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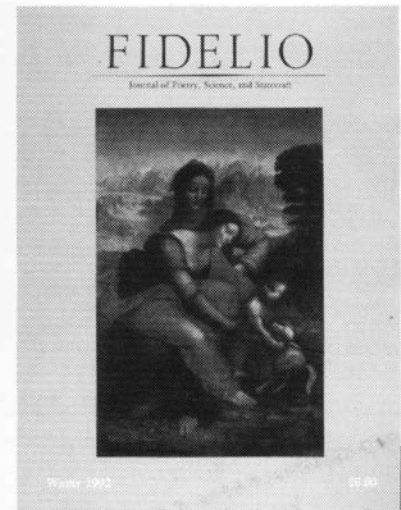
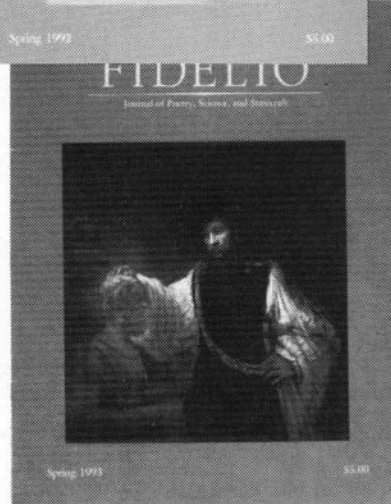
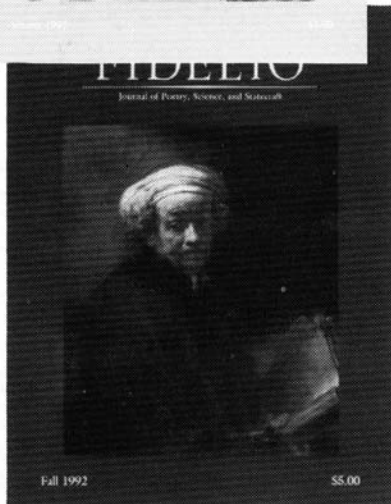
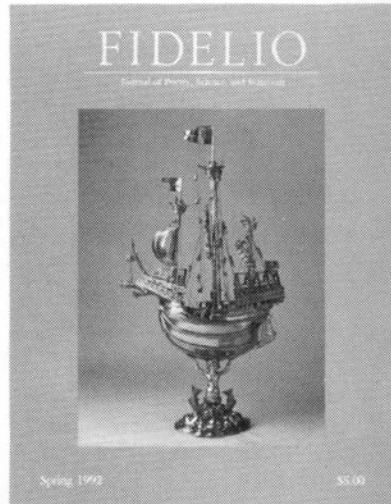
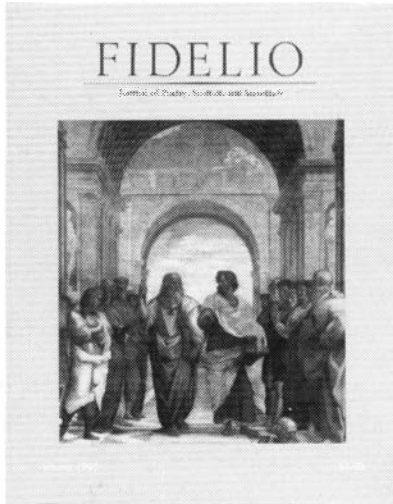
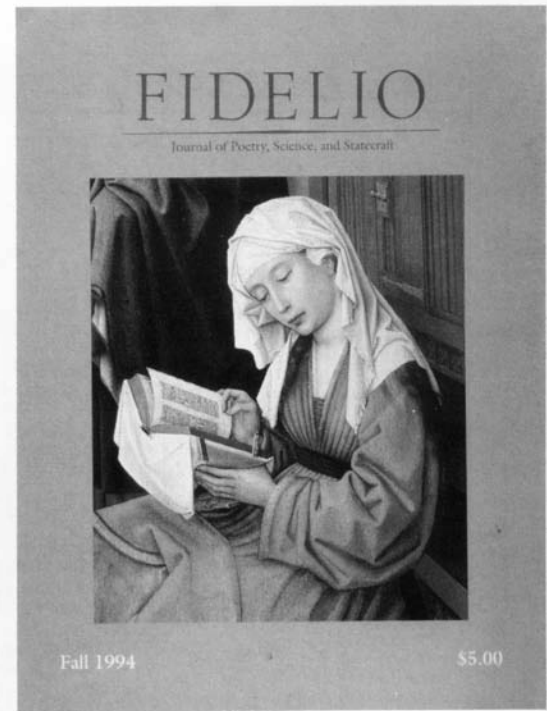
Derivatives victims tell Congress of woes
United Nations goes to war—for Serbia
An eyewitness report from Chiapas

**Convict labor: the biggest
American 'growth industry'?**



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— Friedrich Schiller



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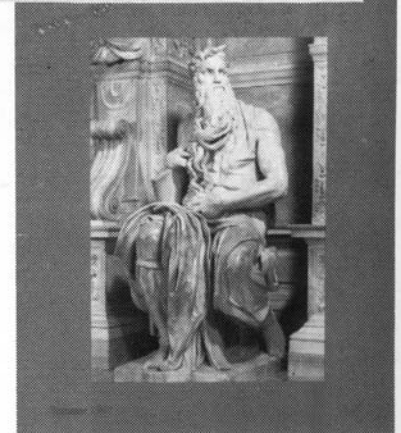
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From the Managing Editor

Anybody who spent the week of Oct. 7-14 glued to the television set, listening to the reports of Iraqi troop movements and the analyses of the “experts,” may think he knows what happened. That nasty Saddam Hussein decided to “test” President Clinton, taking advantage of the U.S. military involvement in and preoccupation with Haiti to launch a new strike against Kuwait. Right? Wrong! See the lead article in *National* for Lyndon LaRouche’s comments, which may surprise you. The crisis around Iraq presents a kind of case study of LaRouche’s method of strategic analysis, which has given *EIR* its unique perspective, allowing us to be correct again and again, when what we say goes against what “everybody else” is saying. As LaRouche underlines, the developments in Iraq must be looked at “from the top down,” from the standpoint of the global issues that are intersecting the Middle East at this point in time. “Otherwise, it becomes a bit muddled.”

In other articles in this issue, you will find analyses that go against what “everybody else” is saying, which are a result of *EIR*’s involvement in crucial political fights. We have, for example, a substantial package this week on financial derivatives. While Fed Chairman Alan Greenspan keeps insisting that all is well, *EIR*’s warnings about the derivative explosion are borne out, as victims of the swindle report on how they are losing their shirts. Our report on the setback for the Biodiversity Treaty is also an exclusive; reporter Roger Maduro is playing a vital role in the “war of the fax machines,” the fight to defeat this malthusian nightmare.

For an overview of LaRouche’s intervention in foreign policy over 20 years, see the report on the anniversary of his historic Berlin speech of Oct. 12, 1988.

This week’s cover *Feature*, on America’s prisons, is particularly timely, in view of the upcoming elections. There are a lot of law and order candidates running around in both parties, and the kinds of “solutions” they are proposing are a proven practical, as well as human, disaster. We urge voters to examine their prospective office holders very carefully on the issue of criminal justice and prisons, and our cover package provides the information needed by such a well-informed electorate.

Susan Welsh

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U.S. mobilization stalls Biodiversity Treaty vote

by Rogelio A. Maduro

The international environmentalist movement suffered a serious setback this month, in its plans to create a new world order through environmental regulations. The Biodiversity Treaty, the most important framework treaty for the ecological-fascist new world order, was *not* ratified by the U.S. Senate, even though just weeks before, its backers had considered ratification a sure thing. Despite repeated attempts by Senate Majority Leader George Mitchell (D-Me.) and Sen. Patrick Leahy (D-Vt.), the treaty was not even brought to the floor of the Senate for debate and a vote.

These developments reflect the impact of a bipartisan mobilization in which *EIR* and the political movement of Lyndon LaRouche played a central role. LaRouche Democrats have been campaigning against the treaty in electoral races around the country. Also active against the treaty were the "wise use" movement, made up of millions of citizens who are fighting against environmental extremism; several trade associations; and a group of senators led by Robert Dole (R-Kan.), Jesse Helms (R-N.C.), and Larry Craig (R-Id.), who led the fight to prevent the treaty from being brought to the floor for a vote. Constituent pressure alerted many senators to the fact that there were very important and controversial issues involved in the treaty, and that it could not just be slipped through before recess.

The shelving of the treaty (at least for now) demonstrates that the environmental movement is a paper tiger after all. Despite an alert sent to all their members and supporters, the World Wide Fund for Nature, the Sierra Club, the Wilderness Society, and their sponsors in the news media were unable to

mobilize any significant grassroots support for the treaty. The opponents of the treaty, in contrast, mobilized more than a million citizens who either called, faxed, or wrote to the Senate opposing the treaty.

The setback for the green agenda is a clear signal that a shift is occurring in American politics, according to those who organized this citizens' revolt. They argue that the American people are fed up with environmental frauds and regulations and they are willing to make their voices heard. The entire eco-fascist legal structure and enforcement apparatus being set up in the United States by the environmentalists is now vulnerable.

Legacy of the Bush presidency

The Biodiversity Treaty mandates fundamental changes for national governments, industry, society, and even religion (see *EIR*, Sept. 2, 1994, "Malthusians Push 'Biodiversity' as New Religion"). It mandates the adoption of a new philosophy of government with a vast system of laws and regulations based on the doctrines of "biodiversity protection," "ecosystem management," and "sustainable use." This effort represents a transformation of present constitutional forms of government to one where, as U.S. Vice President Albert Gore has written in his book *Earth in the Balance*, "the environment becomes the central organizing principle of our society and economy."

The Biodiversity Treaty became international law on Dec. 29, 1993, after being ratified by more than 30 countries. According to Prince Philip's World Wide Fund for Nature,

the main group behind the treaty, more than 60 countries have ratified it so far. But ratification of the treaty by the United States is considered essential, since most underdeveloped countries ratified the treaty in the belief that the United States would finance the huge costs of implementing it.

The treaty is the legacy of the Reagan-Bush years, and especially of George Bush's administration, which put into place all the necessary precedents for it. The Montreal Protocol, banning the manufacture of chlorofluorocarbons (CFCs), was used as the precedent for the Biodiversity Treaty, and was signed in 1987 by the Reagan administration and reaffirmed by President Bush. In addition to the Montreal Protocol, the Bush administration implemented a whole series of environmental treaties that deprive the United States of its full sovereign rights through legislation. The Bush administration was responsible for the revision of the Clean Air Act, for example, which incorporated the most draconian aspects of the CFC ban.

Resistance grows

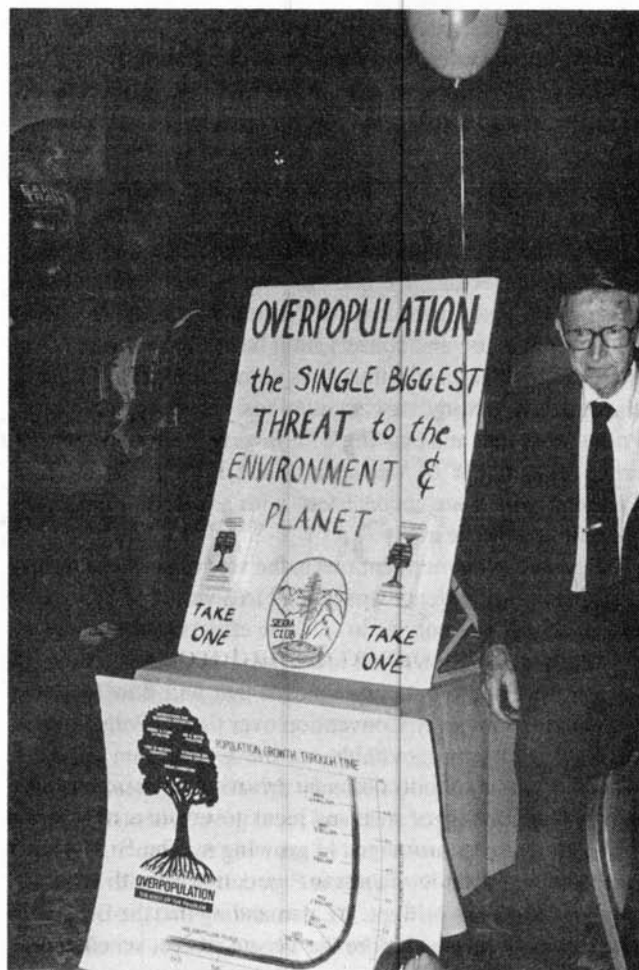
One of the most surprising aspects of the fight over the Biodiversity Treaty was the strategy of the environmentalists. Instead of promoting the treaty through their media outlets, such as the *New York Times*, the environmentalists barely mentioned a word in public about it. Their strategy was to ensure that no one would read the treaty before it was signed, including the senators who would consider ratifying it.

The silence was broken in July, when the American Sheep Industry Association distributed a 100-page report exposing the treaty's hidden agenda. This report galvanized many trade associations and their members into action.

When Senator Mitchell announced that the treaty would come up for a vote the first week of August, the Alliance for America and several other "wise use" groups issued a "fax alert" that reached over 1 million people, and ended up flooding the congressional switchboard. The mobilization led 35 Republican senators to write a letter to Senator Mitchell requesting that he postpone a vote on the treaty until there was enough time to examine its troubling contents. Despite frantic efforts by the State Department and Vice President Gore, Mitchell postponed the vote.

The treaty was one of the major topics of the Alliance for America's annual "Fly-in for Freedom," which took place on Sept. 17-21 in Washington, D.C. One of the principal events of the fly-in was a forum on Sept. 19, at which Senator Larry Craig blasted the treaty. "The Biodiversity Treaty is wrong," he said, "because it will impose economic handcuffs on Third World nations on the basis of green policies. It will not allow them to develop economically." The treaty "will lock these nations into servitude," he said.

Rep. Richard Pombo (R-Calif.), who also spoke at the forum, pointed out that the Biodiversity Treaty can be used to destroy the economy of the United States as well as those



An environmentalist display in Los Angeles, set up by the Sierra Club in 1983, reflects the anti-human kookery behind the "biodiversity" swindle.

of other countries.

