the opponents of the \$500 million deal?

On March 4, former Venezuelan anti-drug czar Thor Halvorssen wrote in the *Wall Street Journal* that he had "incontrovertible evidence" that Banco Latino engaged in money laundering. There is evidence that at least part of the money that Cisneros used to purchase Univisión came from loans obtained illegally from the now defunct bank. If Venezuela confiscates the Cisneroses' other assets to pay defrauded depositors, the Venezuelan government may end up owning a major television network inside the United States.

## LaRouche co-thinkers targeted

*Isi Leibler's menagerie of agents provocateurs and dupes are building for violence against Citizens Electoral Councils.*

**T**he national headquarters of the Citizens Electoral Councils (CEC), Lyndon LaRouche's co-thinkers in Australia, has been targeted for violent disruption by a menagerie of demonstrators and organizers from the extreme left, homosexual networks, and the masonic B'nai B'rith. The most recent threat of violence, in what organizers promised will be the first of many demonstrations, occurred on March 5, when a crowd of 250, chanting "Nazis Out!" marched from the local town hall of the Melbourne suburb of Brunswick, northward along busy Sydney Road to the CEC's office in the adjoining town of Coburg.

The guiding force behind the increasingly vitriolic protests against the CEC, is the B'nai B'rith network of Isi Leibler, who along with the organized crime-linked Edgar Bronfman is a co-chairman of the World Jewish Congress. At the street level, the anti-LaRouche mobs have been organized by Leibler's paid agent David Greason, who works closely with former *Australia-Israel Review* editor Michael Danby, now a public relations officer for Leibler's JetSet Travel. Leibler, Greason, and Danby are behind an ongoing nationwide smear campaign launched in 1989 against the CEC and LaRouche.

In May of last year, the English-born Greason helped organize and incite a mob outside an international conference sponsored by the CEC in downtown Melbourne. An *agent provocateur* with apparent ties to British and Australian intelligence agencies, Greason was a founder of the neo-Nazi organizations National Front and National Action, before "seeing the

light" and becoming an activist for the International Socialist Organization. He is a columnist for both Danby's *Australia-Israel Review* and for the London-based *Searchlight* magazine, part of the phony "anti-fascist" network associated with the former East German secret police, the Stasi.

Pamphlets distributed at the recent rally claimed: "Another Nazi group is the Citizens Electoral Councils. The CEC are a breakaway from the Australian League of Rights who claim the Holocaust never happened. They have taken up with the American Nazi group led by jailed con-man Lyndon LaRouche. The LaRouche movement is anti-Semitic, anti-gay, believes feminists are witches, and that the Greek Orthodox Church is a tool of Satan."

The array of speakers at Saturday's rally exemplifies those currently attacking LaRouche in Australia, including from the extreme left, feminists, organized homosexuals, and those linked to the freemasonic agents in B'nai B'rith. The most prominent public figure to address the crowd was Australian Democrat Sen. Sid Spindler, who himself was a member of the Hitler Youth in Nazi Germany in the 1940s.

The chairman of the rally was David Glanz, who is closely associated with the International Socialist Organization. He organized two other speakers from the Australian Union of Jewish Students, which is closely associated with B'nai B'rith's student arm, Hillel. Both Greason and Glanz are British, as are many of the leaders of the ISO, prompting one of the police at the demonstration to comment:

"The whole thing's organized by bloody pommys!" (In Australian slang a "pommy" is a derogatory word for "English person with a convict background.")

The most enraged speaker against LaRouche and the CEC was the feminist Barbara Lewis, an industrial officer with the Victorian Trades Hall Council. She denounced LaRouche as "homophobic," and was particularly obsessed with "Operation Mop-up," in which LaRouche's associates defended themselves against violent attacks launched by U.S. Communist Party goon squads in the 1970s. Lewis used these comments to incite the assembled coalition of Spartacists, International Socialists, and other exotic leftist splinter groups including the Democratic Socialist Party, Resistance, and the Freedom Socialist Party. Lewis's union boss is John Halfpenny, a former Moscow-trained communist who attempted to sabotage the CEC conference in May 1993.

Other groups supporting the rally included the Victorian Teachers Union, student councils, Melbourne University Gay Society, Melbourne University Lesbian Collective, Bloody Feminists, *Women's Liberation* newsletter, Radical Women, and *Lesbiana* magazine. David Greason, who is also a "gay rights" activist, did not speak at the rally, but was seen skulking and organizing at the rear of the mob.

The rally is one of a series of escalating clashes between the ISO "socialists" and "neo-Nazis." Such violence, orchestrated at least in part by Isi Leibler's paid agent David Greason, will be most useful in securing the passage of draconian "racial vilification" laws now before the federal parliament, and for which Isi Leibler and his brother Mark, former head of the Zionist Organization of Australia, have been assiduously lobbying.

## Swedish elite wants to join the EU

*Security guarantees and fear over a destabilized Russia are playing the bigger role in the upcoming referendum.*

In the official picture presented to explain the twists and turns around the European Union (EU) negotiations for expanded membership, the emphasis is on petty economic details. This goes for all four countries now seeking membership: Austria, Norway, Sweden, and Finland. Looking more closely, one finds that the threat from a destabilized Russia has been a far more important factor.

The emphasis on the economic aspects of the negotiations is particularly false if one understands why Sweden and Finland reached an agreement with the EU, and why Norway was left behind. In order to understand this, one must include the security situation in the high north.

Norway, already a NATO member, has military security guarantees, while both Sweden and Finland are in a much more exposed security situation. This is particularly true for Finland, which has a 1,000-mile border with Russia, but Swedish territory is also of strategic importance for the defense of continental Europe. As any NATO expert knows, southern Sweden could be turned into a virtual aircraft carrier, from which all of Europe can easily be reached.

This is the reason why the Germans, at the end of the EU negotiations, pushed through the agreement by making Sweden an offer it could not refuse. The economic concessions were made over objections from both Spain and Greece, who argued that Sweden, being one of the wealthiest economies in Europe, should be able to fully pay its way from the beginning.

The Finns did not get as good an economic deal as the Swedes. This can partially be explained by the fact that Finland, in its membership application, had no reservations against having common foreign and security policy with the EU, while Sweden, in its application, stated its old conditions for maintaining its policy of neutrality. During the negotiations, this neutrality clause was watered down. At the end of the negotiations, it was silently swept under the rug.

The Swedes were more or less pushed into this new position because of the more straightforward approach toward NATO taken by the Finns. The Finns first dropped all security demands in their EU membership application, and then, later, openly turned to NATO by buying, to the dismay of the Swedes, the U.S. F-18 jet fighter instead of the Swedish Gripen. Since then, the Finns have taken the lead in defining the security policy in the Baltic area, something which used to be a Swedish monopoly. Since the fall of the Soviet Union and the reconstitution of the three sovereign Baltic republics, Sweden, under Prime Minister Carl Bildt, has been pushing for more European-wide support of the Baltic states. During the EU negotiations, Sweden succeeded in broadening European understanding for the Baltic states. The northern flank of NATO is now not only conceived of as Kirkenes, the Kola Peninsula, and the Barents Sea, but also includes Finland, the Baltic states, and the Baltic Sea.

This has been confirmed mainly by the Germans. According to *Sven-*

*ska Dagbladet* on Nov. 21, 1993, there is now a division of labor between Germany and Sweden, where Sweden takes care of the Baltic states' security interests, while the Germans orient toward the eastern European countries more to the south.

The Swedish interest is to prevent the Russians from using the Baltic states as a springboard for a military invasion. However, the main concern of the Swedes is to not become isolated in future conflicts. In order to secure EU support for this policy, the Swedish establishment is now fully mobilized to force through the decision for Sweden to become a member of the EU. If the Swedish electorate decides against membership in the EU in the upcoming referendum, Sweden will become very exposed because of the commitments to the Baltic states made by Prime Minister Bildt.

That dimension explains why the Swedes got a favorable agreement with the EU that will enable the Bildt government to get all four parties in the coalition government to support the referendum. This was secured by agreements reached with the EU in regional economic and agricultural policy areas which are crucial for the old farmers party (Centerpartiet), which so far has maintained a very negative attitude to Swedish membership in the EU. Part of the agreement is to buy off an opposing political layer within the farmers' electorate.

As things now stand, it will be the social democratic votes which will decide the outcome of the referendum, paralleling the situation in Denmark concerning the Maastricht Treaty, whose eventual passage created the EU. The leadership of the Social Democratic party is for a yes vote, but the majority of their base is against Sweden entering the EU. The party is split, and the outcome of the referendum is anybody's guess.

# International Intelligence

## *Moscow accuses official of spying for Britain*

Itar-Tass news agency reported on March 1 that a senior Russian arms industry official had confessed to spying for Great Britain, and that he had been supplied with invisible writing materials and means of secretly supplying information to intelligence agents at the British embassy in Moscow.

"On Jan. 25 the detainee was charged with high treason in the form of espionage, which he admitted fully," Tass said. The agency quoted Russia's Federal Counterintelligence Agency as saying the man had been arrested on Jan. 15. "On assignment for British intelligence for monetary reward, this Russian citizen collected and handed over information of a secret military and economic nature."

The information he passed on contained facts about the latest Russian research into the development of new weapons, as well as information about Russia's prospects of cooperation with other countries on defense projects, Interfax news agency said.

The announcement of the arrest by the Federal Counterintelligence Agency came one day after President Boris Yeltsin sacked the agency's chief, Nikolai Golushko. A presidential decree said only that Golushko, who headed the successor organization to the KGB since September, had been dismissed, and gave no reason. But Tass, quoting sources in the counterintelligence agency, linked his dismissal to the freeing of seven jailed opponents of Yeltsin from a prison under the agency's control. Other sources have linked the affair to the Aldrich Ames case in the United States, and have cited the Russian belief that Ames was betrayed by a U.S. "mole" within the Russian intelligence services.

## *Tory MP calls for resumption of SDI*

Britain's Sir Nicholas Bonsor, a Conservative Member of Parliament and chairman of the House of Commons Select Committee on Defense, called for the West to revive a

Strategic Defense Initiative (SDI) program, in a commentary in the Washington-based *Defense News* of Feb. 21-27 entitled, "World Lurches Toward War—West Must Reverse Foolish Military Drawdown."

"The threat to world peace is now greater than it has been at any time since World War II," he wrote. "Major international conflict is likely to occur within the next decade or so. . . . The breakup of the Soviet Union may prove to be illusory. . . . We must ensure sufficient conventional strength to meet the demands of a major war."

Concerning the SDI, Sir Nicholas wrote: "The NATO allies must renew the program to produce an effective antiballistic missile defense system. . . . Military sources said that because of the earlier research, it should now be possible to produce such a system at an acceptable cost should development be resumed. Moscow already has a ground-based defense system, albeit of limited effectiveness, and both western Europe and America should ensure that at least their main population centers are similarly protected."

## *Pontifical Academy will fight for human life*

Denouncing what it called a culture of death, the Vatican on March 1 announced the creation of a Pontifical Academy for Life. "The church isn't interested simply in affirming its own teaching about life issues, but plans to work so that this teaching be disseminated, explained, and defended," said Cardinal Fiorenzo Angelini, according to Reuters.

Angelini, head of the Pontifical Council for the Pastoral Care of Health Workers, said the new academy would be made up of 70 people named by Pope John Paul II. Angelini said the president would be the French geneticist Jerome Lejeune. It would include non-Catholics and non-Christians, but all members would be required to take an oath to follow Roman Catholic teachings on the sanctity of life, and would be expelled if they did not, Angelini said. The academy "won't ask them to believe in the doctrine of the Trinity and in the Immaculate Con-

ception, but in human life: against abortion, against contraception, against euthanasia."