From this point on, Senator Craig became the leading spokesman in the Senate against the treaty.

More litigation

On Sept. 20, the National Wilderness Institute released a 35-page legal analysis of the Biodiversity Treaty which demonstrated the dangerous precedent that the treaty would set. The treaty promises to "result in more litigation than all other treaties entered into by the United States combined," wrote constitutional and environmental law expert Mark Pollot. Pollot, a former senior Justice Department official, described the treaty as "an unconventional treaty in every respect," and called it "the most sweeping treaty ever to be proposed in American history." Although billed as an environmental agreement, Pollot noted that it "calls for an unprecedented intrusion into the economic and social fabric of American life, and for that matter into the economic and

social fabric of all nations.”

The broad sweep of the treaty, Pollot noted, is manifest in two phrases that “appear time and again” in its text: “as far as practical and appropriate” and “conservation and sustainable use of biological diversity.” “While many critics of the treaty focus on the first phrase, it is the latter phrase which is the more problematic of the two,” Pollot wrote. “The reason for this is that the definitions of ‘sustainable use’ and ‘biodiversity’ are exceedingly broad and vague, and nothing in the treaty establishes measures for determining when the goals of sustainable use and conservation have been achieved.”

U.S. regulators will thus have something akin to a blank check when writing new regulations based on the treaty, Pollot observed, and existing U.S. laws will afford no protection. As a matter of well-established law, “prior Acts of Congress which are inconsistent with a later ratified treaty are nullified by the treaty.”

Because of the implications in the area of property rights, ratification of the treaty would lead to a veritable avalanche of litigation, “not only as to . . . the effects of the treaty on existing state, federal, and local laws, but also because of the statutory and regulatory changes that will flow from the implementation of the Convention over time,” Pollot wrote. “Such litigation is inevitable, as the Convention calls for massive intrusions into not only private activities, but also into the functioning of state and local governments.”

In response to such signs of growing resistance, the *New York Times* and the *Washington Post* came out with virtually identical editorials on Sept. 26, demanding that the Biodiversity Treaty be ratified before the Senate recess, scheduled to take place on Oct. 8.

On the same day, Bionet (the organization created to coordinate the efforts of more than a dozen environmental groups working for the ratification of the Biodiversity Treaty) sent an alert throughout the Internet calling on all environmentalists to demand that the Senate ratify the treaty before recess.

On Sept. 27, Senator Mitchell surprised everyone, including his own staff, by announcing that he intended to bring the treaty to the floor for a vote.

A breakthrough

On Sept. 28, the American Sheep Industry Association obtained a copy of Section 10 of the *Global Biodiversity Assessment*. This was a breakthrough for the opponents of the treaty, since the treaty is not a finished document, but a statement of principles accompanied by a detailed set of mandates and regulations as to how the protocols of the treaty would be implemented. These protocols were to be revealed *after* the Senate ratified the treaty. The 282-page document obtained by the association confirmed everything that had been stated in the association’s July report on the treaty. It further outlined the dictatorial policies that will be imple-

mented through the treaty to “preserve biodiversity.” No longer could Senator Leahy and other promoters of the treaty deny that its intent was to create an eco-fascist new world order.

Lies and slanders

In a desperate attempt to stop the mobilization against the treaty, the *Chicago Tribune* published a slander piece on the front page of its Sept. 30 issue. Staff writer Jon Margolis alleged that “a bizarre political trio” is out to block this wonderful “nature pact.” “Arising with unexpected fury, this opposition has stalled Senate ratification of the treaty and imperils it in the remaining days of the 103rd Congress.” This trio, the *Tribune* claimed, is made up of “the internal dynamics of the Republican Party, the anti-environmental ‘wise use’ movement, and political extremist Lyndon LaRouche.” To augment the level of paranoia, Margolis added that “some leaders of the ‘wise use’ movement have been associated with Rev. Sun Myung Moon.”

This is exactly the slander that Vice President Gore put out on ABC’s “Nightline” program on Feb. 24. Gore urged anchorman Ted Koppel to do an exposé of the connections between the scientists decrying ozone depletion and global warming as scientific frauds, and “the coal industry, Rev. Sun Myung Moon, and political extremist Lyndon LaRouche.” Koppel, however, turned this slander on its head by demonstrating that these connections did indeed exist, but that these scientists were telling the truth. Ultimately, said Koppel, it is the truth that matters, not political affiliations.

The Senate Republican Policy Committee issued a four-page response to the *Chicago Tribune* article. Titled “*Chicago Tribune* Smears Opposition to Biodiversity Convention,” it labeled the criticism as “paranoid and irrational” and defended the position taken by the committee, taking apart the false arguments put forward in the *Tribune* article. It stated: “If the *Tribune* were looking for information that is ‘demonstrably incorrect,’ it might start with its own Sept. 30 article. Mr. Margolis writes as follows:”

“ ‘According to [Tom] McDonnell [of the Colorado-based Sheep Industry Association], the *Global Biodiversity Assessment* is the U.N. document which is ‘the model for the treaty.’ There is no such document, said a member of the staff of the U.N. environmental program. ’ ”

The document continued: “The Senate Republican Policy Committee has in hand part of the ‘nonexistent’ document in question, supplied to it by the Sheep Industry Association, entitled *Global Biodiversity Assessment* Section 10 . . . dated Sept. 2, 1994. Some 282 pages in length, Section 10 evidently constitutes only a portion of a much longer draft document relating to the Convention’s planned implementation. The Assessment was apparently drafted by ‘non-governmental organizations’ (NGOs) working closely with United Nations agencies. . . . In short, not only does the

Prince Philip's treaty

The Biodiversity Treaty has been the top priority of the World Wide Fund for Nature (WWF), headed by Britain's Prince Philip, for the past several years, and Prince Philip has been personally involved in both drafting the treaty and ensuring that it be adopted. All of the top environmentalists involved in drafting the treaty and its protocols are either now part of the WWF apparatus, or were formerly high ranking officials of WWF. Two of the most important of these are Jeffrey McNeely and Kenton Miller.

McNeely was the official representative of the WWF to Indonesia and other Asian countries for 10 years until he was deployed to run the International Union for the Conservation of Nature (IUCN) in 1980. Miller, director

of the World Resources Institute's Biodiversity Program and the key organizer of the *Global Biodiversity Assessment* was the director general of the IUCN between 1983 and 1988. These two individuals, together with a handful of others, wrote a series of books that outlined what is known as "the Global Biodiversity Strategy," to give the environmental movement the legal framework to control virtually all human activity.

Other major international treaties on related themes, such as the Climate Convention or the Migrating Fish Stocks Conventions, are smokescreens for the Biodiversity Treaty. While industry and trade associations have been busy fighting these other insane treaties, they have entirely missed the "stealth bomber." Thus, the environmentalists have quietly obtained ratification of the treaty by enough nations to turn it into international law.

Assessment document exist, it is detailed, extensive, and authoritative."

The committee further notes that Section 10 of the *Global Biodiversity Assessment* puts forward the Wildlands Project as the model for the protection of areas subject to biodiversity conservation efforts. The Wildlands Project, drafted by Dave Foreman, founder of the eco-terrorist Earth First! organization, calls for more than 50% of the land in the United States to be locked away from human use. The Maine Conservation Rights Institute (MECRI) provided maps to the Republican Policy Committee detailing the implications of the Wildlands Project's proposals. These shocking maps were shown to many senators and their staffs. Many of them, formerly proponents of the treaty, suddenly realized that over half of the land in their states would become reserves and corridors where *the presence of human beings would be restricted or not allowed at all.*

The next phase of the battle

The fight is not over, however. Depending on the results of the mid-term elections, the treaty may be brought back for a vote during the next session of Congress. If the Democrats retain the majority, the treaty will be back for a vote. If the Republicans win enough seats to become the majority party, the post of chairman of the Senate Foreign Relations Committee will go to either Helms or Richard Lugar (R-Ind.). Lugar is in favor of ratifying the treaty, while Helms is opposed.

One important question will be the role of the trade associations in this fight. The *Chicago Tribune* article charged that "farmers and ranchers, particularly in the West," according to a "government scientist" interviewed by Margolis,

are "a receptive audience for conspiracy theories."

The *Tribune* quoted John Doggett, chief lobbyist for the American Farm Bureau in Washington, who apparently belittled the attacks on the Biodiversity Treaty by stating that "unfortunately, what we've seen is that certain groups tried to create a crisis where one doesn't exist." Doggett played a key role in undermining the fight against the treaty, urging the leadership of the Farm Bureau to be pragmatic and to approve the treaty. Doggett's argument, laid out in a letter to the Farm Bureau leadership, was that the bureau had more pressing matters to attend to in Washington. Several other Farm Bureau leaders disagreed. The outcome was that the Farm Bureau decided to remain neutral. Interestingly, the grain cartels, led by Archer Daniels Midlands, are supporting the treaty.

Documentation

Shutting down industry

The Biodiversity Treaty will be used to shut down modern agriculture and industry, according to a report released by the International Union for the Conservation of Nature (IUCN), one of the principal international supporters of the treaty. This report, released in the Internet in August, reveals that one of the clauses in the treaty can be used to regulate all kinds of "pollution," including emissions from power plants and all discharges into rivers.

Simone Bilderbeek of the Netherlands Committee for the IUCN wrote a section of the IUCN's report "Biodiversity and the Commission on Sustainable Development: The Implications of a Supreme Document." She states:

"Article 3 of the Convention forms a crucial principle of international environmental law. It states, *without exemptory clause*, that 'States have . . . the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other states or of areas beyond the limits of national jurisdiction.' *This legally binding responsibility* has important consequences for the production and consumption of internationally shared biological resources like straddling and migratory fish stocks. Its key consequences, however, are in the field of environmental pollution. *As pollution will always cause some damage (the principle does not specify the amount of damage) to biodiversity, the Convention formally prohibits all forms of production which cause transboundary pollution*" (emphasis added).

Bilderbeek, one of the individuals involved in drafting the protocols of the treaty, is thus stating that the principle of "transboundary pollution" will be used to wage war against livestock and against the chemical industry. The treaty will also target other industries such as coal, oil, gas, and electric utilities.

The treaty does not specify the amount of discharge that is considered "pollution." One ounce of oil leaking from a refinery in Louisiana could find its way to the Gulf of Mexico, and thus violate the treaty. That would trigger actions by the world monitoring body set up by the treaty. This supranational agency can apply legally binding penalties against the United States until that refinery is shut down.

The electrical industry will be a major target of the treaty, according to Bilderbeek. She writes: "At the current state of scientific monitoring it is impossible to estimate the exact causality between the greenhouse gas emissions of one state and the impact of climate change upon biodiversity in another state. Science is progressing rapidly, though, and *once the first data on this causality relation are available, the Biodiversity Convention will become a strong legal argument to reduce greenhouse gases*. Friends of the Earth Netherlands has estimated that a reduction of 60% in greenhouse gas emissions will be necessary if the Netherlands wants to avoid serious transboundary harm to the biodiversity of other countries."

A 60% reduction in greenhouse gases is one of the most draconian proposals made by the environmentalists to shut down modern industries. This is more draconian than any of the proposals made under the Climate Treaty. But while the energy industry is mobilized to fight the Climate Treaty, they have not noticed that the Biodiversity Treaty will be the instrument that will destroy them. As Bilderbeek states in her essay, "*The Convention on Biological Diversity is a legally binding and thus supreme instrument.*"

Derivatives losses are piling up fast

by John Hoefle

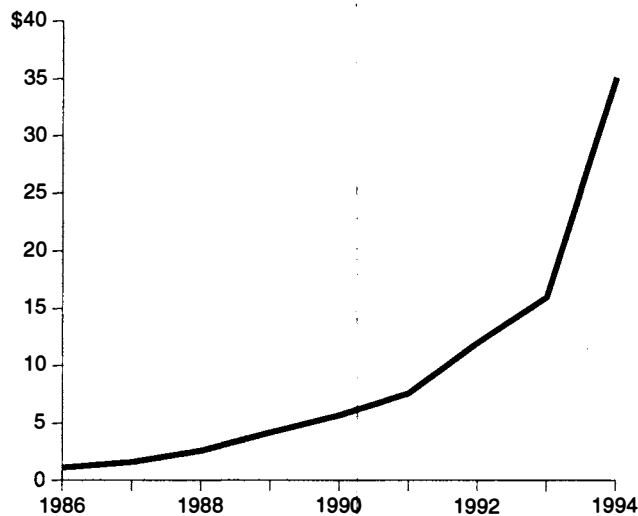
The losses from the derivatives bubble are piling up fast, exposing as a total fraud the claims by bankers and their alleged regulators that financial derivatives serve to make the world a safer and more prosperous place by hedging against risk. Far from it, the derivatives market itself is the biggest, riskiest speculative bubble in the world today.

Like a rapidly growing malignant tumor, the derivatives bubble grows at the expense of its host—in this case, the world economy—shrinking its host and reducing the ability of the host to support the tumor.

The derivatives bubble is essentially a giant pyramid scheme. **Figure 1** shows this principle at work. At the end of 1986, the notional principal value of all derivatives outstanding in the world was just over \$1 trillion, according to the Bank for International Settlements. By mid-1994, that figure had grown more than 30-fold, to just over \$35 trillion, according to *Swaps Monitor*.

Note that these figures represent just the total derivatives contracts outstanding at year's end. As such, they significantly understate the size of the derivatives market, in which at least \$1 trillion of derivatives are traded every business day,

FIGURE 1
Growth of the world derivatives cancer
(market value, in trillions \$)

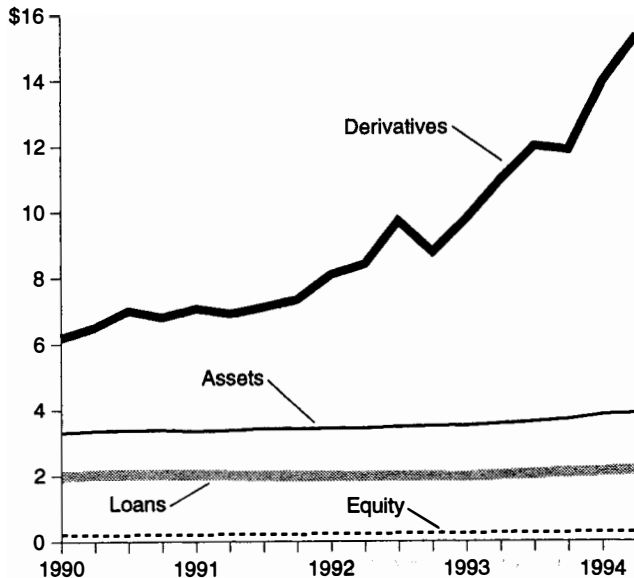


Sources: Bank for International Settlements, *Fortune*, *Swaps Monitor*.