Cardinal John O'Connor of New York said it was important "to protect human life in a growing culture of death" and that the academy would be "the counter-culture against the culture of death." He said the pope wanted the new academy to send a "very dramatic while at the same time very substantive" signal to the world about threats against life. The pope is expected to publish a major document on life issues before the end of the year.

O'Connor said the academy should help clarify Catholic teaching on the dignity of human life. He spoke of a "consistent ethic of life" which went far beyond opposing abortion and euthanasia and included promoting care for the poor and the homeless. He said he felt abortion was the key social issue today, and that it led to a host of other ills. "I've never condemned a woman who's had an abortion," he said. "We're not in the business of condemning. But we've had a contempt for human life that . . . now is advancing more toward euthanasia and assisted suicide."

## *Russian church and military reach accord*

The Russian Orthodox Church (ROC) and the Russian military concluded an agreement on March 3 to coordinate "spiritual" and "patriotic" policies in the country. Patriarch Aleksii II and Defense Minister Pavel Grachev decided to set up a special committee to coordinate ROC-military work. This would have the aim of reinforcing "spiritual values" and "the traditional values of the Motherland." This includes allowing ROC clergy to enter Russian Army garrisons, pursuant to local agreements between commanders and clergy.

This agreement is a reflection of the "Third Rome" matrix which, as *EIR* and Lyndon LaRouche have said, is now governing Russia. According to the ROC's age-old doctrine, Moscow is destined to be the third and final Rome, the capital of a new empire.



The agreement invokes the cooperation between church and army during World War II: "Our collaboration is centuries old. Today, on the eve of the 50th anniversary of victory, the re-emergence of this tradition will contribute to the moral and spiritual reinforcement of the Russian Army."

The patriarch declared that the Russian Orthodox Church "has always helped the Armed Forces to defend the holy borders of our Fatherland." He stressed that "there are many believers in the Army, and we have to satisfy their spiritual needs."

Said Grachev, "The military needs ecclesiastical help to educate the young generation. Never has spiritual support been so important."

Commenting on the news, the Italian daily *Corriere della Sera* wrote, "After Marx, there is God; after Marxism-Leninism, Holy Russia; after ideology, catechism; after the commissars, the priests. The Red Army is converting."

## ***New British spy chief is Middle East expert***

British Foreign Secretary Douglas Hurd named David Rolland Spedding as the new chief of MI-6, the United Kingdom's foreign intelligence service. Spedding is a leading Arabist, and that could spell danger for the Middle East.

After attending Sherborne public school and studying history at Hertford College, Oxford, Spedding joined the secret service in 1967. He immediately moved into the Middle East Center for Arab Studies, the British foreign service and intelligence training establishment at Shemlan, in the hills above Beirut, Lebanon. This establishment was moved to Cairo during the Lebanese civil war. Spedding was then stationed in Beirut. From 1972-74 he was stationed in Santiago, Chile, his only service outside of the Middle East, which coincided with the overthrow of Chilean President Salvador Allende. In 1978, he was stationed in Abu Dhabi. From 1981-83 he was based at the Foreign and Commonwealth Office in London. In 1983-86 he was counsellor in Am-

man, Jordan, where he received the Commander of the Royal Victorian Order on the occasion of Queen Elizabeth's visit to Jordan. He also has an Order of the British Empire. From 1986-92—hence during the Gulf war—he worked on Mideast affairs in London.

Known as a field operative, Spedding is said to have once led a joint operational section staffed by both MI-6 and MI-5 (domestic security), as well as being in charge of Middle East operations. One press report says he was MI-6's terror expert during the 1980s. Since 1993 he has been director of operations in MI-6, second only to the director.

According to press reports, Spedding had been exposed to the Soviets as a spy by Kim Philby, another Arabist who defected to the Soviets in 1963 while stationed in Beirut.

## ***Christian leaders denounce Iraqi embargo***

Pope John Paul II has accepted an invitation by the Iraqi government to visit Iraq, said Chaldean Patriarch Rafael Bidawid, the leader of Iraq's 1 million Christians, at a press conference on Feb. 26. The pope will be able to "see the suffering of the Iraqi people," he said, referring to the impact of the United Nations trade embargo against Iraq. No date has been set for the visit.

Christian leaders of Middle Eastern churches visiting Iraq denounced the trade sanctions imposed on Iraq. "We have seen the suffering and lived with it for several days," they said in a joint statement. "It is a flagrant aggression against human rights. . . . We persistently call for a lifting of the embargo . . . regardless of political differences between governments," the statement said.

The church leaders also called on Iraqi Christians to stay and not leave their country. "We are aware of your pain and the hardships you pass through as a result of the embargo. Nonetheless loyalty to faith and homeland urge you to be patient and stick to [your] land and heritage," the statement added.

● **SOUTH AFRICA** and the Vatican on March 5 established full diplomatic relations. The pope is due to make a trip to Africa late this year or early 1995, and Vatican sources have said that South Africa could be included in that trip. The pope accepted South African President F.W. De Klerk's invitation to come to South Africa when De Klerk visited the Vatican last December.

● **THE SDI** defeated communism, said Russian novelist Alexander Solzhenitsyn, according to David Remnick writing in *New Yorker* magazine on Feb. 14. "The Cold War was essentially won by Ronald Reagan when he embarked on the 'star wars' program and the Soviet Union understood that it could not take this next step," said Solzhenitsyn.

● **CHINESE** Premier Li Peng stressed the importance of "public security," at a meeting in Beijing in preparation for the National People's Congress, which opens in March, the *China Daily* reported. Participants in the meeting stressed that "the public security system is grim and the public is discontented."

● **ESTONIAN** President Lennart Meri on March 7 charged Russia and the West with imposing a new "Ribbentrop-Molotov Pact" on his country, with their demands that Estonia sign a four-year agreement with Russia on the continued use of the Russian radar station at Skundra. Estonia wants all Russian troops out by Aug. 31, 1994, as originally envisioned.

● **ISRAEL** needs a Charles de Gaulle who can bring about "the peace of the brave" as France's de Gaulle did in solving the French-Algeria crisis of the late 1950s-early 1960s, PLO chairman Yasser Arafat told the French daily *Libération*, in an interview published on March 3. De Gaulle achieved peace, said Arafat, by confronting the Secret Army Organization (OAS), which was mounting an illegal challenge to the authorities.

## Limbaugh: philosopher-clown for the new world order

by Doug Mallouk

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### See, I Told You So

by Rush H. Limbaugh III  
Pocket Books, New York, 1993  
364 pages, hardbound, \$24

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The obese multimedia megastar Rush Limbaugh is very big—in more ways than one. He has 20 million weekly listeners to his nationally syndicated radio talk show, a late-night television show that is also booming, and his first book was America's number-one bestseller for months last year. A swelling number of middle-class Americans, enraged over ever-rising tax burdens, New Age perversion of public education, radical environmentalist lunacy, and omnipresent Hollywood pornography, have hailed him as the conservative prophet who will point the way out of this political-cultural desert.

But in the wilderness with Limbaugh, there is no manna falling from the sky—just globaloney. And Rush is leading his flock, not to the promised land, but to the new world order, for which he has become both public apologist and “right-wing” border guard.

### The old Limbaugh and the new

Limbaugh's rise to a position of veritable cult-like stature has always been based on his ability to manipulate the frustrations of his middle-America audience. He directs them not against the oligarchic cabal whose policies have brought the nation to the brink of moral and economic collapse, but simply against “the other guy.” He gives his listeners easy (and therefore most often wrong) answers that require little thought and even less political courage.

Fed up with the huge government deficit? Don't blame the Federal Reserve System that hands out hundreds of billions of taxpayers' dollars to a clique of financial parasites; instead blame “welfare loafers,” the homeless, and similar low-life. Outraged at rampant crime in the streets? Don't even think about knocking out the international bankers behind America's biggest business, Dope, Inc. Instead, bring back the death penalty to “solve” the problem, and perhaps even relieve prison overcrowding. Exasperated by a federal government that seems to have become the enemy of those it supposedly represents? Never mind that both major parties have been promoting the deindustrialization of America for 30 years. Just pretend that the problem began at 12:01 p.m. on Jan. 20, 1993 with the inauguration of President Hillary Clinton and her house-husband Bill.

For those few Americans who have not yet caught Limbaugh's act—and there may be two or three dozen of them scattered across America—it includes the following elements:

- Far-ranging target selection: Limbaugh's staff digs very deep to dredge up the most demented ravings from the lunatic fringe of the radical feminist, multiculturalist, or eco-fascist movements in order to score easy points by attacking them. For example, he's had all kinds of fun with the man-hating “feminazi” psychotics who want to canonize Lorena Bobbitt as a great women's heroine. It plays very well in Peoria.

- “Shock humor”: Rush has perfected a technique of making outrageous remarks with a straight face, calculated to throw his liberal adversaries into a frothy rage, while his supporters guffaw, knowing that it is all in jest. He has proclaimed, for instance, that if any woman is not deeply attracted to him, it proves that she is a lesbian!

Other “cutesy” Rush-isms include his now famous dic-

tum, "There is only one sure way to get rid of nuclear weapons—use 'em. All of 'em. Then there won't be anyone left to make more." It is precisely his penchant for this kind of bluster that caused Lyndon LaRouche to quip that the bombastic Russian Third Rome frontman Vladimir Zhirinovskiy is "the Rush Limbaugh of Moscow."

● "Right-wing" transposition of classical Frankfurt School media brainwashing techniques: Limbaugh brags that his show is a successful synthesis of "Saturday Night Live"—a longstanding bastion of televised countercultural comedy—and William F. Buckley, the "conservative" who boasts of smoking marijuana on his yacht outside U.S. territorial waters. Buckley's *National Review* has been a major sponsor of Limbaugh's TV venture. A former failed disc jockey, Rush makes liberal use of rock music, constant repetition of the same themes and jokes, and even counts Heavy Metal rocker Ted Nugent as one of his "Dittohead" camp-followers.

There is one subject that the free-wheeling Limbaugh has deemed absolutely forbidden. It has long been his inviolable rule that any caller to his show who even mentions the words "new world order" or one-world government will be screened off the air, and he likens such "paranoid conspiracy theories" to UFO sightings.

Limbaugh's first book, *The Way Things Ought to Be*, (reviewed in *EIR*'s Jan. 29, 1993 issue) was little more than a printed version of his radio and TV broadcasts—lots of gags and skits interspersed with his right-of-Bush brand of political conservatism. Certainly he was fronting for the new world order crowd even in early 1992 when it was written—but it was mainly by omission, by completely writing out the role of the Anglo-American oligarchy in creating the wretched conditions that so enrage his middle-class audience.

Limbaugh has clearly been retooled. In *See, I Told You So*, the jokes are mostly gone, the gag-man now esteems himself a philosopher-clown, and the polemics on behalf of the one-world Anglo-American financial clique are all too explicit. Despite a few feeble barbs he throws at the ex-President himself, Rush has devolved into "Bush Limbaugh," as Lyndon LaRouche put it.

How this happened is hardly any mystery. In mid-1992, Limbaugh (who once styled himself a co-thinker of conservative Bush opponent Patrick Buchanan) was suddenly invited to stay overnight at the White House—in the Lincoln Bedroom, no less—with the desperate George Bush even volunteering to carry his bags. At about the same time, a deal was finalized to bring in Roger Ailes, longtime hatchetman for the establishment wing of the Republican Party, as the producer of Limbaugh's new TV show. Suddenly, there was a moratorium on Limbaugh's public attacks on Bush. His metamorphosis is made manifest in the new book.