FIGURE 2

Derivatives dominate U.S. banking system

(trillions \$)



Source: FDIC.

on average, for an annual turnover of between \$250 trillion and \$300 trillion a year at minimum, and perhaps twice that.

The U.S. banking system has been taken over by this cancer. Figure 2 shows the growth in derivatives in the U.S. banking system as a whole since the first quarter of 1990, compared to the growth in assets, loans and equity capital. Any sane person can tell at a glance that something is seriously wrong.

Let's take a closer look at the U.S. banking system, courtesy of the Federal Deposit Insurance Corp. and its *Quarterly Banking Profiles*. Over the past four-and-one-half years, the aggregate assets of the U.S. banking system have grown by 18%, and loans have grown just 8%. Total stockholders' equity capital, the net worth of the banks after subtracting liabilities from assets, rose 44%, more than two times the rate of asset growth (see Table 1). (This equity figure is fraudulent, reflecting a deliberate understatement of bad loans by the banks, combined with fictitious income from derivatives trading, under-the-table federal subsidies, and interest-rate gouging courtesy of the Federal Reserve, as *EIR* has repeatedly reported.) Over the same period, the amount of derivatives held by U.S. banks has increased 147%. Derivatives have increased \$9,130 billion during that period, compared to a \$582 billion growth in assets, a \$163 billion growth in loans, and a \$93 billion growth in equity.

The enormity of derivatives holdings, compared to the banks' claimed record levels of profits and equity, shows starkly the dangers facing the banking system. A loss equivalent to just 2% of its derivatives portfolio, would be sufficient to wipe out the claimed capital of the entire U.S. banking system, revealing the system to be bankrupt.

TABLE 1

Derivatives compared to other assets

Year/quarter	Assets (trillions \$)	Equity (trillions \$)	Loans (trillions \$)	Derivatives	Derivatives/ assets	Derivatives/ equity	Derivatives/ loans
1990/1	3,311	212	2,005	6,193	187%	2,924%	309%
2	3,361	216	2,031	6,515	194%	3,013%	321%
3	3,381	218	2,053	7,007	207%	3,211%	341%
4	3,389	219	2,054	6,806	201%	3,106%	331%
1991/1	3,351	223	2,034	7,067	211%	3,165%	347%
2	3,377	227	2,020	6,912	205%	3,047%	342%
3	3,433	231	2,006	7,110	207%	3,085%	354%
4	3,430	232	1,997	7,339	214%	3,166%	368%
1992/1	3,435	239	1,980	8,090	235%	3,381%	409%
2	3,438	248	1,977	8,415	245%	3,386%	426%
3	3,481	257	1,981	9,715	279%	3,776%	490%
4	3,506	264	1,978	8,765	250%	3,324%	443%
1993/1	3,514	274	1,968	9,769	278%	3,570%	496%
2	3,569	282	2,013	10,949	307%	3,888%	544%
3	3,631	289	2,043	11,986	330%	4,153%	587%
4	3,706	297	2,097	11,873	320%	4,000%	566%
1994/1	3,843	301	2,110	13,917	362%	4,627%	660%
2	3,893	305	2,168	15,322	394%	5,024%	707%
Growth	582	93	163	9,130			
Percent growth	18%	44%	8%	147%			

Victims of derivatives losses bring tales of woe to Congress

Beginning in the spring of 1993, the world's derivatives markets have become increasingly unstable. The collapse of Ferruzzi Finanziari of Italy in August 1993, followed by the near-collapse of Metallgesellschaft, the 17th largest industrial firm in Germany, touched off a chain reaction of derivatives losses that has yet to end. In July, Charles County, Maryland, an outlying suburb of the nation's capital, announced that it had temporarily lost almost its entire operating budget of \$24 million because of losses in derivatives contracts that the county was not legally authorized to buy.

The rapidly mounting losses, and the proximity of the Charles County situation, spurred some lawmakers to ignore the regulators (such as Federal Reserve Chairman Alan Greenspan) who have been arguing that everything is under control, and to pick up their investigations again. On Oct. 5, the House Banking Committee, chaired by Rep. Henry B. Gonzalez (D-Tex.), held hearings to hear from institutions that have lost money because of financial derivatives.

Alan McDougle: 'myriad of esoteric products'

Mr. McDougle spoke on behalf of the Government Finance Officers Association (GFOA):

GFOA [is] a professional association of almost 13,000 state and local government officials, both elected and appointed, whose responsibilities include all the disciplines related to public finance.

In early 1994, GFOA and the Municipal Bond Investors Assurance Corporation (MBIA) conducted a survey to determine the extent of the use of derivative products in connection with the issuance of debt in the municipal market . . . [which] showed that state and local government finance officers use derivatives for several reasons. While these reasons vary with the instruments themselves, derivatives are generally employed for 1) managing debt and reducing total interest payments; 2) as a hedge against interest rate swings; and 3) as a means of increasing investment return.

The GFOA/MBIA survey revealed some interesting details. . . . Only 4% of these respondents classified themselves as being very knowledgeable about derivatives and 20% felt they knew only the basics. A wide majority, 76%, indicated that they had only some or no knowledge of derivatives. The nonusers also had some instructive responses: While 51% questioned whether derivatives would benefit their jurisdictions, 38% believed these products to be too complex, 36% felt derivatives were too risky, and 25% are

not legally authorized to use derivatives. . . .

"Best practices" dictate that safety, liquidity, and yield, be considered (in that order), [thus] instruments with a high degree of market and credit risk may be inappropriate because they are volatile. Because of the liquidity needs of governments to pay operational expenses, payrolls, etc., instruments that are inherently risky, that may become illiquid, or that are long-term, are inappropriate for short-term cash management purposes, although they may be appropriate instruments for pension funds which traditionally and properly invest in long-term instruments of many types. This lack of liquidity impacts yield as well, inasmuch as huge losses may be incurred and a low return realized if the instrument must be sold at a loss. Finally, where interest rates impact the market for securities, yield is likely to suffer as well. No one, not even the experts, can be certain of the direction the markets or interest rates will take. If cash will be required, a jurisdiction ought not be placing its funds in derivatives.

Derivative products can be quite attractive to state and local governments. After all, even small governments have significant amounts of money to invest, due to the timing of tax receipts, or substantial borrowing needed to finance public facilities. The pressure for increased returns or reduced borrowing costs in times of tight budgets is a significant factor affecting decisions to use particular instruments. But finance officers, as custodians of public funds, have the continuing responsibility for balancing safety, liquidity and yield. GFOA has long advised its members to exercise caution in its investment of these funds. . . .

Let me point out some characteristics of state and local governments that are pertinent to this discussion. In addition to the 50 state governments, there are 38,933 general purpose local governments—counties, municipalities, and townships—as well as school districts and special districts. About 85%, or 33,211, of these general purpose local governments have populations under 10,000.

Small jurisdictions that are unable to afford highly skilled investment experts to handle their funds depend on public servants who may be part-time employees, and officials with numerous other responsibilities. These positions are held by persons who may or may not be finance professionals. The levels of expertise and understanding vary between jurisdictions, especially with regard to complex and unfamiliar products. . . .

Specific GFOA concerns about the use of derivatives

include risks incurred such as legal, credit, market, and operating risk, as well as concerns regarding the complexity of the products, the appropriate use of derivatives and the marketing of these products. . . . While these same categories of risks are present in many financial transactions, the complex features of derivatives and their customization is beyond the experience of many finance officials and serve to magnify the dangers. . . .

Another GFOA concern . . . is suitability. Finance officers report that [derivatives] are being aggressively marketed to governments, which are assured in many cases by the sales force that the products are safe, government-guaranteed, and will protect principal. If the value begins to decline, some finance officers have been assured that they will bounce back. In short, many cautious finance officers believe that they have been misled and that these products have been misrepresented, in part due to a lack of understanding by the broker/dealer trading them and in part because of the large commissions dealers earn. There is a decided lack of unbiased information regarding specific derivatives, even from outside investment advisers or bond counsel, who are often not familiar with these instruments.

While industry representatives have challenged the inclusion of CMOs, IOs, and POs in any discussion about derivatives, their inherent features logically entitle them to such classification. CMOs have been frequently represented by many dealers as being ordinary mortgage-backed securities, while in fact the securities are derived from underlying pass-through mortgage pools and divided into separate classes of securities. . . .

In response to increased interest on the part of its membership in the use of derivative products, as well as the intense marketing of these products to state and local government finance officers by the broker/dealer community, GFOA adopted two statements dealing with the use and regulation of derivatives at its 1994 Annual Business Meeting in June. . . .

The first [is] a recommended practice which offers guidance to public entities thinking about using derivatives. . . . The statement represents "best practices" for finance officers to gauge the appropriate use of derivative products for their jurisdictions. GFOA urges finance officers to exercise extreme caution in the use of derivatives instruments and to consider their use only when they have developed a sufficient understanding of the products and the expertise to manage them. . . .

In the second statement, the GFOA policy, as it does with respect to other financial markets, supports the clarification or issuance of suitability rules for derivatives to assure that the products recommended by a broker or dealer are appropriate for the state or local government entity. The Association also has urged that the accounting standard setting process for derivative products be accelerated so that those who depend on financial reports have reliable information on which to base their decisions. The policy also supports setting

reasonable capital requirements for brokers and dealers, and urges that regulatory gaps related to securities firms and insurance companies that are dealers of derivative products be closed.

Industry participants have criticized GFOA's position as overlooking recent actions and expressions of concern from federal agencies and ignoring the assurances provided by regulators and some industry experts that reports of problems in the derivatives market are overblown. In fact, industry representatives—including some who have appeared before this committee recently—attempted to intervene during the GFOA membership's consideration of this issue and to thwart a vote on these positions. . . .

Dr. Philip Speegle: 'We were in shock!'

Dr. Speegle represents Odessa College, Odessa, Texas:

Odessa College has traditionally been very conservative in financial and fiscal matters and has worked diligently to keep our *ad valorem* tax rates as low as possible. With the cost of education increasing and revenues periodically declining, the source of funding was become more challenging. Odessa College traditionally invested its funds in certificates of deposit or treasury bills, but in the late 1980s or early '90s, the rates of return on these type of investments were pitifully low. The Texas Public Funds Investment Act specifically authorized other types of investments besides certificates of deposit or treasury bills. Among these authorized investments were collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States. It is our understanding that these CMOs were triple-A rated and guaranteed by the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. One would think how much safer can you be? Recent events would indicate to the contrary.

I want to emphasize the point that we are a relatively small institution. We cannot afford and do not have a sophisticated investment staff who can understand and fully appreciate sophisticated investment instruments. Our Chief Financial Officer at the time of these investments was the person primarily responsible for making investments. Let me point out, however, that he had many other duties. He was also in charge of the maintenance and repair of buildings, the grounds, the custodian services, the personnel, paychecks, the accounting system, purchasing and inventory, and many other duties.

Between 1990 and the fall of 1993, the college's investment in CMOs produced a good rate of return and there was no indication of problems with regard to these investments. I believe that neither the financial officer, the board of trustees, nor I had any significant understanding of the true risk we were taking by investing in these CMOs. The returns we received on our investment were utilized to supplement our increasing budget needs and to hold down the need for increasing our *ad valorem* tax rate. In retrospect, it is quite easy to say we should have realized the profits that we were

Derivatives market losses, by entity

(millions \$)

Date	Loser	Amount lost	Instrument and/or cause
April 1987	Merrill Lynch	\$335	Mortgage derivatives
April 1987	First Boston	50	Bond options
June 1987	Volkswagen	260	Forex futures
June 1987	British local authorities	500	Interest rate swaps and swaptions
October 1988	Klöckner	380	Commodities hedging
December 1989	Chemical	33	Options model error
June 1990	Imperial Life	11	Forex futures
1990	Hedged Securities Associates Inc.	100	Stock options
1989-91	Lazlo Tauber	25	Forex forwards
1990-91	ABN Amro	70	Mark-to-market valuation after forex fraud
June 1991	Allied Lyons	275	Forex options
Total 1987-91		\$2,039	
March 1992	J.P. Morgan	50	Mortgage strips
October 1992	Nippon Steel	130	Forex derivatives
October 1992	Louisiana State Retirement Fund	43	Mortgage derivatives
1992	Central Bank of Malaysia (Bank Negara)	2,660	Forex derivatives
Total 1992		\$2,883	
March 1993	Showa Shell Sekiyu	1,580	Forex forwards
August 1993	Ferruzzi	1,000-22,000	Forex swaps
Spring 1993	Sandusky County, Ohio	5.5	Mortgage derivatives
Spring 1993	Portage County, Ohio	5	Mortgage derivatives
Spring 1993	Putnam County, Ohio	0.5	Mortgage derivatives
November 1993	Hyperion Capital Mgmt. (mutual funds)	35.6	Mortgage derivatives
December 1993	Kashima Oil	1,450	Forex derivatives
December 1993	Banesto		Unconfirmed reports derivatives involved
December 1993	MG Corp. (Metallgesellschaft)	1,340	Energy derivatives
1993	Central Bank of Malaysia (Bank Negara)	3,000	Forex derivatives
Total 1993		\$10,416.6	
January 1994	Codelco, Chile	206	Copper and precious metals futures and forwards
February 1994	George Soros (hedge fund)	600	Leveraged forex and interest rate derivatives
February 1994	Michael Steinhardt (hedge fund)	1,000	Leveraged forex and interest rate derivatives
February 1994	Julian Robertson (hedge fund)	875	Leveraged forex and interest rate derivatives
February 1994	Bear Stearns	25	Mortgage derivatives
February 1994	Kidder Peabody	500-3,000	Mortgage derivatives
February 1994	Donaldson Lufkin Jenrette	5	Mortgage derivatives
February 1994	Goldman Sachs	100-640	Forex and interest rate derivatives, also bonds
March 1994	Askin Securities (Granite Partners hedge funds)	600	Mortgage derivatives
March 1994	City Colleges of Chicago	19.2	Mortgage derivatives
March 1994	Gibson Greetings Inc.	23	Leveraged interest rate swaps
March 1994	Eastern Shoshone Tribe	0.725	Mortgage derivatives
1st Qtr. 1994	HYM Financial Inc.	12	Mortgage derivatives
1st Qtr. 1994	LaSalle National Corp.	45	Structured notes
1st Qtr. 1994	Bankers Trust	250	Structured notes
1st Qtr. 1994	Wayne Hummer	4	Mutual fund bailout

Date	Loser	Amount lost	Instrument and/or cause
April 1994	Minnetonka Fund (Cargill)	\$100	Mortgage derivatives
April 1994	Proctor & Gamble	157	Leveraged DM-US\$ spread
April 1994	Mead Corp.	12.1	Leveraged interest rate swaps
April 1994	Dell Computer	34.6	Leveraged forex and interest rate swaps and options
April 1994	Marion Merrell Dow	12	Askin hedge fund
April 1994	Orange County, Calif.	147	Leveraged portfolio to buy derivatives
May 1994	Canadian Imperial Bank Commerce (Wood Gundy)	10	Financial futures
May 1994	Arco (Pension Fund)	22	Structured notes
May 1994	Air Products & Chemicals	113	Leveraged interest rate and forex swaps
May 1994	Nordbanken (Carnegie Group)	33	Unknown
May 1994	Vaircana Ltd. (hedge fund)	700	Arbitrage on European bonds
June 1994	Pacific Horizon Funds (BankAmerica)	67.9	Structured notes
June 1994	Zweig Cash Fund	0.415	Mutual fund bailout
June 1994	Florida State Treasury and Florida League of Cities	175	Mortgage derivatives
June 1994	Virginia Retirement System	66	Futures
June 1994	Pat Robertson's Int'l. Family Entertainment	2.1	Unknown
June 1994	Balsam	400	Forex options
June 1994	Paine Webber (fund bailout)	268	Mortgage derivatives (mutual fund bailout)
June 1994	CS First Boston	40	Forex, indexes (repay for unauthorized deriv. trades)
Summer 1994	Investors Equity Life Insurance Co. (Hawaii)	100	Interest rate futures
Summer 1994	Coastal States Life Insurance Co. Georgia	Unknown	Mortgage derivatives
2nd Qtr. 1994	Harris Trust & Savings	51.3	Mortgage derivatives
2nd Qtr. 1994	Federal Paper Board	11	Unknown
July 1994	Paramount Communications	20	Interest rate swaps
July 1994	Glaxo	150	Structured bonds and mortgage derivatives
July 1994	Mound, Minnesota	0.5	Piper Jaffrey
July 1994	Maple Grove, Minnesota	1.2	Piper Jaffrey
July 1994	Andover, Minnesota	0.4	Piper Jaffrey
July 1994	Metro. Sports Facilities Commission	1.3	Piper Jaffrey
July 1994	Vermilion, Ohio	0.18	Mortgage derivatives
July 1994	Rockefeller Center Properties	3.5	Interest rate swaps
August 1994	Minnesota Orchestral Association	2	Piper Jaffrey
August 1994	Charles County, Maryland	6	Mortgage derivatives
August 1994	Piper Jaffrey Mutual Funds	700	Mortgage derivatives
August 1994	Argonaut Capital Mgmt. (hedge fund)	110	Interest rate futures, stock indexes, commodities, forex
August 1994	Fleet Financial Group	5	Structured notes (mutual fund bailout)
August 1994	Weyerhaeuser pension fund	22.1	see 1990 Hedged Securities Assoc.
August 1994	Caterpillar Financial	13.2	Caps and swaptions
August 1994	Donaldson Lufkin and Jenrette Securities Corp.	30	Mortgage derivatives

Date	Losers	Amount lost	Instrument and/or cause
August 1994	Fundamental Family of Funds	\$ 6.75	Inverse floaters
August 1994	Merrill Lynch	25	Mutual fund bailout
August 1994	Independent Bancorp of Arizona	50	Mortgage derivatives
August 1994	University of Minnesota	13	Askin hedge fund
September 1994	Wyoming Retirement Board	10	Piper Jaffrey
September 1994	State of Florida	90	Piper Jaffrey
September 1994	Jackson, Ohio	0.36	Mortgage derivatives
September 1994	Odessa College, Texas	11	Mortgage derivatives
September 1994	Kidder Peabody	2,500	Mortgage derivatives
September 1994	Community Asset Management Inc.	4.93	Structured notes and mortgage derivatives
September 1994	Northern Trust Co.	3.5	Mutual fund bailout
September 1994	Wilmington Trust Co.	8.8	Structured notes (mutual fund bailout)
September 1994	Prudential Securities Inc.	10	Mortgage derivatives (mutual fund bailout)
September 1994	Kidder Peabody Group	7	Structured notes (mutual fund bailout)
September 1994	Community Asset Management	5	Mutual fund bailout
3rd Qtr. 1994	Barnett Banks (fund bailout)	100	Structured notes (mutual fund bailout)
3rd Qtr. 1994	United Services (fund bailout)	93.25	Mutual fund bailout
3rd Qtr. 1994	ABN Amro (fund bailout)	45	Mutual fund bailout
3rd Qtr. 1994	Value Line (fund bailout)	40.45	Mutual fund bailout
3rd Qtr. 1994	Retirement Systems Consultants	0.1	Unknown
3rd Qtr. 1994	Boatsman's Bancshares (fund bailout)	5	Mutual fund bailout
3rd Qtr. 1994	Norwegian Municipality Pension Fund	7	Interest rate options
3rd Qtr. 1994	Colonia (German holding company)	76	Exotic options
3rd Qtr. 1994	Union Bank (fund bailout)	20	Mutual fund bailout
1994	Jackson, Ohio	0.344	Unknown
1994	Medani	50	Structured notes
1994	AIG	90	Derivatives revaluation
1994	Kidder Peabody	10	Amortizing swap pricing
Total 1994		\$10,532.704	
Total 1987-94		\$25,871.304	
Anticipated or forecast:			
February 1994	Various U.S. insurance companies	16,000	Forex and interest rate derivatives, also bonds
October 1994	World Bank	1,093	Interest rate swaps and other derivatives
October 1994	Fannie Mae	506	Interest rate swaps and other derivatives
October 1994	FirstFed Michigan	401	Interest rate swaps and other derivatives
October 1994	Sears, Roebuck	400	Interest rate swaps and other derivatives
October 1994	I.B.M.	147	Interest rate swaps and other derivatives
October 1994	Cuyahoga County, Ohio	100	Reverse repurchase agreements
Total anticipated or forecast		\$18,647	
Grand total		\$44,518.304	

making had to involve substantial risk. However, in the past we never experienced any difficulty in selling the CMOs at any time in order to meet the financial obligations of the college.

In 1994 interest rates began to rise. Suddenly the college was faced with the situation that the investments had become difficult to sell and if sold, would bring 50% or less of the original purchase price. The reduction in value occurred quickly and over a very short period of time. We were in shock!

Scrambling to keep the doors of the institution open, we did sell a portion of the investments at a loss of \$2.7 million in order to make the March 1994 payroll. This bought us enough time to consult with financial advisers and bond counsel who quickly analyzed our situation and suggested the best course of action was to hold the investments as opposed to selling them into a panic market that could result in a loss of \$10 to \$12 million to the college.

The college was now facing a crisis. We were able to negotiate a loan by virtue of a bond issue with one of our local banks. This bond issue was for \$6 million and could be drawn on as needed. This allowed us to make future payroll, meet accounts payable, and keep the institution solvent. Because of other debts, the college filed and successfully completed a validation suit that allowed us to complete an additional bond issue for \$6.2 million which was negotiated and sold to another bank in Odessa. This second bond issue allowed us to pay a tax anticipation note of approximately \$4 million and to provide additional operating funds and cash flow to complete the 1993-94 school year and provide financial solvency for the 1994-95 year.

Because of this large debt we suddenly acquired, the college had to reduce the operating budget of the institution for 1994-95 by \$2,050,000. We very strongly reduced any travel and greatly reduced capital outlay and equipment for the institution. We instituted a hiring freeze and have made every effort not to replace anyone who leaves employment at the institution. We have basically reduced expenditures in nearly all areas. We eliminated one long distance service that we had and accelerated some plans to reduce our athletic program. We even cut utility bills (perhaps the least popular move among the students), but we did it. . . .

The consequences of Odessa College's investment in CMOs is not only measured in dollars and budget reductions. It has also affected the lives of many individuals. An early retirement program was initiated which resulted in 22 senior faculty and staff taking early retirement. While the program was voluntary in nature, it did result in the loss of many experienced and valued educators. Our Chief Financial Officer has resigned after 12 years of service with the college and has relocated out of state. I have personally decided to utilize my retirement income and have agreed to work for the college at a salary of \$1.00 per year. The stress of the last several months has adversely affected my health and I have

requested the selection of a new president by August of 1995.

Where is the college today? The college has CMOs with a face value of \$29 million. They were purchased for approximately \$22 million and it is my understanding they have a value today of \$10 million or less. The college has adopted a substantially more conservative investment policy that precludes the use of CMOs or derivatives in any form as an investment for the institution.

The bond ratings of the college have been lowered by a rating agency from an A to BAA. While this is still an investment grade rating, the college has in past years worked diligently to obtain the higher rating and it will take a great deal of effort and many years to regain the confidence of these rating agencies.

The college is committed to place ourselves in a position where we can operate the institution without depending on the investments. While we plan to be in a position to hold such investments until maturity, we would immediately sell such investments if the value ever returns or we will sell or exchange all or a portion at an earlier date if our financial advisers deem it prudent. In any case, it leaves what was once an above-average financially secure institution in a difficult position in which future moves will be dictated by the vagaries of the financial market.

Bottom line: Odessa College will survive, leaner and certainly wiser, but Odessa College will survive!

How can you help us? We are not asking for a handout nor are we asking for a bailout by the federal or state government. The mistakes have been made and we are dealing with the consequences as our resources permit. However, we feel small political institutions, such as Odessa College, need clearer signposts as to what is advisable or inappropriate. We now know about derivatives. However, what is next? Five or ten years ago it was junk bonds; now derivatives. What will it be in the future? Enterprising and energetic marketing of new products are likely to continue. . . .

Roger Fink: investing or gambling?

Mr. Fink is the attorney for Charles County, Maryland:

. . . As a country lawyer and public servant trying to understand the volatility of these securities, I have tried to simplify their complexity in my own mind. In that regard, it looks to me like the broker/dealers have found a fine line between investing and gambling. When one invests in some object, it seems that the risk of gain or loss in that investment is always tied to some intrinsic or inherent value of that object, be it 100 shares of ABC Company, 100 acres of land, a Chippendale desk, or an Impressionist painting. The risk of gain or loss in gambling, on the other hand, is one of chance—tied to some extrinsic object or random event beyond the control of reasoned predictability. By linking the risk of gain or loss to certain external indices such as interest rate fluctuations, foreign exchange rates, commodities prices, prepayment rates, or other financial variables, the reasoned predictability of the future value of derivative securi-

ties, like so many clouds in the sky, presents more than a tangible, objective forecasting challenge to the investor. The likelihood of gain or loss is, at best, incredibly difficult to predict and, at worst, an outright gamble. Fortunately, Charles County has survived its encounter with derivative and exotic securities investments, although it has cost a lot for the people involved and a great expenditure of time and resources diverted to this crisis management from the more important day-to-day issues of government. . . .

Vernon Hill: 'We were never informed'

Mr. Hill is a Business Council member of the Eastern Shoshone Tribe in Wyoming:

. . . For the year ending Dec. 31, 1993, our auditors have estimated that we have an approximate loss of \$93,000 on sales and an approximate unrealized loss of \$725,000 on the securities remaining in our portfolio. We expect the current loss in value will be significantly higher than these amounts.

The Tribe was not able to timely detect the problems with the mortgage derivatives because monthly statements it received from MGSI did not price current holdings based on actual trading prices. MGSI provided third party pricing figures as a substitute for the months of November 1993 through February 1994. The third party pricing differed from actual trading prices by a significant amount. In March 1994, MGSI began sharing actual trading prices with the Tribe. The actual trading prices reflected the substantial loss in value and made the Tribe aware for the first time of the problems with the mortgage derivatives.

It is the Tribe's position that the risk inherent in the mortgage derivatives purchased by the Tribe was not fully disclosed or fully explained by MGSI. If the Tribe had been fully informed, we would not be here today. Before the securities were purchased, the Tribe received miscellaneous correspondence from MGSI (usually handwritten notes) which were the only documents that described the type of investment the Tribe was urged to make. These documents only provided summary details of the proposed investments representing them as easily marketable, government backed, and having high monthly cash flow. The Tribe never received prospectuses covering the securities, even when initial offerings were purchased. When the mortgage derivatives were purchased, the Shoshone Business Council believed it held secure government-backed bonds. They were never given the opportunity to fully evaluate the risks associated with the mortgage derivatives. . . .

We urge Congress to inquire why the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, federally chartered corporations, are involved in developing such volatile securities. We don't expect Congress to protect us from a bad investment, but we also don't expect the federal government to facilitate a situation where unsophisticated investors can be led to believe that their investment is backed by the federal government. . . .

The Mideast peace plan Britain wants to abort

by H. Graham Lowry

"If Israel remains an island of prosperity in a sea of poverty, it will continue to live in a desert of hatred and war," Israeli Foreign Minister Shimon Peres declared on Oct. 3 in an address in Philadelphia. He had just concluded discussions in Washington with President Clinton and Jordan's foreign minister, Crown Prince Hassan, which emphasized that regional cooperation for economic development was the only route to a lasting Middle East peace.