### 'Hedonomics' 101

There is a howling irony in Limbaugh's effort to define (and market) his world-outlook in his latest literary opus. He



*Rush Limbaugh emerges retooled, following an overnight stay at the White House. His attacks on George Bush have ceased, and his bad jokes are now a thinly disguised defense of the establishment's new world order.*

scores the most points, and, indeed, comes the closest to the truth, in attacking America's capitulation, under the regimen of post-1960s liberalism, to a morale-sapping culture of decadence and hedonism, reflected, for example, in Hollywood and in academia. He then turns around and, seemingly oblivious to the contradiction, promotes with fanatical fervor an economic policy based on pure, unrestricted marketplace hedonism!

Limbaugh-nomics is nothing new, of course. A whole slew of 18th- and 19th-century Venetian-British perverts posing as philosophers and economists created the theory that if everyone just went out and sought maximal, near-orgiastic dosages of sensual pleasure, while deliberately ignoring any higher considerations, then the "invisible hand" of the free market would magically sort things out to achieve the greatest harmony and bliss possible—unless the dread shadow of Government Intervention upset the delicate balance. But these earlier degenerates at least had sense enough not to

wrap this thoroughly anti-Christian ideology in pseudo-moral packaging. With a wave of the hand to an infinitely distant Creator who would, of course, take no direct interest in human affairs, Adam Smith openly advocated turning the Carolinas into a giant opium plantation in his much-touted *Wealth of Nations*. Jeremy Bentham demonstrated the complete coherence of economics and morality by writing tracts that explicitly defended both usury—"loan-sharking"—and pederasty, or "consensual" child molestation. And both these ideologues, along with David Ricardo, James Mill, and John Stuart Mill, et al., were professedly nothing but hired pens for the original "Dope, Inc."—the British East India Company.

Rush is a devout worshipper at the shrine of the Invisible Hand. Over and over he drones on in his book: Big Government—Bad; Rugged Individual—Good; State Intervention on Behalf of Fairness or Equality—Very Bad; Unbridled Competition in Marketplace—Everybody Wins, No Losers; Big Danger to America—Getting Bogged Down in Swamp of Mediocrity, Sameness, "Equality."

It is all reminiscent of the puerile outpourings of Ayn Rand, again with the difference that that unhappy woman had the simple philosophic honesty to acknowledge that her radical Aristotelian-Darwinist outlook was absolutely incompatible with anything resembling the Christian conception of God. Limbaugh, on the other hand, pounds one fist on the table in support of pagan "hedonomics"—and slams down the other to decry the collapse of traditional morality in America!

In one particularly hilarious passage, he upbraids modern liberals for pushing the zero-sum game theory of economics—the notion that the "pie" is finite, so that if my slice increases, yours must correspondingly decrease. He accurately says this completely misses the point that with the creation of new wealth, the whole pie grows, and we all get more. He then holds up as an example of such new wealth creation: the growth of his own radio show audience, which, he explains, has had the beneficial spill-over effect of reinvigorating other AM-dial programs, so that everyone is much happier. It never occurs to Rush that by the same cash-register criteria of economic growth, every "successful" porno movie, every money-making "gangsta rap" recording, constitutes real new wealth, and cash-cow Michael Jackson or superwhore Madonna must be numbered among the greatest creative entrepreneurial geniuses of western civilization. In fact, the only reason that narcotics sales would not also be found in that same wholesome category is the mere technicality that dope is currently illegal—a condition that Limbaugh's free-market soul-mates William Buckley and Milton Friedman propose to remedy.

Limbaugh is obviously suffering from a virulent case of what Lyndon LaRouche terms the disease of Economics 101. Symptoms include the inability to distinguish between the growth of healthy tissue (capital-intensive industry and agriculture, for example); factors that promote such healthy

growth, such as infrastructure, scientific research, great culture; and the growth of a cancer, typified by the last 30 years' spiraling financial speculation, useless "services," and other forms of parasitism, emphatically including that Sodom and Gomorrah swamp known as "popular entertainment."

Is it any wonder that as a victim of that affliction, Limbaugh would volunteer to become, in his own expression, a "cheerleader" for the Reagan (actually Thatcher) economic policies of the 1980s? Difficult as it may be to picture Rush in a short skirt and pom-poms, he spends an entire chapter in his book cartwheeling and backflipping through a statistical "proof" that, since monetary categories of personal wealth supposedly increased across the board during that period, it was a great decade. Apart from the fact that the post-1983 government figures Limbaugh cites are massively, shamelessly fudged, as *EIR* has regularly demonstrated, Rush manages to circumvent the essential point: Whatever monetary "gains" were registered during the 1980s happened not as a result of any technologically driven increase in industrial production, but through cheating. America "saved" literally trillions of dollars, for example, by not maintaining the most basic infrastructure—power plants, freshwater management projects, road and rail systems, etc.—from the early 1970s onward. Other trillions were "saved" by draining what used to be called the developing of its wealth, forcing poor nations to sell their raw materials and labor to the United States at prices far below the cost of production in order to pay a ballooning, illegitimate debt—with the result that many American productive enterprises were driven out of business, and Third World nations were turned from potential market partners into hotbeds of disease, terrorism, and violence. All this is entirely akin to a man becoming steadily richer by draining and selling his own blood, until, upon reaching the very pinnacle of accumulated lucre, he collapses and dies.

The fact that *See, I Told You So* would subject its readers to an unrelenting, humorless hard-sell for the policies that have reduced Britain, and now the United States as well, to industrial rustbuckets, while repeatedly attacking the economies of postwar Germany and Japan as "statist" failures, indelibly stamps its author as the consummate ideologue, obsessively determined to defend his "system" against any intrusion from the real world.

### **The British-led Clinton-bashing**

Despite Limbaugh's prediction in late 1992 that his horse George Bush would stage a dramatic stretch run to defeat Bill Clinton, Rush could barely conceal his glee when the Clinton team won the election. Figuring he had enough target material for the rest of the century, Limbaugh took aim at Hillary Clinton's menagerie of warmed-over leftists and feminists, Al Gore's tree-hugging environmentalist proclivities, and the new President's numerous pratfalls in both domestic and foreign policy matters, while a good section of middle America roared its approval. He even made on-the-air wisecracks about how "ugly" 13-year-old Chelsea Clinton is (and

if there is anything Limbaugh is expert on, it is ugliness).

Illustrative of Rush's "attack therapy" approach to the administration is the following joke he told to a national broadcast audience without one iota of embarrassment. One day Limbaugh and Hillary Clinton got into an elevator together. The second the door closed, Hillary tore off her clothes, jumped on the floor, and cried out, "Rush, make a real woman out of me!" Limbaugh then took off his clothes, threw them at Hillary, and said, "Here, wash and fold these!"

Plenty of conservatives yuk-yukking with Rush just might find that the real joke is on them. The fact is, Limbaugh is in full support of the worst policy carryovers from the Bush administration which have infected the Clinton White House: specifically, the North American Free Trade Agreement, whose secret financial protocols seek to "dollarize" the world economy; and the International Monetary Fund "shock therapy" policies that have driven Russia and other former Soviet republics to the precipice of anarchy, dictatorship, and war. However, the White House, unlike Limbaugh, recognizing the disastrous results of the IMF policies, has begun to give out small signals that it might perhaps consider an alternative to IMF looting of the former East bloc, and slightly stronger signs that the poisonous Anglo-American special relationship could begin to unravel as a result of the disgusting game played by Britain in support of its geopolitical assets in Serbia.

In response to these really quite timid initiatives, the new world order hardliners on both sides of the Atlantic have gone hog-wild against Clinton. And their rabble-rousing point-man in America is none other than "Bush Limbaugh."

It should be noted that one of Limbaugh's biggest TV sponsors has been the *American Spectator*, the "neo-con" rag that is currently leading the Clintongate operation by trotting out a series of homosexuals and prostitutes, *National Enquirer*-style, each asserting on cue that he-she-it had some sexual tryst with the President-to-be. *American Spectator* includes on its editorial board the likes of Peregrine Worsthorne, the stepson of top British banker and Hitler-backer Montagu Norman. Worsthorne's *Daily Telegraph* and the rest of the British press have been loudly demanding Clinton's ouster by no later than Christmas.

Those U.S. patriots foolish enough to jump onto this bandwagon for partisan reasons should understand that their new British Tory allies are the very people who most passionately believe that the American Revolution itself was at best a tragic misunderstanding, or, more likely, an as-yet un-avenged affront by the impudent colonial upstarts. Their operation would not simply result in toppling Clinton; it would complete the destabilization of the U.S. presidency itself, which was begun with Watergate, as Patrick Buchanan has admonished the *American Spectator*.

That Limbaugh is their mouthpiece is amply demonstrated in *See, I Told You So*. Blistering Clinton for his foreign policy vacillations with respect to Haiti and former Yugoslavia, Rush constructs the following argument: The incoming

chief executive promised to reverse the Bush policy of forcibly preventing Haitian emigrants from entering the United States, and of maintaining the international blockade in the Balkans that has allowed the Serbo-communists to rape the nation of Bosnia-Herzegovina. Once in power, however, Clinton got a crash course in global realities, and reverted right back to the Bush script. According to Limbaugh, Clinton's sin was not that he lacked the spine to follow through on his declared intent to undo some of this "one world" evil—it was that he had the gall to promise to do so at all!

Limbaugh's polemics are truly monstrous. First, great "conservative" that he is, Rush doesn't utter a peep in criticism of the policy decision that triggered the mass exodus from Haiti in the first place: the suffocating U.N. embargo imposed on the island by the U.S. in support of reinstating Jean-Baptiste Aristide—the crazed, leftist ex-President who counts Fidel Castro among his closest friends, supports IMF "conditionalities" looting of Haiti's anemic economy, and boasts of "necklacing" his political opponents. Exactly how does it serve U.S. interests first to create absolutely sub-human living conditions in that tortured nation through the blockade, and then to beef up the sea patrol to turn back the refugees fleeing the resultant hellhole?

And by the time he gets to Bosnia, Limbaugh is slinging out globaloney whoppers at a rate quick enough to make him the envy of any overworked fast-food franchise manager. He lies that the Balkans crisis is strictly a civil war, a sort of tribal conflict; that, unlike "Desert Storm," there are no well-defined, winnable objectives for the West; that only some unnamed "leftists" want an intervention of any sort, and this only because the aggressors are "non-communists"; and, biggest lollapalooza of them all, that western action is unneeded because there is no danger of the conflict transcending the regional theater! His policy alternative, in effect, is to build the *Limes* wall and let "them" kill each other off. The only honest thing Rush says on the entire subject is that he became such a strategic deep-thinker so quickly by studying the works of "experts" like Jean Kirkpatrick and—who else?—Henry Kissinger.

To set the record straight: The so-called civil war in the Balkans was set up by such Slavic tribal leaders as Margaret Thatcher, Lawrence Eagleburger, Brent Scowcroft, and James Baker, as *EIR* has repeatedly documented. Then-Secretary of State Baker's treacherous June 1991 trip to Belgrade was key. Arriving less than two weeks after Croatia and Slovenia had each voted by 90% majorities to split from the British-manufactured entity known as Yugoslavia, Baker insisted that, vote be damned, the U.S. would recognize only the central Yugoslav government, dominated by the Serbo-communists, as the ruling body for all the republics. With that green light from the all-but-official spokesman for the new world order, the Serbs launched war almost before Baker's bags were packed, and the ensuing arms embargo on "all combatants" has only served to perpetuate Serbian military superiority through nearly three years of unspeak-

able genocide.