Peres returned to that theme again and again during his visit to the United States, with particular emphasis on such infrastructural projects as water, desalination, and energy development "to transform the landscape," as he put it. With the personal support of President Clinton, that policy approach could bring an end to more than a century of poverty and bloodshed enforced by the British royal family and its unholy offspring throughout the Middle East. It should come as no surprise that the opportunity for peace through development afforded by Clinton's overtures has been given so little public attention—or that the latest round of British-instigated efforts to create turmoil in the region intersected critical negotiations which were under way.

In a background briefing following Clinton's discussions with Hassan and Peres, a senior U.S. official emphasized the issue of economic cooperation. "We spent a lot of time focusing on how you could begin to develop the Jordan Rift Valley, which is the area south of the Dead Sea, down to the Red Sea. Foreign Minister Peres referred to that as a desert, and this is an area that we now have an agreement between the parties on very extensive terms of reference for the development of this area, which means a whole array of projects, involving transportation, water, desalination, energy, exploitation of minerals."

Those proposals are set to be presented to a conference in Casablanca at the end of October, where all the other Arab nations except Syria and Lebanon are expected. The Casablanca conference will also discuss private capital investment in the Jordan Rift and similar development projects in the region.

Defeating Britain's 'fundamentalist' game

During the background report on the meetings in Washington, another senior administration official emphasized that the strategy of "regional economic development" discussed with Clinton "is the answer that they and we see to the threat of Islamic extremism that manifests itself in various



Shimon Peres at the State Department last February. "We must build a new standard of living throughout the region."

parts of the region." That weapon of political control—the longtime favorite of the British Foreign Office's Middle East Bureau—drew special attention from Peres. In his Oct. 3 address to Philadelphia's Wharton School of International Business and Finance, Peres declared that "fundamentalism is not a new religion. It is a protest, against want and discrimination and need, and we have to take it seriously.

"If we don't change, and the land becomes more desert, and the desert produces poverty, and poverty produces fundamentalists, the fundamentalists will equip themselves not with stones but with highly sophisticated weapons. Then what will we do? It will be too late. We have to defuse the situation before it becomes too late."

Speaking at the University of California at Los Angeles on Oct. 6, Peres reviewed the economic development projects required to build a moral foundation for peace in the Middle East. "We must build a new standard of living throughout the region," he declared. "The Jewish people in history have never dominated another. Those who have dominated us have disappeared. . . . Why should we follow? We must, therefore, stop dominating the Palestinians." The issue is "how to provide water for the land," not how to divide the land, he said. "All of us were created in the image of the Lord, and now is the time to certify it."

In the context of real economic development, even the thorny issue of Israel's long occupation of Syria's Golan Heights has come within negotiable resolution. Following a meeting with President Clinton and top administration officials on Oct. 7, Syria's Foreign Minister Farouk Al-Shara insisted on the return of the Golan Heights "and the other occupied territories to the Arab side, in order to pave the way for sure, to a just and comprehensive peace and real peace in the region, where the Israelis would benefit perhaps more

than the Arabs in the era of peace.”

Syria’s foreign minister also spoke of possibilities which only have meaning if the United States determines it will no longer be the enforcer for British subjugation of the Middle East. Syria hopes, Al-Shara said, “not only to achieve peace, but to take care about the fruits of peace, and this is not only an interest of the Arab side, or the Israeli side. It is in the interest of the whole world at large. Our priority is to develop the region in a way where the whole people of the region would benefit, would get more education, a better standard of living, to see our region more prosperous and to see our region contributing as we did in the past, in the ancient history, to the advancement of technology, not only in being a recipient of high-technology.

“We have many scientists, many engineers of great quality; but [in] the environment in the Middle East at the moment, because of lack of peace, you cannot achieve the bright future that we are seeking or looking forward to seeing. We are optimistic for the future.”

Interview: M. Z. Nashashibi

The Middle East needs clean nuclear energy

Mr. Muhammed Nashashibi is the finance minister of the Palestinian National Authority. He was interviewed by Muriel Mirak-Weissbach during the international conference of the World Bank and International Monetary Fund in Madrid on Oct. 5.

EIR: What are the obstacles to implementing infrastructure projects in Gaza and Jericho?

Nashashibi: From our side there are no obstacles; we have built our institutions, we have established our accounting system, which proves that it is transparent and accountable, so we are ready to start in cooperation with the World Bank as the representative of the donors, to start implementing infrastructure projects. Especially, we have elected and decided on the managing consultant, which was requested by the World Bank to supervise the procedure for implementing projects.

EIR: If there are no obstacles on your side, where are the obstacles?

Nashashibi: They are in the bureaucracy of the World Bank and maybe there are undeclared reasons linked with early empowerment and things of the sort.

EIR: What do you think is the single most important economic problem to be solved?

Nashashibi: The most important economic problem that we face is to implement projects that create jobs, raise the standard of living of people, and meet the essential needs in housing, education, health, transport, and telecommunications.

EIR: In terms of economic development of the region, what is the primary factor?

Nashashibi: The water problem. This should be solved first by regaining our share of the natural sources of water that are available right now, which are being looted—or I could use the term, “confiscated”—by the Israelis. And we, Syria, and Jordan should regain our right to the water resources, namely, the Jordan River, the Yarmouk River, and the underground water in the West Bank and in Gaza. Then we can talk about desalination projects.

Only God can create rivers, but we can create other sources, and desalination, although it may appear at present to be a bit expensive, is necessary. One day will come when you have to choose between life and water, and at that stage, it is not important how much it costs, because at that moment it becomes a question of life or death. I am sure that with advanced technology, the cost of desalination of water will go down, especially if we use nuclear energy as a source—by that I mean clean nuclear energy, as a source of energy for desalination of water and production of electricity.

EIR: Have you talked to people from countries that produce these technologies? Have you proposed it to them?

Nashashibi: I have discussed it in more than one country. I don’t want to mention names, but it is known that such projects are functioning in at least four countries, and I think that is proof enough to world public opinion that this type of energy is a clean source of energy which could be the sustainable source of energy in the future.

EIR: Have these producer countries shown interest in transferring this technology, to Gaza, for example?

Nashashibi: I must say that I am grateful for the deep understanding on the part of these countries of the issue of desalination of water and the role of clean nuclear energy, whether for generating electric energy or for desalinating water, or both at the same time. This is something for the projects of the future, when other sources of energy will come to an end.

The programs of technical assistance presented to us from international organizations do not constitute a genuine transfer of technology, which is what we need the most. They promise very ordinary training courses, for technical assistance, at a time when we need to absorb, if I may use this word, modern and sophisticated technology. This is the main road to achieve genuine economic development: through science and technology.

Margaret Thatcher, George Bush promote voodoo economics in Asia

by Kathy Wolfe

Former British Prime Minister Margaret Thatcher toured India on Sept. 19-23 for the Citibank Asian Leadership lecture series, and demanded that India rapidly implement extreme free trade "economic reforms" on the marvelous model of Britain. "Your [India's] influence and example are crucial to the future," said Thatcher, who has been called a witch for waving her hand and turning her own once-industrial nation into a junk heap. "Russia has democracy but struggles for economic reform; China has economic reform but resists democracy. But India has the advantage of both economic reform and an established democracy," she told an audience in Bombay on Sept. 19.

Speaking after bubonic plague was already devastating the Indian countryside, Lady Thatcher complained that Indian Prime Minister P. V. Narasimha Rao and Finance Minister Manmohan Singh have been far too slow in cutting government expenditure—despite their 42% cut in India's disease prevention budget, which paved the way for the plague outbreak. Thatcher demanded that India move immediately to privatize public sector industry and banking, and to smash the trade unions in order to do so.

"We had to get government out of running business, for which it has no talent or qualifications, and give management the power to manage, through our privatization," Thatcher said. "So I know both how difficult the tasks facing Prime Minister Rao and how vital it is for India's future that he succeed, as it was vital for Britain's future that I should."

Parameters for the 'new world order'

Thatcher's tour is part of Citibank's plan to set "parameters for Asian leadership in the new world order," the purpose of the Asian Leadership Series, a Citibank public relations official told a journalist on Sept. 28. Joining Thatcher on the lecture circuit for Citibank is her protégé, former U.S. President George Bush. Bush addressed the same demands for free trade before a Citibank audience in Singapore on April 13-15, 1994, and he will speak in Sydney and Melbourne, Australia on Nov. 22-23, and also in Djakarta, Indonesia on Nov. 24-25.

Former West German Chancellor Helmut Schmidt just completed a tour for Citibank, visiting Manila in the Philippines and Bangkok, Thailand on Oct. 24-31; Bush Secretary of State James Baker will speak in Taipei, Taiwan on Nov.

7-8. Other speakers have included Bush Defense Secretary Richard Cheney, post-industrial guru Alvin Toffler, former U.N. Secretary General Javier Pérez de Cuellar, and Carter National Security Adviser Zbigniew Brzezinski.

Thatcher's 'International'

"The Citibank Asian Leadership Series was begun in 1992, to celebrate the 90th anniversary of Citibank's entry into Asia," Citibank's press materials say. "Citibank, the leading bank in Asia . . . generates public interest in the emerging role of Asia—and parameters for Asian leadership in the new world order."

Lady Thatcher also spoke for Citibank earlier this year in Abu Dhabi and Dubai, and last year in Singapore, Malaysia, and Bangkok. "Our speakers, people like Thatcher, are highly paid because they are so sought after—just like Henry Kissinger," a Citibank press agent said. Citibank pays the speakers \$25,000 per speech plus expenses.

Add to this the Sept. 21-23 Asia Society conference on South Asia led by Bush administration Trade Representative Carla Hills and other Bush luminaries, who called for extreme privatization in the region (see *EIR*, Oct. 7, p. 12). It seems that these Thatcherites are on a global tear to try to wreck economies in Asia. The Asia Society is run by the Rockefeller family, and Bush's good friend Kissinger.

The Hills group attacked in particular the use of government financing for infrastructure projects. South Asian nations "must privatize their state sector industries, lift rules controlling domestic and foreign equity investment, further lift trade tariffs, lift labor rules, remove all subsidies to fertilizer, agriculture, and other industries, and generally expand the breadth and depth of reforms to fully open their economies as Mexico and China have done," Hills said on Sept. 22.

The "Thatcher International" is also keen to sabotage the upcoming U.S. trade mission for President Bill Clinton to India by Undersecretary of Commerce Jeffrey Garten on Nov. 14-18, and by Secretary of Commerce Ron Brown in January 1995. Secretary of Commerce Brown has said that President Clinton wants to "junk the last 12 years of [Reagan-Bush] laissez-faire economics" in U.S. export policy toward Third World nations, and to engage in some real infrastructure development with U.S. government funding.

Bush's April speech in Singapore was also a push for straight International Monetary Fund (IMF) free enterprise. Bush demanded "what I call the new world order: more democracy, more economic freedom, and growth and prosperity for all. . . . No government program can equal the benefits of the global trade which will help bring the developing world out of poverty." Bush even took credit for creating the "recent economic freedom in South Korea, Taiwan, and the Philippines," referring to the recent Wall Street-style deregulation in these countries which has led their financial markets into disaster.

Bush also made a pitch for amoral, i.e. geopolitical, condominiums as a model for international relations. "You don't influence countries by insulting them," he said. He related that he deliberately did not cut China off in June 1989 after the Tiananmen Square massacre, and then he deliberately did not fly to Berlin when the Wall fell—all of which paid off, he claimed, when China and Russia backed "the coalition" in the Persian Gulf war against Iraq.

The rat baroness

In "Why Does She Speak Nonsense?" the Indian newspaper *The Pioneer* suggested on Sept. 27 that the method in Thatcher's madness was to reduce India's population, by precisely such things as the spread of the Black Death. "India, she announced, must make economic reforms in its cosseted labor market to allow easier hire and fire of workers," wrote columnist Jeremy Seabrook. "She is telling her audience that 'you cannot run an efficient business if it is grossly overmanned.'

"Baroness Thatcher is not dismayed by issues which are a matter of life and death for the people of India," Seabrook wrote. "She takes credit for the neo-liberal revolution which has swept the world. . . . Unshackled from morality, Thatcher has been one of the principal architects of the creed which dominates the globe, that the Supreme Good is the making of money. . . .

"Which brings us to the rats dying on the streets of Surat," the plague center, Seabrook concluded. "For cuts in public expenditure is one of the central tenants" of the philosophy pushed by the Thatcher crowd. "That means money squandered on public health. It means education. It means nutrition. . . .

"But perhaps the Baroness is not so naive. . . . In pursuit of abolishing the evil of 'overmanning,' what more useful ally could she have than neglect of public health? Let the rats pour from their holes. . . . A good dose of plague will put an end to overmanning and over-population at the same time. The neglect of public health, the rats and their plague fleas are the allies of Mrs. Thatcher and officials from the IMF and World Bank who come to the South with their prescriptions of 'reform,' which turn out to be the dogmas of the graveyard."

"I am aware that the scale of your problem tackling poverty is greater than anything we in Britain have known,"

Thatcher said in New Delhi on Sept. 22. "But there is no point on this account slowing down necessary economic reform. . . . The quickest and best way to tackle poverty is by moving swiftly to create a market economy."

The 'invisible hand' in action

While Thatcher, Bush, et al. pontificate, the "invisible hand" of Citibank is meanwhile grabbing large chunks of the banking market of India and Asia as a whole, along with other Anglo-Venetian banks such as Hongkong and Shanghai Bank, and Standard and Chartered.

Citibank documents in particular show that the bank's strategy in India, and in Asia generally, is modeled on the Venetian Empire idea of keeping most of the population in slavery while serving an elite royally. Where there are 2 billion people (in China and India, say), then, even if 85% of the people live at starvation level, and only 5% are members of the elite with incomes, that will give you 100 million credit card accounts paying 18% interest—a market which compares very favorably with Citibank's 30 million credit card accounts in the United States.

According to "Citicorp India: A Taj Mahal," a report by Salomon Brothers investment bank on Citibank's very profitable Indian operations, India is the "prototype for Citicorp's indigenous ventures in developing countries. . . . Citicorp holds 1% of the Indian banking system's deposits, has a 10% share of the foreign exchange market, a 15% share of all securities trading, is the third largest exporter of computer software, and is the prime counterparty [i.e., chief trader] in the swap [i.e., derivatives futures] market. Its consumer banking is growing by 25% annually by volume, with over \$1 billion in deposits. It has captured a 65% share of all automobiles financed, a 27% share of consumer durables financing. . . .