Baker, of course, did not light this match out of pro-Bolshevik sympathy, although Serbian dictator Slobodan Milosevic and his cronies have excellent Stalinist credentials. (Just where does Limbaugh think these “non-communists” got their political pedigree from—the Vienna Boys’ Choir?) The point of his incendiary Belgrade action was later articulated by newly titled Baroness Thatcher in her memoirs: Post-reunification Germany and its potential allies, like Croatia, were becoming too strong economically, and needed to be cut down. The Serbo-communist machine was simply the most useful British pawn on the chessboard to do that. The fact that precisely this kind of geopolitical gamesmanship has led to two world wars this century never seems to deter the Anglo-American oligarchs from repeating those same mistakes. And for Limbaugh to pooh-pooh the danger of a global confrontation arising from this mess just weeks before the “Russian Rush,” Zhirinovskiy, pledged Moscow’s undying military support for its Serbian Slavic brothers, with Russian troops now entering Sarajevo under U.N. auspices—that would be a real knee-slapper, except that the punchline could mean World War III.

In short, globaloney is just too nice a term to describe Limbaugh’s wild un-truthing on foreign affairs. Perhaps “Goebbeloney” would be more appropriate.

### So, why do you like him?

Limbaugh’s liberal detractors have often accused him of representing a dark threat to “democracy.” Like most things liberals say, this is silly. The secret to any potentially successful destabilization or subversion against the U.S. (or any other republic) is that, regardless of its top-down sponsorship, it must be extremely “democratic” in nature. That is, the political movement or personality misleading a large flock has to genuinely express the “felt needs” of those constituents, however degraded or petty their identities may be. And it cannot all be smoke and mirrors, either: There has to be a modicum of actual truth mixed in with the Big Lie(s), or nobody would listen for long.

In that sense, Rush is exactly what he claims to be: “The Doctor of Democracy,” although there are those who would substitute “Master of Mass Manipulation,” or some similar title. The contrast between Limbaugh and, say, William F. Buckley couldn’t be more stark. Both have essentially the same politics, although Rush would like people to forget his past experiences with marijuana, whereas Buckley wears his own as a badge of honor. But the effeminate, patrician Buckley has always had the mass appeal of last month’s overcooked vegetables, while the very earthy Limbaugh has become nothing less than a cult figure.

Indeed, Republican anti-feminist maven Phyllis Schlafly once described a pro-Limbaugh rally at the 1992 GOP convention as “just like a rock concert,” adding quickly that this was her first such experience. Along the same lines, there is Rush’s highly revealing term of endearment for his flock.

Early in his radio routine, he coined the one-worder “Ditto” as shorthand for callers who would tend to gush on about how much they love him, think the world revolves around him, etc. (Clearly an astronomical error: Limbaugh is not quite as large as the sun.) From there, it was a short step to dubbing his camp-followers “Dittoheads,” a counterculture-type moniker proudly claimed by throngs of otherwise-normal Americans today.

Rush’s act is a classic Delphic operation, with just enough truth to be effective as deception. See, *I Told You So* reviews and renews his attack on the eco-fascists, appropriating in their entirety the anti-environmentalist polemics of Dixy Lee Ray, the recently deceased former governor of Washington State whose books accurately debunked the ozone depletion scare and other greenie myths. In fact, supporters of ozone-hole guru Dr. Sherwood Rowland have actually accused Limbaugh of being a mass-media mouthpiece for Lyndon LaRouche, since Limbaugh source Dr. Ray in turn cited LaRouche’s associates for much of her material. But the crucial difference is that Limbaugh scrupulously omits that the environmental “wackos” are massively funded by top Wall Street foundations. Similarly, his book trashes the evil outcome-based education “school reform” in straightforward fashion—but totally leaves out the role of the U.N.-Lucis/Lucifer Trust apparatus in concocting that witches’ brew. Most amazing of all, he manages to spend an entire chapter lashing out against the truly dangerous concept of “hate crime”—which would base criminal penalties on the “political correctness” of the perpetrator’s mind-set, rather than his acts—without ever once mentioning the chief promoters of this Orwellian legislation, the Anti-Defamation League of B’nai B’rith.

There is more than a small bit of evidence that Limbaugh is plugged into the same ADL-Ariel Sharon networks that spawned the so-called “neo-con” synthetic movement of pro-Zionist socialists turned pro-Zionist right-wingers. He did take a “vacation” trip to Israel last summer, which, according to reports, included a ride in an Israeli tank in the Golan Heights. More significantly, the ADL’s pawprints are found several times in *See, I Told You So*, notably the boiler-plated attacks on “the racist Louis Farrakhan,” the courageous leader of the Nation of Islam whom the ADL sees, along with Lyndon LaRouche, as its most dangerous adversary. In one of his more candid moments, conservative columnist Patrick Buchanan wrote a few years ago that ADL chief Abraham Foxman would regularly send him cut-and-paste tidbits on the very same Minister Farrakhan, before Buchanan’s short-lived fight with the British-controlled Zionist establishment around the Gulf war buildup caused him to fall out of favor.

Of course, Limbaugh’s “dittohead” followers know little of this. In general, they haven’t thought through his policies on international affairs or theoretical economics. But yet they insist that “he thinks like me,” and it is undeniable. So what is the actual underlying point of agreement?

In one of the early chapters of his book, Limbaugh ap-

provingly quotes 18th-century British monarchist spokesman Edmund Burke on the role of government: "Society cannot exist unless a controlling power on will and appetite be placed somewhere, and the less there is within, the more there must be without. It is ordained in the eternal constitution of things, that men of intemperate minds cannot be free. Their passions forge their fetters." This Burke, whom Limbaugh esteems as a forefather of modern conservatism, was a major enemy of the republican (not Jacobin) networks committed to spreading the ideas of the American Revolution back to the European continent. But he is merely the retailer, not the author of the idea embodied in the cited quote.

The "original stinker" in this case was Thomas Hobbes, who wrote the book *Leviathan* in 1651 while serving as secretary (and homosexual lover) to Francis Bacon, the head of the freemasonic-founded British Royal Society. Directly assaulting the Judeo-Christian notion of man made in the image and likeness of God, *Leviathan* argued that since men are merely animals struggling "each against all" for gratification of bestial impulses, then there is need for government—indeed for absolute dictatorship—to police the combatants through a "social contract" whereby the individual gets "protection" at the expense of submitting to total despotism. But since the idea of any common human or national interest is axiomatically excluded, the only role for the state is that of referee-enforcer.

The U.S. Founding Fathers staunchly repudiated the evil Hobbes-Burke conception of man and society with their pointed references to the "general welfare" and to the need "to secure the blessings of Liberty to our Posterity" in the Preamble to the Constitution. But lately, Hobbes has been making a sharp comeback, reflected in the popularity of a Rush Limbaugh. Is this because Americans have been suddenly seized en masse with the desire to grab up copies of his putrid tract? Of course not—this is merely the unconscious day-to-day outlook of "every man for himself" surfacing in a period of profound cultural pessimism born of three decades of decay.

Both the welfare state and the post-1960s war on poverty were designed by their oligarchic sponsors, not to uplift, but to pacify and police the poor in America, as well as to fleece mostly middle-class taxpayers, all under conditions of generalized industrial regression. But to conclude from the predictable, miserable failure of these programs that there is no knowable path to scientific or economic development other than the capricious whims of the pagan goddess of the Free Market, is dead wrong. To paraphrase economics professor and LaRouche collaborator Dr. Taras Muranivsky, it is like watching your drunken sot of a brother-in-law wrap his car around a telephone pole—and then deciding that all automobiles would run much better without drivers! It is obvious that this kind of thinking leads straight into a ditch.

Limbaugh says that his show is like an addiction, requiring some six weeks to become complete. *EIR* hereby proposes a detox program—although one does not by any means

have to be a hard-core dittohead to benefit from it.

## Don't say 'ditto' to the new world order!

The accompanying box provides a reading list including some original sources, and some works by LaRouche and his collaborators. Go through as much of it as possible. Especially important is the material on Hamiltonian economics. There will undoubtedly be readers shocked to learn, for example, that Limbaugh's brand of "free-market economics" is precisely what great Americans like Hamilton, Henry Clay, and Abraham Lincoln were fighting against in the struggle to build the nation. Also, the historic background on British geopolitics is crucial for understanding the outright treason of the new world order crowd for whom Rush is rah-rahing today.

Finally, the "LaRouche Was Right" Timelines that have been serialized in the weekly newspaper *New Federalist*, make it overwhelmingly clear that beginning as early as 1952, on subjects as diverse as stopping AIDS and other epidemics, defeating the old Soviet empire, developing the Third World, or reversing the economic and moral decay of the United States, there is only one leader in the world who has any authority whatsoever to say, "See, I told you so." And he sure isn't Rush Limbaugh.

## Suggested reading

A highly recommended summary of the history of the American System of political economy can be found in *EIR*'s Jan. 3, 1992 issue, dedicated as a tribute to the bicentennial of Treasury Secretary Alexander Hamilton's *Report on Manufactures*. Other titles:

Lyndon LaRouche: *So, You Wish to Learn All About Economics?*

W. Allen Salisbury: *The Civil War and the American System: America's Battle with Britain, 1860-1876*.

Anton Chaitkin and Webster Tarpley: *George Bush: The Unauthorized Biography*.

Alexander Hamilton: *Industrial and Commercial Correspondence of Alexander Hamilton, Anticipating His Report on Manufactures*.

Henry C. Carey: *Harmony of Interests: Agricultural, Manufacturing, and Commercial and Principles of Political Economy*.

Friedrich List: *National System of Political Economy*.

Books can be purchased from Ben Franklin Booksellers, 107 S. King St., Leesburg, Va. 22075; (703) 777-3661 or (800) 453-4108.

## LaRouche on Whitewater: 'We are not a banana republic'

by Edward Spannaus

As news media hysteria around the contrived "Whitewater" scandal has intensified, presidential candidate Lyndon LaRouche has pinpointed the British crowd orchestrating the operation, as well as the policy issues which are really at stake. What is actually behind the fight around the Clinton presidency has nothing to do with the stories which the gullible U.S. population is fed every night on television, or every day on the radio talk show circuit.

In his interview with *EIR* on March 9, LaRouche said that the British operation, centered around the London *Daily Telegraph*, goes back to last November-December, and that they are using the same apparatus which is behind the more recent Hebron massacre.

The primary issue, LaRouche said, "is the Russian policy question, [and] the relationship of the Russian policy question to the derivatives swindle, the big bubble swindle." And then what you have, LaRouche continued, are "the forces behind the Russian policy, that is, the so-called shock therapy or IMF [International Monetary Fund] conditionalities policy, saying don't touch it."

But, LaRouche warned, "the important thing is this: Americans have to wake up, including some foolish Republicans who are behaving opportunistically and *not* patriotically. When a foreign government's intelligence services set out to destabilize the institution of the U.S. presidency—a constitutional institution—we *don't go along with that*. We don't let anyone in Britain destabilize our government. We are not a banana republic, and we ought to stop it."

### **Brits set the timetable**

It is precisely because this is being run from abroad, that many of the President's opportunistic Republican opponents in the United States can't seem to get their signals straight. For weeks, they demanded that Clinton and Attorney General

Janet Reno appoint an impartial special prosecutor. On Jan. 20, Reno did appoint an independent counsel, a Republican of impeccable credentials, former federal prosecutor Robert Fiske. Fiske appears to have launched an aggressive and thorough investigation of all Whitewater-related matters, but he has said that his investigation will take at least 18 months to complete.

But this isn't fast enough for the gang that wants to bring down Clinton by the end of this year. Thus, many of those who first demanded the appointment of a special prosecutor, are now trying to orchestrate congressional hearings on Whitewater—over Fiske's opposition—in order to bring Clinton down sooner.

Who wants Clinton out during 1994? Let's start with the London *Sunday Telegraph*, which on Jan. 23 announced its intention to force Clinton out of office "before the year is out." On the U.S. side, the campaign is being spearheaded by Emmett Tyrrell, editor of the *American Spectator*, the little-known neo-conservative magazine which boosted its circulation significantly with its January issue featuring the Clinton "Troopergate" story, which was quickly picked up by the national news media starting with Cable News Network. In the Feb. 11 *Washington Times*, Tyrrell praised the British media for their coverage of Whitewater, and he praised the *Daily Telegraph's* Washington correspondent, Ambrose Evans-Pritchard, who, he said, "has been particularly tireless in examining those scandals."

Two days later, the *Sunday Telegraph* returned the favor, and ran a feature boosting Tyrrell. "There has always been a strong British connection" to the *American Spectator*, said the *Sunday Telegraph*, noting that its Washington bureau chief, Tom Bethell, is English, and that Sir Peregrine Worsthorne, the flagship columnist for the *Sunday Telegraph*, is an active member of the editorial board. Then,





*Georgian President Shevardnadze with President Clinton at the White House March 7, where media behavior made the aims of the scandal all too clear. Shevardnadze came to warn of the danger of a "whole chain of wars" extending from the Balkans through the Caucasus and into Central Asia. At the National Press Club, he said that continued instability and war in former Soviet republics, especially in the Transcaucasus, could have serious repercussions in Russia, and that the policy of the West will be crucial in deciding whether this nightmare can be averted. At this joint press conference, the first question was about Whitewater, and English-speaking media failed to ask a single question about U.S.-Georgian relations.*

Worsthorne devoted much of his Feb. 13 column to praise of his friend "Bob" Tyrrell, whom he identified as "masterminding the campaign which is beginning to look like it might do for Clinton what the *Washington Post* did for Nixon."

"There's no question that the campaign against Clinton is being orchestrated from Britain," a well-placed Israeli source said to *EIR* recently. He emphasized the role of the *Daily Telegraph*, finding this of particular interest, because it is owned by the same Hollinger chain which backs the Ariel Sharon interests in Israel, and which has been trying to undermine the Israel-Palestine Liberation Organization accord.

### Special counsel versus Congress

On March 4, subpoenas were served on White House staffers, to the delight of Clinton's detractors. In reality, the subpoenas have little significance—except in the "perception" game which governs politics in Washington. They compel six top Clinton aides, including then White House Counsel Bernard Nussbaum, to appear before a federal grand jury, and they order the White House to produce all documents and records related to Whitewater. Three Treasury officials were also subpoenaed.

The next morning, Nussbaum resigned. In his letter to Clinton, Nussbaum said he had acted at all times "in an absolutely legal and ethical manner." But, he added, "as a result of controversy generated by those who do not understand, nor wish to understand the role and obligations of a lawyer, even one acting as White House Counsel, I now

believe I can best serve you by returning to private life."

Nussbaum had recently come under fire for meeting federal officials who were overseeing the investigation of Arkansas business deals involving the Clintons and their friends. Despite the hypocritical howls of the media and congressional Republicans, it is completely routine and proper for lawyers to meet with prosecutors or regulatory agency officials who are investigating their clients, and everybody in Washington knows this.

Nevertheless, Nussbaum was driven out, and on March 8, Clinton appointed veteran establishment lawyer Lloyd Cutler as "special counsel to the President" for a period of three to four months, while Clinton finds a permanent replacement for Nussbaum.

One effect of the Fiske subpoenas, which became immediately clear, is that they make it more difficult for Republicans in Congress to carry out their Whitewater witchhunt. Republicans on both the Senate and House Banking Committees have made known their intention to hold hearings on the Madison/Whitewater affair. (Although, as Sen. John Kerry [D-Mass.] has pointed out, these same Republicans have been quite apathetic about the larger issues of the S&L bailout, or about the failure of much larger institutions than Madison, such as those in Texas, which cost taxpayers billions of dollars.)

Rep. Jim Leach (R-Iowa), the ranking Republican on the House Banking Committee, has requested 40 witnesses for questioning on Whitewater at a hearing scheduled for March

24. The list, submitted to committee chairman Henry Gonzalez (D-Tex.), includes seven White House officials, including Nussbaum and Chief of Staff Mack McLarty, and potential witnesses from Little Rock, including James McDougal and his wife Susan.

Fiske has urged Congress not to hold hearings on Whitewater, warning that such hearings could "pose a severe risk" to the integrity of his probe. Both Republicans and Democrats have now agreed that witnesses will not be given immunity (i.e., compelled to testify, with a promise that their testimony cannot be used against them in any subsequent criminal proceeding). But one of the consequences of this will be that many witnesses are likely to be given the standard lawyer's advice to refuse to testify unless they are given immunity.

In various interviews, Sen. Alfonse "Mr. Ethics" D'Amato (R-N.Y.) has made it clear that he hopes this is what will happen, forcing administration witnesses to publicly take the Fifth Amendment, à la the Joe McCarthy tactic of the 1950s.

Fiske met with Senate Republican leaders on March 9, but D'Amato and William Cohen (R-Me.) made it clear afterwards that they are determined to go ahead with hearings, even at the risk of impairing Fiske's investigation. The only concessions they made to Fiske were that they would not grant immunity to witnesses, and that they might be willing to delay their hearings until Fiske has completed the first phase of his investigation. On the House side, Leach refused to even meet with Fiske. "I did not want to compromise his work, and I did not want him to compromise mine," he said. Leach is still insisting on the March 24 hearings. The White House, anxious to avoid the appearance of stonewalling, will apparently not discourage officials from appearing before the committees.

### Wall Street Journal accuses Fiske

Meanwhile, the *Wall Street Journal* has already accused Fiske of a coverup. In a lead editorial entitled "The Fiske Coverup," the *Journal* on March 9 accused Fiske of blocking the release of information on the death of White House aide Vincent Foster, and made it clear that it wants congressional hearings for the purpose of driving the President and the Democrats out of office. Accusing White House aides of sitting on the Foster records, *Journal* editors charged that Fiske's actions "will continue their coverup beyond the congressional election and with luck beyond the presidential one."

The *Journal* editors urged congressional leaders to insist to Fiske that they are going ahead with an investigation, even if it undercuts the independent counsel's investigation. "They should tell Mr. Fiske that they ultimately don't care whether someone goes to jail. . . . The more important responsibility is to give the public the facts it needs to judge the performance of its government; deciding whether to indict is less important than deciding to throw the rascals out."

By the end of the year, gentlemen?

# Cooper health plan in the hands of the

by Linda Everett

Rep. Jim Cooper (D-Tenn.), a Rhodes Scholar who studied at Oxford, England, likes to characterize himself as a "New Democrat" who, as he told the Democratic Leadership Conference, is proud to be part of the new policy shift "away from the philosophy of entitlement and toward the philosophy of empowerment—the New Covenant." The *New Republic*, in its December endorsement of Cooper's health care reform proposal, called it a true "New Democrat alternative" to President Clinton's Health Security Act. The magazine wrote that Cooper regards medical coverage as a matter of personal responsibility, not a new entitlement. The "New Democrat," it explained, "says that once government removes the barriers that prevent its citizens from taking care of themselves, it's up to individuals to act on their own behalf."

Of course, helping millions of Americans who are wracked by the AIDS virus, or virulent, unresponsive strains of tuberculosis, or catastrophic medical conditions, is a major public health issue, not a matter of people acting "on their own behalf." And maybe you're finding it hard to discern how the free market that Cooper crowns about, will "empower" millions of our wretchedly impoverished families and millions more of our mentally and/or physically ill homeless people to solve their own health care problems. Yet, Cooper wants to swap the traditional, historic, but admittedly tattered covenant that this nation once proudly held in meeting the health care needs of its people on the most advanced medical levels possible, with his post-industrial "New Covenant."

### Supported by Business Roundtable

Cooper's Managed Competition Act received national scrutiny in February when the Business Roundtable, an influential group of executives representing 200 of the country's largest companies, voted to support it.

Cooper claims that H.R. 3222, co-sponsored by Rep. Fred Grandy (R-Iowa), would guarantee universal access to health care (not universal coverage). The bill, sponsored in the Senate (S. 1579) by John Breaux (D-La.) and David Durenberger (R-Minn.), shares plenty of common ground

# leaves care 'free market'

with President Clinton's plan. Both are based on the managed competition scheme created by the Jackson Hole, Wyoming mob of insurance company, health industry, and business executives, and cost efficiency fiends. The Wyoming-based operation is led by Paul Ellwood, who launched health maintenance organizations (HMOs) as a cost-cutting reform 20 years ago, and by Stanford health care economics professor Alain Enthoven. While the President's Health Security Act uses global budgets, employer mandates, and price controls, Cooper's is based on "pure managed competition."

Under Cooper-Grandy, individuals and small employer groups of up to 100 employees would join large purchasing pools known as health plan purchasing cooperatives (HPPCs). The HPPCs would supposedly offer a variety of plans including managed care plans and traditional fee for service, but there's no assurance of a choice of plans—that's up to market forces. In Cooper's plan, one HPPC would serve a region, usually a state. The HPPCs or purchasing pools would collect premiums and distribute them to Accountable Health Plans (AHPs) which are made up of competing cartels of insurers, hospitals, and doctors. HPPCs are supposed to equip consumers with bargaining powers to force insurers to deliver quality services at the cheapest price. But, this bill forbids HPPCs to be comprised of more than 50% of small groups, lest their bargaining power exceed levels acceptable to insurers. AHP's are to provide the basic approved benefit package but *must* require co-payments from the insured.

Cooper-Grandy guarantees that insurers cannot deny you coverage because of a preexisting condition, yet it allows insurers to refuse coverage of such conditions for the first six months of the plan. *EIR* was told that this provision is to protect insurers from bankruptcy. But what about protection for patients with *life-threatening* conditions, since studies repeatedly show that individuals in the indigent and uninsured population generally have several acute medical conditions that need immediate attention? Also, we don't know how many of the 60-80 million uninsured Americans are uninsured because they were *turned down* for having preexisting conditions.

## Discriminatory ratings built in

Insurance companies are known for the infamous practice of "cherry picking"—lower premium rates are offered to relatively healthy people who are profitable insurance prospects, and no coverage or astronomical premiums face people with major medical problems. Such injustices could be alleviated by instituting "community rating" systems, whereby the risk of treating the very ill is spread over a large population.

Cooper claims H.R. 3222 does just that. But the fact is, his plan provides for a five-member National Health Board to build discriminatory ratings against older patients right into the premium rates. Cooper-Grandy premiums are not based on what one co-sponsor called the "extreme" of pure community rating, because that would fuel an "inter-generational equity problem" whereby young enrollees would be forced to carry the increased costs of coverage for an older population. The bill calls for age-adjusted ratings where premiums for groups comprised of an older work force are "significantly higher."