"Citicorp is targeting the top 10% of the population, which translates into 80 million people. This market is in three parts: the top 1%, with average household income of \$40,000 or over, which it serves with branches as well as credit cards and other services; the next 4%, which it serves only by credit card, dealers, and telephones; and the bottom 5%, serviced entirely through payroll deduction to create both loans and deposits," i.e., without even needing a local Citibank branch.

Citibank bolsters its claim to be the "leading bank in Asia" by noting that it has over 360 branch offices in 25 different countries—which, indeed, is more than has any British bank, or Japanese bank (outside Japan). Citibank claims to be the largest single issuer of Visa and Mastercard credit cards in Asia already, with 12.6% of the market; to have already 4 million consumer accounts in Asia; and to have \$20 billion in consumer deposits, \$16 billion in corporate deposits, and \$15 billion in "private assets under management" for the super-rich, pension funds, and other large investors.

Thatchers shaken by new scandal in U.K.

by Mark Burdman

It would have been hard for delegates at the first day of the annual British Conservative Party conference in Bournemouth to have accepted the explanation from an aide to former Prime Minister Margaret Thatcher that “extensive dental work” would be the cause of her woeful physical appearance. A Tory stalwart told the London *Independent* bluntly, “She looked bloody ill.” The London *Times* said she looked “pale and gaunt, frail and thin,” her face “painted with rouge,” and had lost so much weight that she had gone from a size 14 to a size 10 in the past weeks.

The Conservative Party conference had begun only two days after an explosive front-page article in the Murdoch chain’s *Sunday Times* of London on Oct. 9, reporting that Mark Thatcher, Son of Maggie, had made his early fortune by winning some \$20 million in commissions from the massive British-Saudi “Al Yamamah” (Arabic for “dove”) arms deal concluded in 1984-85. The deal amounted to some \$30 billion in arms and related contracts. Under a two-stage contract signed in 1985 and 1988, Britain agreed to supply the Saudis with 120 British Aerospace Tornados, 120 Hawk trainer jets, 88 helicopters, and naval mine-hunters, and to construct air and naval bases.

The paper published purported transcripts of discussions among various Arab protagonists in the deal, arguing about whether to use the “Mark” channel as middleman, or someone named “John.” One unidentified Arab man, believed to be Saudi wheeler-and-dealer Adnan Khashoggi, proclaimed that the young Thatcher would be preferable, even if he asked higher fees, since “Mark is more in power and he has influence with the military group and the government.” The same source later observed: “These people will sell their families for money.”

The *Sunday Times* story followed on the heels of an earlier embarrassment. A week earlier, the British press had revealed, and Texas sources confirmed, that Mark Thatcher would soon be hit with a major lawsuit, possibly under the Racketeering Influenced and Corrupt Organizations (RICO) statutes, because of the illicit financial manipulations of himself and his business partner David Wallace, in the 1992-94 takeover of the Houston-based Ameristar jet fuels trading firm.

By the first day of the Tory conference, the issue of Thatcherite nepotism was overshadowing whatever effect

she may have hoped to accomplish by speaking there. The Labour Party, on Oct. 10, demanded an official government inquiry into the Al Yamamah contract. Mrs. Thatcher’s office affirmed that she was “absolutely satisfied” that the contract had been properly negotiated. “She is proud that after a great deal of hard work by ministers and officials, it brought thousands of jobs and billions of pounds of exports to this country.”

But even the pro-Thatcher *Daily Telegraph* was forced to comment on Oct. 12, that her statement “merely said that the deal between the two governments had been conducted absolutely properly,” but that she had “failed to deny in plain terms the allegations that her son profited to the tune of millions of pounds in personal commissions.” The paper said that “this most recent assault” on Mark Thatcher, while hardly the first, “may perhaps turn out to be the most ominous for the standing of the former prime minister’s family.”

Mrs. Thatcher, a seasoned politician and notorious *intrigueuse*, will have rapidly realized that there is more to the scandals than the facts. After all, if the events in question happened in 1984, why would they only be coming out now? The British establishment is engaging in its traditional mode of proxy “cabinet” politics, in which a change of personnel and policy approach is accomplished by rousing the outraged sentiments of the reading public.

The real issue is not the scandalous activity, but rather that the Thatcher clan, like the powerful royal House of Windsor, is seen by British establishment insiders as inappropriate expressions for the kind of leadership needed to steer the British and their oligarchic co-thinkers through the crises that the world is now entering. Rupert Murdoch and his media empire are the favored instruments for accomplishing such an objective. The Australian-born Murdoch has played a special role in British intelligence operations since his post-war training in the circles of top media magnate and intelligence coordinator Lord Beaverbrook.

A ‘witch’s warning’

In this scandal, Thatcher herself, more than her son, comes under scrutiny. As the *Sunday Times* stresses, in 1984, as the deal with Saudi Arabia was being concluded, Britain was rife with stories that Mark Thatcher had earlier profited from his mother’s position, in winning commissions for a 1981 British deal with the Sultanate of Oman. “Mark’s name kept coming up. He was a bad smell about the place,” a British Aerospace official confided to the paper.

Sir Clive Whitmore, then permanent undersecretary at the Ministry of Defense, was asked to tell Mrs. Thatcher (for whom he had previously acted as private secretary), that her son’s activities were threatening the deal. He delivered what British Aerospace executives nicknamed the “witch’s warning,” a “Macbeth-style omen of foreboding.” But, the *Sunday Times* says, she dismissed the matter. According to one source, “When it came to Mark, she was blind.”

Caldera rips 'green' hypocrisy at U.N.

by David Ramonet

Venezuelan President Rafael Caldera strongly attacked the destabilizers of his economic recovery program before the 49th session of the United Nations General Assembly on Sept. 30, denouncing the "hypocrisy" of environmentalism. He also once again warned of the precarious situation Venezuela finds itself in—together with all debtor countries—because of the usurious foreign debt which will consume 35% of the Venezuelan national budget next year, and he stated the need to start a new round of negotiations.

"We certainly accept the necessity of defending a clean environment for our populations, and we are very much prepared to contribute to this effort; but we cannot refrain from noting that, on more than one occasion, the ecological fight for a clean environment has been hypocritically used to close off access of the developing countries to the markets of the rich countries," Caldera told the assembled delegates. "We maintain that the transfer of technology must be broad and genuine, because if not, the chasm which separates us from the developed countries and which is growing larger every year will end up becoming insuperable, and will lead to a sharp and bitter division between two segments of humanity, with unpredictable, and fatal, consequences."

An important component of Caldera's Stabilization and Economic Recovery Program is premised on the participation of large investors in the exploitation of the vast mineral resources of the southeast portion of Venezuela. A large part of these resources, such as the huge gold deposits estimated to rival those of South Africa in size, are found in the states of Bolívar and Amazonas, in the Venezuelan Amazon.

But this and the rest of Caldera's policies have come under sharp attack by British and U.S. financial circles, ever since he took firm nationalist measures earlier this year to prevent the banking system from being further looted into insolvency by international financial thugs and their local henchmen. He imposed exchange controls to stop capital flight, set price controls, put seven leading banks in receivership, and then launched an aggressive policy of regional integration and development, as an alternative to International Monetary Fund (IMF) recipes for economic strangulation.

Needless to say, the City of London and Wall Street roared disapproval, and have launched everything to try to whip Caldera back into line. The *Financial Times* of Oct. 10 ran a lengthy article demanding that Caldera immediately end exchange and price controls, and triple domestic gasoline

prices as the IMF has urged.

Within Venezuela, the leftist Causa R party has been a major tool of the international banking crowd. Bolívar state Gov. Andrés Velásquez, ex-presidential candidate of the Causa R party (a member of the São Paulo Forum, a continental Castroite narco-terrorist group), insisted during the Third International Gold Symposium in Caracas the first week of October, that "the equilibrium of nature must be guaranteed." And on Oct. 10, the daily *El Nacional* published an ad paid for by Causa R completely rejecting Caldera's economic program, including its large-scale infrastructure projects.

The most important of these projects—of continental importance—was announced by Caldera during his recent visit to Brazil last Sept. 8. "An old idea is being reactivated, which is the possibility of opening a viable communication link, the interconnected waterway navigation of the Orinoco and Amazon rivers, the tributaries of the Amazon," Caldera announced at a press conference in Brasilia, the capital of Brazil. "There exists a natural link via what is known as the Casiquiare Channel, but there also exist very attractive possibilities from the standpoint of constructing a canal, a short canal between the two river systems," he explained. "The idea of linking the Orinoco River, the Amazon River, the Paraná and the Plata, is one of the grand ideas for the future of Latin America, and without doubt, it is no longer a chimera to think of this possibility, but rather something we can start to take steps to achieving," he said.

But the Casiquiare Channel is located in the heart of the Upper Orinoco Biosphere Reserve, created in 1991 by presidential decree of the deposed former President Carlos Andrés Pérez. Although the use of this reserve has not yet been regulated, the environmentalist groups are preparing a campaign to apply the norms dictated by the International Union for the Conservation of Nature (IUCN). The norms of this group absolutely prohibit any type of intervention "by the white man" in the core areas of the reserve, according to one green activist consulted here. This zone is inhabited by the Venezuelan Yanomami Indians, and is contiguous to a like reserve created the same year for the Brazilian Yanomamis by the now-deposed President Fernando Collor de Mello. Ironically, the environmentalists are complaining that the Yanomamis themselves are seeking to leave the reserve.

More explicitly, on Oct. 4, an activist from the Audubon Conservationist Society, Jorge Cruz Osorio, wrote an article in *El Diario de Caracas* entitled, "Bright Ideas that Are Undermining the Country," in which he called for a war against what he called "the conquest of the South" by the Venezuelan government, referring to the programs carried out by Caldera during his first term in office in the 1970s. "A new crusade is afloat against the environment: the Conquest of the South, which, as is quite clear, is an imposition of different rhythms of life, of destruction of forests, of huge infrastructure projects with their included other impacts on the environment," wrote Cruz Osorio.

U.S. offers Pakistan partnership in energy; won't rule out nuclear

by Saqlain Imam

Saqlain Imam, a Pakistani journalist, provided this report to EIR News Service.

Pakistan, with an over 10% annual rate of growth in electricity consumption, is facing an acute shortage (22%) of power that plunges the whole country into darkness, and causes the power supply to be cut in different areas with different time schedules in order to manage the gap between supply and demand. This phenomenon is known as load-shedding.

Successive governments have been trying to solve the problem, but with the country's loan rating at B/B-, below investment grade, and a history of conflict with its neighbors, the nation has never been able to borrow significantly from international commercial sources. As a result, over 95% of Pakistan's \$21 billion foreign currency debt is to multilateral agencies such as the World Bank, or to foreign government export credit agencies (ECAs). Pakistan's foreign debt service's annual growth rate is 9% and has surpassed defense spending by more than 25%. Thus, Pakistan faces a serious problem in raising finances for the development of infrastructure and the energy sector. This has pushed the country into further backwardness.

In order to meet the challenges of development, the Bhutto government announced a new energy policy. Apart from other various incentives such as free transaction of money and tax-free import of machinery, she has fixed the purchase price of electricity at 6.5 U.S. cents per kilowatt-hour. The policy has been well received by local and foreign investors. However, the Pakistani business community has questioned it, saying that it would make the country dependent on a very expensive form of power. Moreover, the energy policy has also failed to attract investment in the hydroelectric power sector with identified potential of over 40,000 megawatts.

O'Leary heads mission to Lahore

Against this backdrop, Prime Minister Benazir Bhutto requested President Bill Clinton to assist Pakistan in its bid to develop its energy sector. The President sent to Pakistan an 80-member Presidential Mission on Energy comprising engineers, investors, and finance managers led by Secretary of Energy Hazel O'Leary. The mission attended a Pakistan-U.S. energy conference in Lahore on Sept. 22-23. The energy discussion also took place in a strategic context in which

the Clinton administration is demanding a "verifiable cap" on Pakistan's suspected nuclear weapons program.

O'Leary announced that over \$3 billion worth of power projects in the private sector would be signed during her visit to Pakistan. Addressing the final session of the two-day energy conference on "Pak-U.S. Energy Partnership, Benefits, Opportunities and Challenges," O'Leary said, "We want partnership between the U.S. and Pakistani private sector minus government." She said if four or five projects come up with success through the joint, private-sector Pakistan-U.S. ventures, then Pakistan would be inundated with foreign investment. She said the U.S. government would not only promote joint ventures in energy in the private sector, but would also provide necessary financial and technological assistance to Pakistan. She said there would be a great change in our relations, once the U.S. private financial institutions developed full confidence in Pakistan.

Pakistan's ambassador in the United States, Dr. Maleeha Lodhi, has termed the mission a great shift in U.S. policy toward South Asia. Dr. Lodhi said, "It is clear from this visit that the Pakistan-U.S. relationship is not a simple issue, but one that will evolve in the post-Cold War era as a broad-based and multidimensional one. This is the largest investment delegation ever to come to Pakistan."

In turn, as Saltman Taseer, financial consultant and information secretary of the ruling political party, PPP, pointed out, Pakistan has offered a best package to foreign investors. Although he claimed the investments in Pakistan have been made in a corruption-free environment, the opposition has questioned the basis of the Bhutto government's energy policy. The opposition asks why did the government fix the purchase price of electricity from the emerging private sector at \$.065, when the purchase price in the United States is \$.035. However, the architect of the policy, Shahid Hasan Khan, defending the price, said Pakistan offered the best package and the highest price of electricity in the region, in order to attract foreign investment in energy. His policy has started to yield positive results. For the generation of 6,000 megawatts, offers of 28,000 MW have been received by Pakistan from the foreign private sector. Pakistani industrialists argue that though the policy has geared up the growth process in energy, it will skyrocket production costs, as in the future electricity with the present purchasing power

would cost \$.10 per kwh.