The national board would segregate all enrollees into premium classes, in which the premium level is based on 1) the type of plan purchased, and 2) within that type, the age of the enrollee or principal enrollee for the family. Older employees or whole families of the principal older enrollee *will pay as much as twice the costs of premiums of younger enrollees* in the same plan. And, there is no cap or restriction on how high any premium could be increased.

## Employer coverage not mandated

The bill stipulates that small businesses of up to 100 employees must join a HPPC to reduce the high administrative costs and the high risk of major illness in a small group. Although large groups cannot join the HPPCs, they can self-insure and form their own AHP. Employees in both cases need only make coverage available for individuals to purchase, unlike President Clinton's plan that mandates employers purchase coverage for employees. The employer mandate is the key reason why the U.S. Chamber of Commerce (which represents 200,000 smaller companies), the National Association of Manufacturers (12,500 members), and the Business Roundtable have all said they cannot back the administration's plan, and have shifted their focus to the Breaux-Cooper bill.

Under Breaux-Cooper, the cost of an individual's insurance premium is 100% tax deductible—up to the cost of the least expensive health plan in the region. No doubt, this provision will force many people into the cheapest and most stringently enforced managed care plans. Large employers may continue to subsidize coverage for employees, but a major change is that such premiums are now tax deductible *only* up to the cost of the cheapest standard package. Any individuals or businesses that purchase plans more costly than the least expensive in the region would be subject to a

34% tax on the price difference.

Cooper is depending on this provision, aimed at forcing major companies to relinquish “wasteful Rolls-Royce” plans, to provide enough tax revenues to fund much of the overall bill. In effect, it penalizes anyone who needs more extensive coverage than the cheapest plan provides. Those with chronic health problems not only pay more for coverage with higher co-payments, they are also taxed on the price difference.

### Medicaid eliminated

Cooper-Breaux would eliminate Medicaid, freeing funds for the federal government to provide acute medical care for the needy, and for states to provide long-term care for the indigent elderly and disabled. A new federal program would pay premiums and most co-payments for people living below 200% of the poverty level; premiums are paid for those at 100% of the poverty level; and those living between 100% and 200% of the poverty level will receive a subsidy to purchase coverage. Cooper says this provides coverage for most of the country’s uninsured population, but various estimates show as many as 25 million people would still lack insurance. The number of uninsured might actually be higher, since the bill uses a much lower state-adjusted poverty level for its calculations, leaving out of its count many who are too poor to cover premiums, let alone their co-payments.

There’s plenty of competition in pure managed competition. Insurers compete with providers for profits; combined, they compete against the government’s budget cuts, and all their varying agendas combined compete against the medical needs of you and your family and the nation. Without a strong national mandate that makes the protection and treatment of the patient primary—not profits or cost-cutting—chaos results, as is seen in Cooper’s home state of Tennessee.

That state’s new TennCare managed care plan for its million Medicaid enrollees added an additional half-million more uninsured people to the rolls without increasing its budget! Then Blue Cross/Blue Shield ordered 7,200 private practice physicians participating in its Preferred Provider Organization to take all TennCare patients (TennCare reimburses providers only 40% of their costs) or face the loss of their PPO practice and patients. Two patients have died as a direct result of this ongoing fiasco where about half of the doctors in the Blues’ PPO plan were forced to drop out, leaving tens of thousands of patients without physicians, and the physicians without a practice.

### Costs are shifted

Thus, managed care plans have a much more hazardous impact on patients than generally recognized. If AHPs can cut costs by subcontracting with a company 100 miles away to provide a costly diagnostic test, they’ll do it. You, as an enrollee, are “covered” for the service, but can you afford to take a day off from work for the round trip? And if, as

the Cooper plan allows, cooperating networks or monopolies in a region can cut costs by limiting the expensive medical equipment used in the state, you’ll wait weeks or months for tests, as they do in Canada. AHPs can authorize that only specific hospitals in a region perform particular procedures. Frail patients would need someone to skip work to transport them to the facility, stay with them in an area hotel pending post-operative checkups, and then return them home. This is already being done in rural Texas.

Contrary to what its advocates say, there is lots of cost shifting in managed competition—the cost is shifted to you.

### Treatment not guaranteed

Your ability to pay doesn’t assure that you will be treated, however. Cooper’s National Health Board will draw up a benefit package *after* his bill is passed. That package will be based on a list of *treatable diagnoses*, not on a list of entitlements with the amount of care covered. Neither the type of treatment needed nor the type of provider who can provide that treatment will be defined—your hospital/insurer does that. Treatment will not be based on the traditional aim of medical science—saving lives. Now it’s up to the demands of the market place and the subjective concept of “futile treatment,” which refers to any treatment a hospital *doesn’t want to give a patient*, based on its view of what is a desirable quality of life.

A Virginia hospital decides that intermittent life-saving ventilator support to an anencephalic infant, born with an underdeveloped brain, is medically unnecessary (see *National News*); a Florida hospital calls such infants “dead”; still others call it ethically inappropriate to treat pneumonia in a cancer patient. Documented managed care horror stories abound: A heart failure patient is told to wait nearly an hour for the HMO ambulance (he dies); and, new mothers are told they only need 12-24 hours of hospital care after arduous, lengthy, and allegedly “normal” deliveries.

Cooper says Medicare will remain intact under his plan, but that’s crazy. How can we assure decent treatment of older or disabled Americans who are the most vulnerable when the system itself is disabled? *EIR* was told that public hospitals, the only facilities which consistently serve the poor and homeless “will have to fend for themselves.”

At a time when we need more specialization and intensified research into spinal cord injuries, Alzheimer’s, and other difficult medical conditions; and at a time when 30-40% of doctors are about to leave the system due to retirement or reforms, Cooper’s National Board would cut the number of specialists and doctors allowed to practice. At a time when 60 million people, many of whom desperately need acute medical treatment, will enter our health care system, Cooper says we need to slash 40% of our hospital beds.

The battle for life is certainly not “empowered” under Cooper’s New Covenant, it’s been put on the chopping block by the free market.

# 'Proud of my record,' LaRouche tells press

The first 250,000 copies of a booklet summarizing the "Relevant Evidence on the Record Demonstrating the Innocence of Lyndon LaRouche and Co-Defendants" began to be circulated across the United States, with a press conference in Washington, D.C. on March 10. The booklet, released by the Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee, for the 1996 presidential election, is the first of two mass-circulation campaign booklets. The second, slated for release in April, will address "The Attempt to Destroy the U.S. Presidency."

LaRouche's statement, "Why I Am Proud of My Record," opens the eight-page booklet. "I stand before you knowing that you have available to you proof that the government imprisoned me and several of my friends, proof that all the while the government knew that my friends and I were innocent of all of the charges. The fact that the Federal courts and the Justice Department, up to March 10, 1994, have failed to apologize for a fraudulent conviction, stains their honor, not mine. Thus, I as a presidential candidate stand before you clothed in the great honor of having paid a price for innocence which is far greater than any candidate who has stood for that high office during the recent decades," he writes.

The body of the report begins: "On the basis of government evidence now on the public record, the U.S. government knew at all relevant times, from 1979 to the present day, that Lyndon LaRouche and his co-defendants were innocent of the false charges for which they were convicted."

Mr. LaRouche was released on parole on Jan. 26 after serving five years of a 15-year sentence in federal prison, resulting from a trial in Alexandria, Virginia in 1988. Six of his associates were also convicted in that infamous "railroad." Michael Billington, a co-defendant at Alexandria, and five other political associates of LaRouche, are now serving long sentences in Virginia state penitentiaries. Both the federal and Virginia cases are separately summarized in the booklet.

"The evidence consists chiefly of the government's own documents, statements of government officials, and sworn testimony of government witnesses. These show that the prosecution lied on all relevant issues during pre-trial and later proceedings. This proof is documented in six volumes of such evidence filed on the public record within the Federal Fourth Circuit Court of Appeals," the booklet says.

In Virginia, "In contrast to the Federal prosecutors,

whose fraud upon the court was accomplished by a combination of crafted lies and a biased judge, the Commonwealth proceeded by raw political corruption in openly flagrant defiance of every statute, precedent and common standard of mere civilized criminal practice at each point of the process," the booklet indicates.

## Story breaks in Venezuela

While U.S. media have blacked out the story so far, the theme of LaRouche's exoneration is grabbing international attention. On March 9, *Ultimas Noticias*, one of Venezuela's largest circulation papers, published an article headlined, "Her Husband Had Denounced the Cisneros-Latin Links to Money Laundering, Ana María de Phau Charges":

"The Venezuelan Ana María Mendoza de Phau today told the press that her husband, U.S. citizen Donald Phau, is in jail in the United States with Lyndon LaRouche [sic], who is internationally known for his tireless fight against drug trafficking, money laundering by the banks, and the policies of the International Monetary Fund.

"My husband and the others charged in the case, including LaRouche, who is now conditionally free on parole, are innocent and the U.S. government knew of their innocence," said Mrs. Mendoza de Phau, "but the international financial interests responsible for the collapse of the banking system and drug money laundering orchestrated a campaign to send them to jail."

"In Venezuela," Mrs. Mendoza asserted, "the Cisneros Group repeated that fraud by launching a slander campaign against LaRouche and the Venezuela Labor Party, starting in 1985, when the book *Narcotráfico, SA* was published, which documents the alleged ties of Cisneros and the directors of the Banco Latino with money laundering. At that time, the Cisneros-Latino Group had such control over the country, that they were able to raid offices, deport journalists, and obtain a court order prohibiting the circulation of the book, so that Venezuelans would not know the facts."

"Mrs. Mendoza de Phau, who is on an international support tour calling for the freedom of her husband and the exoneration of all of those accused, also revealed that, in the United States, 'attorneys Odin Anderson and the former Attorney General Ramsey Clark last year filed a petition before the Federal Appeals Court, including six volumes of evidence consisting chiefly of the government's own documents, that show overwhelmingly that the prosecution in the cases against LaRouche and his associates lied and covered up exculpatory information, violating all constitutional rights. So far,' she asserted, 'both the Appeals Court and the Department of Justice have declined to order a review of this case.'"

Persons wishing to obtain copies of the booklet may send their name, address, and telephone number to the LaRouche Exploratory Committee, P.O. Box 730, Leesburg, Virginia, 22075, committee spokesmen said.

## Brown threatens to cancel Space Station

Speaking at the annual Goddard Memorial Symposium of the American Astronautical Society on March 3, Rep. George Brown (D-Calif.), chairman of the House Committee on Science, Space, and Technology, shocked his audience by saying that if expected cuts in the FY 95 NASA budget are not reversed, he will recommend eliminating funding for the Space Station in order to maintain the overall health of the space program. The proposed \$250 million reduction from this year's budget by the White House, he stated, is "not due to a lack of money, but a lack of priority." While overall funding for federal R&D has been reduced in the President's budget, he said, "NASA has borne the brunt of the cutbacks."

I want to "shock you into a sense of urgency," Brown told aerospace industry and space science leaders. While NASA could "live" within the reduced budget the White House has submitted, he explained, this will lead to even greater cuts in the Appropriations Committee. "For years," he said, "the Appropriations Committee has used the NASA budget as a 'cash cow' for other Appropriations accounts. There is no signal that this will change in the current round of appropriations, and such actions will necessitate major restructuring of the NASA programs."

Brown mentioned that all of the amendments that have been introduced year after year on the House floor to eliminate the Space Station have come from members of the Appropriations Committee, some of whom see no need for a manned space program.

Knowing that the Space Station is the centerpiece of President Clinton's efforts to cooperate with the Russians, Brown is seeking leverage to get ac-

tion from the White House. According to *Space News*, Brown discussed this with Clinton aboard Air Force One on Feb. 6. Opposed to the idea that space programs should be used for foreign policy rather than science and technology purposes, Brown said, "We're doing everything wrong due to a lack of vision."

## Senate bill aims at stemming immigration

A bill designed to slow immigration into the United States and clamp down on "illegals" was introduced in the Senate on March 2. The bill, introduced by Minority Whip Alan Simpson (Wy.), the senior Republican on the immigration subcommittee, plays into the hysteria especially rampant in border states such as California, over an influx of immigrants burdening already strained state economies.

Simpson's bill is one of a number of proposals seeking to stem the flow of illegal immigrants. A Senate aide said that a commission on immigration reform set up by a 1990 law was due to make its first report in September and that legislation before then would be premature.

"After a decade of high immigration coupled with a tough recession and high unemployment, it is time to take a breather," Simpson said. His bill calls for a temporary reduction in the number of legal immigrants annually to the pre-1990 level of 500,000, down from 675,000 currently. It also calls for a secure means of identification for use by all persons when applying for a job or claiming welfare benefits. He said there would be safeguards to ensure that this did not become a "national ID card." The bill would also prevent legal aliens from obtaining any federal benefits except

emergency medical aid and disaster relief. It would provide for swifter deportation of criminal aliens, tighten up on asylum cases, and set a statutory limit of 80,000 on the number of refugees admitted annually.

## House panel okays \$1.5 trillion spending plan

The House Budget Committee approved President Clinton's proposed \$1.5 trillion budget for FY 1995, which starts Oct. 1, by a vote of 25-17 on March 3, the first step on its road to approval by Congress. The vote was along party lines, and the Clinton proposal was left almost intact.

"This budget directs more federal government money toward investments, criminal justice, education and training, building infrastructure and conducting research—the basic thrust of the President's plan," committee Chairman Martin Olav Sabo (D-Minn.) said after the panel acted.

The budget resolution must be approved by both houses of Congress but needs no presidential signature. It projects roughly \$1.514 trillion in spending and \$1.338 trillion in revenue. Republicans offered an alternate plan, which the committee rejected in a party-line vote.

House leaders are rushing to get the budget to the floor before a balanced budget amendment to the Constitution is considered on March 16 or 17, so they can highlight the difference between the balanced budget many members say they want and what they are actually willing to support. A balanced budget amendment was recently narrowly defeated in the Senate.

"I assume that people who are for a balanced budget amendment would also be for a budget path that leads us to that result," House Speaker Thom-

as Foley (D-Wash.) told reporters. Although many supporters of a balanced budget from both parties sit on the committee, no one proposed the deep cuts and tax increases necessary to achieve a balanced budget by 2001. Rep. Charles Stenholm (D-Tex.), a supporter of the balanced budget amendment, offered a proposal that would freeze cost-of-living increases for all government programs in 1996 and 1998 (including Social Security) and save \$67 billion over four years. It was rejected on a 32-8 vote.

## **Mitchell won't seek reelection to Senate**

U.S. Senate Majority Leader George Mitchell (D-Me.) shocked the Capitol on March 4, surprising his colleagues and staff with the announcement that he will leave Congress. "This is the right time for me to consider other challenges and to give someone else the chance to serve," Mitchell, 60, said in a statement prepared for broadcast on three Maine television stations. "I will not be a candidate for reelection."

Mitchell, who had been expected to win reelection easily, said he was "in good health and spirits," and that while people may search for other reasons for his departure, he claimed "there aren't any." On March 3 Mitchell had dinner with President Clinton at the White House, where he informed him of his decision.

Mitchell's decision could damage efforts to push through Clinton administration legislative proposals, especially on health care reform. It could also make it more difficult for Senate Democrats to fend off the hysteria being whipped up by Republicans around the alleged wrongdoing in the Whitewater affair.

Appropriations Committee Chairman Robert Byrd (D-W.V.) said he was "disheartened . . . and disappointed" by Mitchell's decision.

"It is about the worst news I can imagine for the Senate and for the nation," said Sen. Carl Levin (D-Mich.).

Sen. Edward Kennedy (D-Mass.) said he was "surprised and saddened" by the news.

## **Republicans sabotage new banking legislation**

In hearings on March 2-3, Senate Republicans railed against attempts by the Clinton administration to gain greater oversight over the operations of the Federal Reserve Bank. Alfonse D'Amato (R-N.Y.), one of the most vociferous proponents of the Whitewater witchhunt against Clinton's presidency, warned that he would sabotage the legislation.

"Let me first serve notice: I would vigorously, vigorously oppose giving to the Justice Department this total authority," D'Amato warned. "There is just no way, absolutely no way that I would approve this. I just see this now: Here we are starting out with a fresh, new agency, a new system. We're going to ensure independence from political influence, and we should allow the agency to make its determination as when and how to bring suit."

Just two days prior, on March 1, D'Amato asked the Senate Banking Committee to investigate what he claimed was an improper meeting of high-level White House staff on the "Whitewater affair."

Republicans argue that any restrictions on the "independence" of the Fed would lead to government "manipulation." "But the issues that

we're facing today cast a pall over the idea of taking any power from an independent Federal Reserve and consolidating it under a new federal banking commission," wailed Sen. Lauch Faircloth (R-N.C.). Clinton is "the President today; but the system we're talking about building would be controlled by whatever President of whatever ilk might get into the White House, and even have the ability to manipulate it into moving. And I think that is the worst possible situation that we could have happen and the most devastating thing we could do to fiscal integrity and responsibility in this country."

The administration would create a Federal Banking Commission, as a supervisory group of all the banking regulatory agencies, on whose board would sit the chairman of the Fed and the secretary of the treasury.

The Wall Street banking community is expending major effort to counter the administration proposal. Fed Chairman Alan Greenspan presented an alternative which would in fact enlarge the regulatory role of the Fed and prevent greater oversight into its operations. At hearings with Greenspan on March 3, Sen. Paul Sarbanes (D-Md.) noted that there was in fact a consensus among some of the major banks to support the Greenspan alternative in order to sabotage the administration's proposal. "In a closed meeting with the Federal Reserve's top officials," said Sarbanes, "dozens of the nation's most powerful bankers vowed to back the Fed in opposing the Clinton administration's plan for centralizing bank regulation. The chairmen of big banks in each of the Fed's 12 regional districts endorsed instead the Fed's plan to take over the bank supervision role of the Federal Deposit Insurance Corp., according to a copy of the meeting's official summary."

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# National News

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## PIRG environmentalists exposed in college paper

The January issue of the Hunter College-based paper *Spheric*, distributed throughout City University of New York, ran a major exposé of the New York Public Interest Group, or NYPIRG, Inc. The original PIRG was founded as part of the Ralph Nader-linked environmental vigilantes following the 1970 Earth Day extravaganzas.

*Spheric* accused NYPIRG of getting \$3 from every CUNY undergraduate (added on to their tuition fees), using high-powered lawyers to defend the secret taxation, and falsifying research for the purpose of grabbing the spotlight.

Half of the outlays gained from tuition checkoffs, according to *Spheric*, go to salaries—around \$2 million in New York State alone, out of a \$4.1 million budget, with only 46 full-time employees.

Moreover, "it seems the PIRGs don't care how truthful the muck they rake is; their 'research' is bogus. . . .

"To get the necessary 'facts,' the PIRGs distort information, use illogical reasoning to arrive at their predetermined conclusions, shuffle figures and wrap up the product in deceptive language. When their methodological errors are brought to light, their response is to personally attack the critic," *Spheric* wrote.

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## D.C. coalition fights to get AIDS funding

For the first time in a decade, Washington, D.C. is opening up to competitive bidding its \$2 million annual grant to the city's sole provider of comprehensive AIDS services in the city. For the past 10 years, according to the March 7 issue of *New Federalist*, the grant has been routinely awarded to the Whitman-Walker Clinic, whose board-adopted mission is to act as "a lesbian and gay community health organization whose services are dedicated to gay men and lesbians."

Author Dr. Debra Hanania-Freeman wrote that, in the early 1980s, some 68% of reported AIDS cases in Washington were among homosexual or bisexual men. By 1991, "roughly 73% of the reported AIDS cases occurred among African-Americans. . . . And, perhaps the most disturbing statistic of all, black children aged 13 and younger represent 93% of all AIDS cases among the District's children."

A group called Sankofa Community Coalition of HIV/AIDS Services is now fighting to wrest the city's grant from the Whitman-Walker Clinic. "If we want to put a color on this pandemic, the color would have to be black," said Dr. Abdul Alim Muhammad, a founder of the coalition and director of the Abundant Life Clinic. Last year, the lesbian chief of the D.C. Agency for AIDS/HIV was fired after it was discovered that she had overridden efforts by a panel to award a contract for a public information campaign to the Abundant Life Clinic. Her animus stemmed from the fact that Dr. Muhammad is a leader in the Nation of Islam and, she told the panel, "Muslims hate gays."

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## Hospital argues right to deny infant treatment

Fairfax Hospital of Falls Church, Virginia is fighting a Feb. 10 federal appeals court ruling that federal law indeed does mandate that the hospital must provide life-saving treatment to a disabled infant. "Baby K" was born in October 1992 with a partially developed brain, a condition known as anencephaly. Baby K's mother insisted the child receive ventilator assistance, against the hospital's argument that this "ethically inappropriate" treatment was an indignity that "prolongs her death."

Some doctors classify infants with anencephaly as "dead," and Fairfax Hospital argued that Baby K "lacked the essence of personhood" and asked the court to relieve it of federal laws protecting vulnerable patients. The U.S. District Court ruled last July that denying Baby K emergency care would violate the right to life under the Fifth and Fourteenth Amendments, the First

Amendment guarantee of religious freedom, the 1990 Americans With Disabilities Act, the Emergency Medical Treatment and Active Labor Act, and Sec. 504 of the Rehabilitation Act of 1973.

The hospital's unsuccessful appeal to the Fourth U.S. Circuit Court of Appeals claimed that a Virginia law giving doctors the right to withhold "futile" care takes precedence over federal and constitutional protections.

The hospital's legal challenge now claims that Congress never intended for the federal emergency care laws to control "sensitive" end-of-life decisionmaking. The Society of Critical Care Medicine and the American Academy of Pediatrics, among others, have entered *amicus* briefs supporting the hospital.

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## School privatization facing strong opposition

Washington, D.C. School Superintendent Franklin Smith was forced by the school board and unions to shelve plans to privatize the public schools in early March. The plan was viewed by some parents as turning the control of schools in the predominantly black city over to a white elite, including the Minneapolis-based Education Alternatives, Inc., which Smith had slated to take over running the schools. Parents said EAI had no educational experience or "track record," according to the *Washington Post*.

Other opposition came from the Washington Teachers' Union and the Board of Education. Critics in the D.C. government said the plan was designed to boost profits of EAI, while doing nothing to improve student achievement. A D.C. civic organization said private managers would create "separate but unequal" schools. The Board of Education was the most decisive opponent, members of which were heavily lobbied by citizens.

Sources also report that wide circulation of pre-print copies of *EIR*'s Jan. 28, 1994 feature on privatization of education played a major role in spurring the opposition.

In Portsmouth, Virginia, eight parents demonstrated outside a school designated



## Briefly

to be privatized on Feb. 28, where School Superintendent Richard D. Trumble is accepting bids from 22 companies to privatize five schools in Portsmouth, including EAI and the New York-based Edison Project. The parents demonstrated outside James Hurst Elementary school, as the prospective companies were touring the school.