Ashfaq Mahmood, Additional Secretary (in charge) of the Ministry of Planning and Development, said that for the first time, opportunities of participating in new technology such as clean cold technology for power generation have been made available by U.S. investors. A mention was also made of coal gasification-type projects, and possibilities also exist in hydroelectric power for which Pakistan needs to articulate its policy in detail. He also said the participants felt the need of elaborating a policy package for developing coal mines as an indigenous energy source. The immediate requirement would be transmission lines and fuel transportation.

Leighton Steward of the Louisiana Land and Exploration Company, said the creation of a natural gas storage facility is also being studied. He said the U.S. private sector in collaboration with the DOE and the government and private sector in Pakistan, would be interested in exploring research and development in oil and gas exploration in Pakistan.

Robert Hart of Coastal Power Production Company, presenting the report on the workshop on coal, said it was agreed by all that the use of indigenous coal resources of Pakistan as an energy source is obviously preferable to using imported oil and gas to generate power. Yet coal has not received the proper attention of the Pakistani policymakers. He said that in collaboration with U.S. companies the coal mines of Pakistan should be developed in an integrated manner with a three-pronged style: a) Chinese/small power plants; b) medium-size power plants, and c) continued development of the coal mines. This, he said, would help in soliciting international financial assistance. He suggested that the U.S. DOE should support Pakistan in this field.

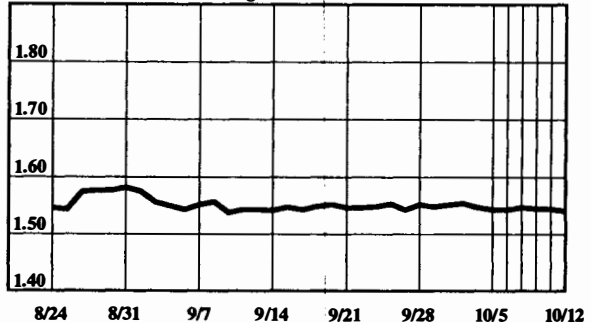
'We continue to support fusion'

Nuclear power generation was not a major focus at the conference. However, in answer to a question, O'Leary indicated that the nuclear option is not excluded from the administration's thinking. Asked if the United States has capped research and development in nuclear fusion energy and whether such a cap would not limit world energy development, given the U.S. position as a leading economic and technological nation, O'Leary replied: "I want to be very straightforward about what's going on in the United States. The Clinton administration continues to support sound, reliable and economic nuclear power. . . . There is no intention to walk away from a power source on which so many countries rely. . . . We have just completed two new reactor power plants. . . . I wanted to be clear on it that we continue to support fusion energy. The project of tokamaks receives funding. And this year's budget that would be formally introduced, that is now being gossiped about all over Washington—and the gossip you receive that we have withdrawn funding, that is not true. . . . Nuclear power is one of those power supply options that we want to keep."

Currency Rates

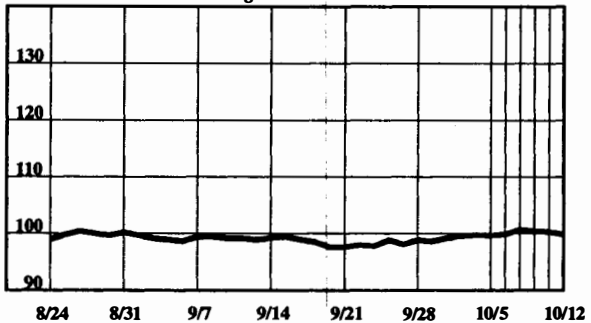
The dollar in deutschemarks

New York late afternoon fixing



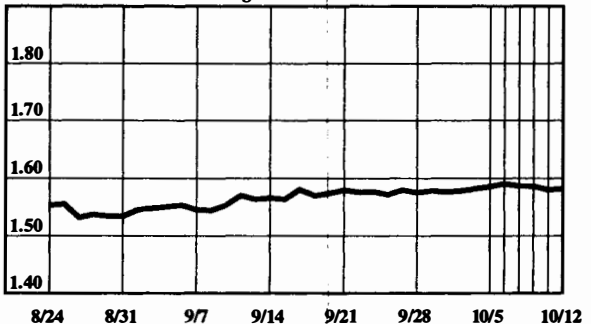
The dollar in yen

New York late afternoon fixing



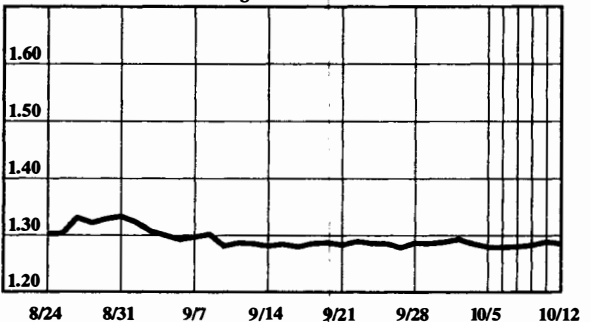
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Espy ouster 'not a coincidence'

The cartel which has dominated the USDA bureaucracy for years had a major role in forcing Espy out.

Statements made by Agriculture Secretary Mike Espy in an interview given to *AgriNews* on Sept. 29, days before he announced his resignation as secretary on Oct. 3, raise some of the same questions about his ouster that have been raised by this magazine, which has charged that members of the Clinton administration are under attack by British oligarchical circles and their friends in the Bush networks which desire the destabilization of the U.S. government for political objectives.

In the case of the African-American agriculture secretary, the allegations of wrongdoing also bear the imprints of the FBI's "Frümenschen" policy of assuming that any black elected official deserves to be investigated simply because of his color. (Espy was a congressman from Mississippi.) Given the notorious corruption in the U.S. Department of Agriculture (USDA), such as the fact that for decades its top officials have been the handmaidens of the grain cartels, the allegations against Espy, that he accepted transportation and other perks from people who did business with the department, sometimes repaid, sometimes not, of a total amount of less than \$10,000, seem particularly paltry.

Ironically, former Agriculture Secretary Clayton Yeutter, who held that position immediately prior to Espy, had longstanding public ties to both the meat monopoly and the anti-farmer center of speculation, the Chicago Board of Trade. Yeutter was a board member of ConAgra, and former president of the Mercantile Ex-

change, and never ceased to represent their interests.

The charges against Espy followed a pattern similar to those against other Clinton administration officials, of appearing first in the pages of the *Wall Street Journal*.

The other element suggestive of a political witch-hunt, was the immediate appearance of bias on the part of the independent counsel assigned to investigate Espy, and the involvement of the Bush networks.

Shortly after Espy indicated an intent to defend himself vigorously against the charges, Independent Counsel Donald Smalz, in an interview prior to beginning his investigation, characterized Espy's subsequent repayment of the small amounts at issue as similar to the actions of a bank robber hoping to evade the consequences of his crime by repaying his victims. "Repayment after disclosure of a crime isn't a defense to a crime. If somebody robs a bank and pays back the money, it doesn't mean he didn't commit the crime," Smalz said.

Smalz also said that he believed Espy came under the jurisdiction of the 1907 act which prohibits meat inspectors from taking gratuities from those they inspect. To be convicted of violating this act does not require evidence of criminal intent. Espy's lawyer has vigorously contested applying this act to the secretary of agriculture, saying that standards for meat inspectors do not apply to agriculture secretaries. Shortly after Smalz's pronouncements, Espy resigned.

In his interview with *AgriNews*,

Espy attributed the charges against him to his opposition to the meat cartel, and his introduction of legislation requiring that meat be tested for pathogens and that a minimal level of bacteria be allowed on USDA-inspected meat and poultry. Espy said, "I've been trying to change the culture of the bureaucracy, and that sometimes makes people mad. I've been a very active secretary. I've made a mark at this place and I've been marked. I am not trying to advance conspiracy theories, but I've been in this town for 10 years, and I don't believe in coincidences." One example of making his mark, he said, was the introduction of new meat inspection legislation.

His war with the meat cartel began in March 1993 after 400 people became ill during an outbreak of *E. coli* bacteria from contaminated hamburger meat. His aggressive criticism of the USDA bureaucracy brought him right up against the pro-cartel networks in the USDA Food Safety and Inspection Service. Individuals in the FSIS were later revealed to be those making damaging claims to the FBI and Justice Department that Espy's crackdown on beef inspection implied a favoritism toward Arkansas-based Tyson chicken interests, from whom he had accepted small gifts of sports tickets and transportation fees (subsequently repaid). At the time of the *E. coli* outbreak, Espy charged that the meat inspection services were insensitive to the loss of human life which the present lax system had caused.

The head of the Food Safety and Inspection Service, Bush appointee Russell Cross, an avowed partisan of the meat cartel, was forced out. Charges that Espy was biased toward poultry interests were subsequently made to Justice Department officials and FBI agents by deputy administrator Wilson Horne, after weeks of rumors in the press.

Business Briefs

Infrastructure

German minister urges Paris-Moscow rail lines

German Transport Minister Matthias Wissmann said that the European Union is committed to a "rapid completion" of European high-speed rail networks, in his keynote speech to the European Railway Conference in Berlin on Oct. 6-7. If you want to have a European domestic market, he told 300 experts on rail and transport participating in the conference, "you have to create trans-European nets as arteries, from Madrid to Helsinki, from Paris to Berlin, and further on to Moscow."

Wissmann said that "the fundamental changes of the political landscape in Europe in the recent five years" are now posing "completely new tasks" for transportation policy. This is particularly true for Germany, he said, because it is becoming more and more a European hub for international economic and transport movements.

Wissmann added: "Further on, we are in discussions with Poland on the Berlin-Warsaw and Dresden-Wroclaw routes. These are routes which could be continued eastward to Warsaw and Moscow, and which will be continued in the future certainly. Here you see the structures of a future network, encompassing the whole continent."

Wissmann added that with the German parliament decision to build the Transrapid, Germany's magnetically levitated rail system, "a new chapter in the history of transport technology has been opened up."

Credit

Crédit Lyonnais to be bailed out once again

Only days after Crédit Lyonnais announced big losses, its investment certificate shot up 10.8% on the Paris stock exchange on Oct. 3. Bank President Jean Peyrelevade told market analysts, in effect, that the majority of the bad debt of the bank would be taken care of by the government, for a total bailout of 65 billion

francs. Peyrelevade claims to have a letter confirming the commitment of the government to the bailout, and that the plan will be operational at the beginning of 1995.

Investors ignored the announcement by the bank just days before it announced a 4 billion franc loss for the first quarter of 1994.

The French government has agreed to pitch in 4 billion francs in order to recapitalize the bank if the bank itself agrees to pitch in 5 billion francs, i.e., French taxpayers will continue to bail out the bank for its bad investments in the movie industry, Altus Finance, junk bonds, real estate, and the derivatives market.

The government offer followed demands by the new financial auditors of the bank that it increase reserves from FF 15 billion to FF 25 billion, mainly to cover loan losses.

The situation is not expected to improve for the bank, because it just hired Henry Kissinger as an adviser in its problems with Metro Goldwyn Mayer.

Poland

Foreign investors violate the law

Poland's Supreme Chamber of Control (NIK), which regulates industry, stated in early September that foreign capital often violates the law while investing in Poland. The controllers charged that companies with foreign capital do not satisfactorily improve the development of production for export, utilize modern technologies, or create new jobs.

Polish companies which set up partnerships with foreign firms often cannot adequately protect their own interests, the controllers said. For example, Polish companies lower the value of their non-monetary contributions to joint ventures, which in turn results in decreased profit share for themselves. Foreign partners delay making their contributions, that is, do not provide machines and equipment as well as modern technology.

Over 67% of the companies examined did not pay their taxes on time. Even though many companies did not provide the required contributions to the initial or share capital, they were exempted by the finance minister from paying

income tax. NIK stated that the activity of companies with the participation of foreign capital was not sufficiently supervised by the organ that is obliged to do so—the Ministry of Ownership Transformations.

However, no one in the NIK seems to be questioning the very principles of the government's so-called privatization program, which is allowing foreign "investors" to strip assets and exploit cheap labor in Poland. Prime Minister Waldemar Pawlak has been trying to stop the program of massive privatization in its present form, which has earned him a reputation as an anti-reformer. The Freedom Union (formerly the Democratic Union, comprised of pro-free market liberals, former Solidarity members) together with President Lech Walesa are mobilizing to force implementation of the program.

Technology

Slow funding for FEL laser, says agency

Funding for the free electron laser (FEL), a spinoff of the Strategic Defense Initiative, should be slowed down, according to a recent report prepared by the National Research Council for the Department of Energy (DOE). FELs are tunable lasers that can produce high-energy light at a variety of wavelengths, and many applications are envisioned for medicine and industry. An accelerator-generated electron beam is sent through a "wiggler" magnet to produce the FEL light.

When funding for the SDI stopped, FEL researchers requested funding from the DOE to build the huge accelerators required, and the DOE commissioned a study from the National Research Council. According to *Science* magazine on Sept. 16, some researchers have charged that the DOE "stacked the deck" by asking the council to "look only at the potential value of FELs for basic science rather than for industrial and medical applications."

"Our field is in danger of collapse," said one scientist. Another scientist said that the report seemed to focus on "an unstated agenda" at DOE to fend off requests for major investment, not on the broad potential of the FEL.

Briefly

● **THE EUROPEAN** Union, under heavy pressure from the French, in particular, reduced its agricultural land set-aside program by 2%, to 13%, because of grain shortages. The decision will bring 700,000 hectares (1.4 million acres) back into production.

● **JAPAN AIR LINES**, under new Ministry of Finance rules, has said it will soon disclose a 45 billion yen (\$450 million) loss from an investment in derivatives. The government has demanded greater disclosure to lessen financial "surprises."

● **RUSSIA** failed to gain new money from the International Monetary Fund, even as a German banker told the IMF annual meeting in Madrid that Russia stands at the brink of "economic chaos." The Oct. 4 London *Financial Times* reported that the Chernomyrdin government has been hiding the extent of credits it has issued to industry and agriculture in order to win IMF funds.

● **POVERTY** in the United States affects 39.3 million Americans, 15.1% of the total population, the highest level since the start of Kennedy's administration in 1961, the Census Bureau reports. It says it cannot figure out how, in an economy "growing since 1991," there could be a rise in poverty.