### FEMA director predicts more Midwest floods

James Lee Witt, director of the Federal Emergency Management Agency (FEMA), said on March 4 that conditions are right for more flooding this spring in the Midwest, where recovery efforts from last year's record floods remain incomplete.

According to Associated Press, National Weather Service surveys indicate that the soil in the nine states hit hard by last summer's flooding remains saturated. If there are heavy rains or fast melting of snow, more floods could occur.

Maj. Gen. Stan Genega, head of the U.S. Army Corps of Engineers division overseeing levee repair, said that enough work would be done on the 500 levees under the Corps' jurisdiction by March 31 to withstand a 20-year flood. However, there are an additional 1,500 levees that do not qualify for Corps repair along the upper Mississippi and lower Missouri rivers. Some are being fixed by other agencies, such as the Soil Conservation Service, but Major Genega said that others would not be finished by spring—if ever.

### ADL's Mintz loses big in New Orleans

New Orleans mayoral candidate Donald Mintz, a National Commission member of the Anti-Defamation League (ADL), was soundly defeated in a runoff election against Marc Morial on March 5, after his own campaign was caught distributing racist and anti-Semitic leaflets attacking him. On Feb.

25, the New Orleans Human Rights Commission issued a report finding that the fliers "originated with the Mintz campaign." City investigators said that his campaign's mailing of the fliers, with titles such as "Stop the Colored/Jew Coalition" and "Say Never to Jungle Apes & Christ Killers," generated over \$200,000 in campaign contributions from outside the city.

The commission's report on "Fair Campaign Practices," while pointing out that it lacked the investigative tools of a grand jury and that Mintz and his campaign manager refused to appear before them, termed the campaign's use of the leaflets for fundraising "reprehensible in that it gave further distribution to these ghastly fliers."

Mintz's actions were defended by John Reynolds of the Southern Poverty Law Center, who whined that all Mintz was trying to do was "to confront hatred," side-stepping the fact that Mintz had accused his black opponent Marc Morial of circulating the leaflets.

### Two anti-OBE bills introduced in Nebraska

Nebraska state legislator Kate Witek has introduced two bills to prevent the Nebraska Department of Education from mandating the brainwashing programs known as "outcome-based education" (OBE). Witek, author of Legislative Bills 998 and 999, said it appeared that the state is moving toward requiring it, thus usurping the power of local school boards, according to the *Lincoln Star* of Feb. 23. Witek said the legislature and the Department of Education have been pushing local school districts to adopt OBE, using the threat of losing accreditation if districts do not adopt "learner outcomes" devised by the legislature-created Nebraska Schools Accountability Commission.

The bills prohibit the state from mandating OBE, and call for the commission to be dissolved. The bills are opposed by the state's educational associations and the Board of Education, which allege that they fuel fears among conservative religious groups that OBE is a "satanic conspiracy."

● **OMAHA ARCHBISHOP** Elden Curtiss released a pastoral letter attacking "sex ed" in the public schools, which, he said, encourages "people to be sexually active." "Even though many public school districts claim that they stress abstinence with their students, they are not able to make the case for abstinence on religious and moral grounds, since they are forced by the courts to take a non-religious and value-free approach to human life issues."

● **ATTORNEY GENERAL** Janet Reno and Vice President Al Gore announced a new package from the administration to fight crime at a press conference on March 1. Gore said of the Republican's populist appeal for "three strikes and you're out" life sentences: "We want to avoid filling the prisons with life sentences for people who don't really belong there."

● **VIRGINIA GOV.** George Allen postponed the special legislative session on abolition of parole and sentencing reform until September. The session was supposed to be held this spring, but apparently the governor is not ready yet to try to ram through the proposed changes.

● **MARINE GENERAL** Joseph Hoar told the Senate Armed Services Committee on March 3 that it would strain Pentagon resources to fly soldiers and equipment into one war, let alone two. "I'm not sure it's workable for one major regional contingency," he said.

● **CHRIS DROGOUL**, the former Atlanta branch manager of the Banca Nazionale del Lavoro, was granted immunity to testify before a new grand jury on Feb. 28. Drogoul, who pleaded guilty in the case involving illegal loans to Iraq under the Bush administration, has spent two years in prison. His New York attorney said that the Clinton White House may now be trying to determine whether senior BNL officials in Rome knew about and approved of the loans.

## Editorial

### *Who your enemies are*

One has only to look at Baruch Goldstein's Jewish Defense League connections and the role of the JDL in sponsoring settlements in the region of Hebron, to realize that the Feb. 25 Hebron massacre was not the work of a lone crazy, nor even Israeli in origin. Forces deployed out of the United States are trying to destroy the possibility of peace in the Middle East.

The question then to be asked is: What is the JDL? Jewish Defense League terror squads have been roaming the United States for decades with impunity because, like the Anti-Defamation League, they have worked under the protection of J. Edgar Hoover's FBI. One of the first tasks assigned to the JDL was to raise the bloody flag of so-called black anti-Semitism. We see today that the ADL and the JDL are maintaining the same deployment in their persistent defamation campaign against Minister Louis Farrakhan.

These same forces have been deployed directly against Lyndon LaRouche and his associates, and worked with the "Get LaRouche" task force. They rightly perceived LaRouche, with his unflinching commitment to truth, as a formidable opponent who must be stopped by any dirty means possible.

As a means of establishing the connection, we name just two people. First is Herbert Romerstein, who was a staff investigator for the House Un-American Activities Committee and worked closely with both the FBI and the ADL. One of his assignments was to promote JDL founder Meir Kahane as an expert on black militant organizations. During the Reagan period, he was deployed into operations in South America which supported Oliver North's more infamous activities, as well as a number of broader assignments for the intelligence community.

Similarly, Roy Godson worked directly with Kahane, to form the pro-Vietnam War July Fourth Movement. Romerstein and Godson, who style themselves neo-conservatives, were big players in Ronald Reagan's Project Democracy, through which "Iran-Contra" operations were run.

These networks slandered LaRouche, even to the point of asserting that associates of LaRouche were

involved in the assassination of Swedish Prime Minister Olof Palme, while they themselves were working hand-in-glove with the Soviet KGB and the East German Stasi in order to get arms for the Contras. In other words, they were falsely accusing Lyndon LaRouche of crimes which may yet be brought to their own doorstep.

This list can then be expanded to include the lower level of criminal thug, such as Galen Kelly, who is currently in prison for a kidnapping which he carried out at the behest of the ADL-connected Cult Awareness network. These are the same neo-conservative networks who are fueling the flames of the present assault upon the U.S. presidency under the banner of the so-called Whitewater investigation.

Still, so far this is just a compendious list, a "Who's Who" of bad guys. The question of who your enemies are, needs to be answered on a far more profound level. A clue is given by the extremely vituperative manner in which the British press is dogging President Clinton, insinuating that he will not be able to finish out his presidential term, and putting a "spin" on the President's indignant attack on his defamers, claiming it was tearfully defensive.

Can we not see a pattern in the attacks against the U.S. presidency, the destabilization of a potential Mid-east settlement, the fanning of race war in the United States, and the attacks against Lyndon LaRouche? Can we not see the historical pattern of geopolitical manipulation which has characterized British imperialist policy since before the time of the American Revolution, and emphatically thereafter?

We started with Baruch Goldstein, deployed into Israel by a key part of the U.S.-based "Zionist Lobby," which is influential in an alarming set of institutions of the U.S. government, and which is deployed to destroy those institutions. We end by recognizing that all of these operations are interconnected. Their aim is to destroy that potential for a revival of the republican mission of the United States, the mission served by men such as Benjamin Franklin, George Washington, Alexander Hamilton, and Abraham Lincoln, and served by LaRouche today. These are your enemies.

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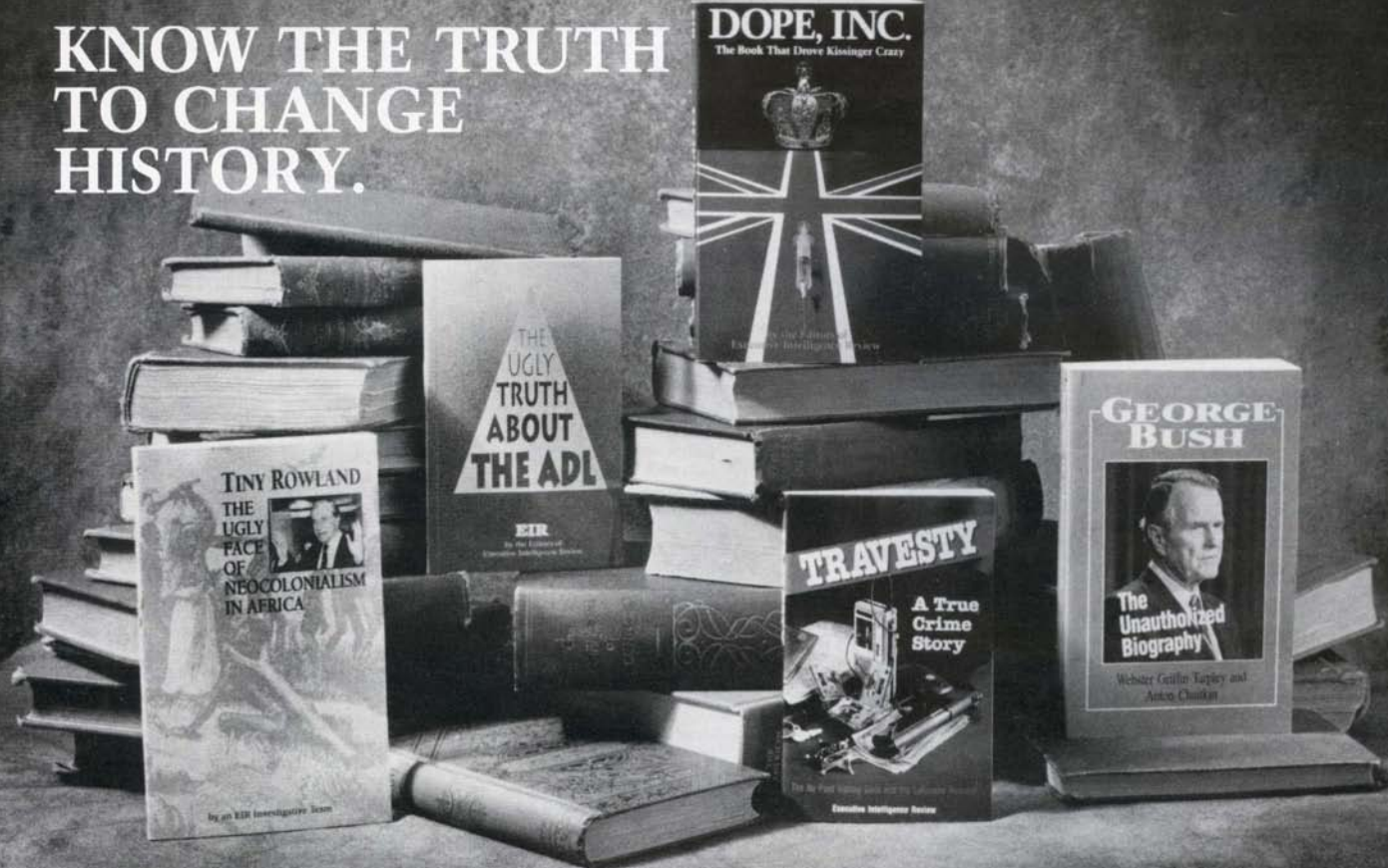
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