● **CHINA** will need to triple oil imports to 50 million metric tons a year by the year 2000, according Lu Boxi of the State Council development research center, *China Daily* reported on Oct. 3. By 2010, he forecast, China will need to import 100 million tons a year unless it finds massive new reserves.

● **GEORGE SOROS** on Oct. 4 predicted a collapse of the Japanese yen from 99 yen to "around 115 to 120" per dollar, after the U.S.-Japan trade "deal" reached on Oct. 1-2. The speculator, whose Quantum Fund lost \$600 million in February after a wrong bet on Japanese markets, said he is barely breaking even for 1994.

Finance

Leuschel warns of a 'salami crash'

Roland Leuschel from the Belgian Banque Bruxelles said that not only the derivatives market but the financial system in general are now heading into a "structural crisis," at a meeting in Munich organized by the Münchener Kapitalanlage AG in late September. The financial bubble will soon burst, "the countdown is on," he warned.

This time, Leuschel added, it will be a "salami crash," i.e., one which comes in several smaller pieces over a period of time. The parallels to 1987 are very strong and this time the crash could be initiated by a fall in the dollar, he concluded.

Several other bankers who were invited to address the public meeting on the question, "Are derivatives controllable?" answered, "Yes," and enthusiastically praised the establishment of a derivatives-based "tertiary capital market."

Business

Secret service wars raging over industry

Following the demise of the communist bloc, secret services internationally have reoriented toward industrial spying East and West, the Paris daily *Le Monde* reported on Sept. 30. The French services report that the Russians are very active in this domain. The former KGB still deploys some 20,000 agents, of which 5,000 are outside Russia, while the GRU (military intelligence) deploys 30 agents in France. This entire apparatus has been redirected into industrial espionage.

According to officers of the General Secretariat for National Defense in France, the "allies" are also infiltrating the country, targeting everything from high-tech industries and national companies to banks. "At the CIA, director James Woolsey does not hide that economic espionage has become the priority. He explained to the Senate last February that 40%

of the demands made by American executives to the CIA concerned the economic domain in the broad sense of that term." The United States, through the National Security Agency, deploys over 100,000 agents for this purpose, and the British, together with the Americans, exploit the Cheltenham center, which has the ability to intercept all European transmissions, the paper said.

Many private agencies have also been created recently. These often subcontract other, illegal operations, including phone taps and similar practices. One such agency is Parvus-ABC, which is a joint operation of former operatives from East and West agencies. Another sector which is engaged in industrial spying is that of international accounting companies, such as Arthur Andersen, whose job is to study the strategies and structures of top companies. The majority of such companies in France at this point are foreign owned, particularly Anglo-Saxon firms.

Environmentalism

Third World threatened with credit-nature swaps

Steve Ruben of Conservation International suggested credit-for-nature swaps, i.e., giving up a portion of a country's territory in exchange for receiving international credit, at the Fourth International Symposium on Ecology in Tourism in Lima, Peru in September. Ruben praised the debt-for-nature swaps that have been carried out in over 20 countries in Ibero-America, Asia, and Africa as a model for the program.

Ruben noted that Peru has had "\$30 million in aid frozen by the U.S. Congress since 1992, but now there is the possibility of unfreezing it—swapping it for nature." Ruben said his movement had the seal of approval of the human rights non-governmental organizations.

Gerardo Budowski, dean of the natural resources faculty of the U.N. University for Peace and former Unesco ecology chief, promoted eco-tourism at the symposium. He offered Costa Rica and Kenya as examples where "tourism" is supposedly providing a "primary source of foreign exchange."

America's prisons: slave labor for the New Age

by Marianna Wertz

With 1.3 million Americans in prisons and jails, the United States has the highest rate of incarceration of any "civilized" nation on earth. That rate—at 519 out of 100,000 people in 1992-93—is five to eight times that of Canada or western Europe. The rate at which we incarcerate black Americans (1,947 per 100,000) is more than six times the rate for whites (306 per 100,000), and is higher than the rate of South Africa under apartheid. More black males in America are incarcerated than are enrolled in higher education (583,000 versus 537,000).

What, in God's name, is going on?

The purpose of this report is to answer that question. We begin, however, by making clear what is *not* the cause.

The major culprit blamed by the growing chorus of prison advocates is violent crime. However, as prison administration expert Paul W. Keve makes clear in his interview below, incarceration does *not* affect the rate of crime, violent or otherwise. Only about 10% of all serious crime in the United States is ever prosecuted, so the threat of imprisonment—short of a police state—is not a deterrent. Indeed, while violent crime has not substantially increased over the past 10 years, the number of prison beds has tripled. In addition, as Keve and other experts have made clear, alternatives to imprisonment, particularly for non-violent offenders, are far cheaper and more effective.

Nathan McCall's account, as reviewed by Rochelle Ascher below, is also ample evidence of the efficacy of parole, as opposed to longer sentences, for rehabilitation of felons.

The second major cause often cited is the criminalization of youth in the drug culture. Murders are committed today by children as young as 10, and young offenders now comprise more than 50% of those behind bars. Many states now try 14-year-olds as "adults" in order to be able to get them off the streets. While the destruction of our youth is assuredly related to the crime problem, it doesn't explain why society has responded by locking up its children.



The Virginia General Assembly in session. Will Richmond lead the whole nation back to slavery?

The Virginia experiment

What is occurring in Virginia today, where the most far-reaching and brutal measures are being enacted by the new administration of Gov. George Allen (R), gives the only honest answer to the question. While Texas, California, and other states have also implemented brutal regimes, the Virginia case is outstanding in its *political* nature and the *rapidity* with which it has been accomplished.

George Allen was elected in November 1993 on a campaign pledge to eliminate parole for all felons and set mandatory, lengthy sentences for violent and repeat offenders. Since his election, achieving this has been his monomaniacal obsession, leading to a \$100,000 advertising effort, hundreds of hours of staff time put into rallies, hearings, and press conferences, and bully-pulpit tactics to force his "Proposal X" through an unwilling legislature. On Sept. 30, he succeeded; Proposal X is law in Virginia.

But George Allen did not accomplish this feat alone. From day one, he brought into Virginia virtually the entire Justice Department apparatus of the former Bush administration to implement Proposal X. Heading up his Commission on Parole Abolition and Sentencing Reform was William Barr, former Bush administration Attorney General (see Anton Chaitkin's exposé below). On July 28, 1992, then-Attorney General Barr held a press conference to announce a drive to establish a no-parole policy in every state of the nation; Virginia was to be his first case. Co-chairing the commission is Richard Cullen, former U.S. Attorney for the Eastern Dis-

trict of Virginia under Bush, who was reportedly slated for an administration post had Bush been re-elected. Henry Hudson, also a former U.S. Attorney under Bush, is a prominent commission member and, not accidentally, the chief prosecutor of Lyndon LaRouche and six associates in the 1988-89 Alexandria, Virginia federal railroad trial. Nor is it by chance that five of LaRouche's top associates are still in Virginia's state prisons, serving decades-long sentences as Bush's political prisoners.

The Virginia "experiment," as its advocates have called it, is in fact a wholesale takeover of the state by the Anglo-Venetian drug-running mafia, who ran the administration of George Bush. That mafia's model is a combination of Confederate Virginia and Nazi Germany.

The answer is slavery

The deadly purpose of this mafia is to reinstitute *slavery*—the common economic underpinning of the Confederacy (whose capital was Richmond) and the Nazis, who modelled themselves in part on the Confederacy.

By ending parole and instituting long, fixed sentences, the Virginia authorities are creating an escape-proof pool of young labor, working virtually without wages, while budgets are shrinking. In addition, by introducing *privately run prisons* in the state, which is an integral part of their plan, that pool of convict labor is to be used increasingly for *profit-making* by the banking and investment firms that are turning prisons into America's leading growth industry.

In an Oct. 6 radio interview with "EIR Talks," Lyndon LaRouche, commenting on Proposal X, put this most succinctly: "There is no question but that those who are behind this kind of proposition—whether Barr or Hudson understands what they're doing or not, is irrelevant—those behind it, know that this proposition means a push for privatization of prisons.

"Now, I can tell them about two experiences with privatization of prisons. One was right after the Civil War, when imprisonment was used to replace black slavery, as a form of black slavery; and that was private prisons, largely. I can tell them of another case, which came to the fore in 1934 in Europe, under Adolf Hitler, when they created concentration camps, and they used the slaves in the concentration camps, the prisoners, as slave labor until they were worn to death by overwork and undernourishment and sent to die and to be buried.

"We've always suspected that George Bush, whose father helped directly to put Adolf Hitler into power in Germany in 1933, has shown more than once a tendency to think like Hitler; and one thinks that, perhaps, many of the enthusiastic supporters of George Bush also may tend to think like Hitler. And we know that some of those people are in the background, behind Barr and Hudson and company, in pushing this Proposal X in Virginia."

In thinking like Hitler, an ancillary purpose of these modern-day fascists, as it was in the Confederacy and Nazi Germany, is to achieve what many African-American leaders have publicly called genocide (see the interview below with Virginia State Sen. Benjamin Lambert). African-Americans constitute 70% of the inmate population in Virginia, and 80% of those in maximum security prisons, though they are only 17% of the state population. A conscious, though publicly unstated purpose of the Anglo-Venetian crowd is to achieve through their prison slave-labor programs what they lost in the Civil War.

As evidence of the brazenness of the effort, a new bumper sticker has begun to appear in Virginia, with the slogan, "Don't blame me, I voted for Jefferson Davis."

The drug connection

In his Oct. 6 interview, LaRouche also pointed to the role of drugs in this scheme. "One should remember that Barr, apart from being part of the Thornburgh Justice Department, which is already bad, was also *all over* some of Ollie North's and Bush's drug-running operations [see *EIR* Sept. 23, 1994], and he gave them a clean bill of health.

"Now, since most of the people who go to prison these days are going in on drug charges, why do we want drug-runners and their confederates, or their accomplices, advising us on how to deal with the crime problem?"

Indeed, drugs are an *integral* part of the control of the New Age slavery in prisons. The free flow of drugs, in combination with rock music, non-stop television, and homosexual

sex, has effectively replaced the lash and the attack dog as the primary means of "behavior modification" in controlling "modern prisons."

While it would seem that a tightly run maximum security prison should be relatively easy to keep free of drugs, there is in fact a constant and abundant supply of all types of psychotropic drugs within the Virginia prisons, according to eyewitness accounts. Marijuana is smoked openly within the cell blocs and in the recreation yards. Cocaine and heroin are available everywhere, generally injected with shared needles, contributing to the estimated 20-30% rate of HIV infection among inmates. And, of course, hundreds of inmates are officially kept on thiorazine and other depressants, which are usually taken *in addition* to other, illicit drugs.

The unwritten but official policy of the United States, as determined not so much by Washington as it is by the actual policymakers of the establishment think-tanks, the media, and Hollywood, is to allow a free flow of drugs. Similarly, the policy of the Virginia Department of Corrections—although not the written policy—is essentially to permit open access to drugs.

Despite this hideous environment, Governor Allen and the Bush crowd refer to the current prison regime as "coddling" prisoners. In fact, whatever remedial or rehabilitative programs did exist are now being squeezed or eliminated, including basic reading programs, high school equivalency classes, and access to in-house libraries. Waiting lists for such classes as electronics, which might lead to useful employment on completion of sentence, are two to three years long. Federal grants which paid for college classes, where they existed in Virginia, have just been eliminated by the new federal crime bill.

Finally, since the debate began over Proposal X, parole has been virtually eliminated in Virginia for all prisoners. As many as 15 prisons were rumored to be in lockdown (no visitors allowed the inmates, who are only let out of their cells to shower every third or fourth day), as a result of incidents associated with an attempt at a system-wide protest against Proposal X, and at least three prisons are now in indefinite lockdown.

Who profits?

The following section on prison privatization is an eye-opening revelation on the question of who is benefitting from this hideous policy. Beginning in the Reagan-Bush "free-enterprise" years, prison privatization has become one of America's strongest growth "industries." Behind the privatization drive are the major Anglo-American banking and investment houses.

Whether or not Virginia becomes the model for a return to barbarism in America is not just a question for Virginians. If this "experiment" in New Age slavery is allowed to stand unchallenged, a new Civil War will have to be fought to overturn it. Let us not allow it to come to that.

William Barr, the Bush clique, and their friends at Dope, Inc.

by Anton Chaitkin

Two members of George Bush's covert action team, former U.S. Attorney General William Barr and Lt. Col. Oliver North, both plunged into Virginia politics this year. Barr was head of the governor's commission to abolish parole, proposing to make prison inmates slaves under private corporate control. North was promoted for the U.S. Senate as a "law and order" candidate.

Oliver North became world famous in the 1980s as a smuggling manager in the Iran-Contra drug-running and gun-running affairs.

William Barr, though little known to the public, is a top lawyer for the same criminal covert action team. He was also Attorney General in the Bush administration, when Lyndon LaRouche, then a political prisoner, submitted six volumes of new evidence proving that the government always knew he was innocent, evidence which the Justice Department and the courts refused even to look at. We shall report here on Barr's unusual career, protecting the political and financial managers of the world narcotics trade.

William P. Barr was born in 1950. But he has certainly been seen before on the world stage.

It was no doubt Mr. Barr who, under a different name, appeared in Plato's "Gorgias" dialogue. The character Calicles, an aristocratic thug, arrogantly confronts Socrates on the question of Justice. Calicles claims that "those who framed the laws are the weaker folk, the majority. And accordingly they frame the laws for themselves and their own advantage . . . to prevent the stronger . . . from gaining the advantage over them. . . . Seeking an advantage over the many is by convention said to be wrong and shameful, and they call it injustice. But in my view nature herself makes it plain that it is right for the better to have the advantage over the worse. . . . And both among animals and in entire states and races of mankind it is plain that . . . *right is . . . [the] advantage of the stronger over the weaker.*"

Calicles asserts that anyone who pursues philosophy, i.e., the truth, must be "entirely unacquainted with all the accomplishments requisite for a gentleman and a man of distinction," and such a truth-seeker should expect to be falsely accused and put to death.

Let us now observe William Barr on the modern stage, playing a leading role in the biggest criminal banking fraud case in world history.

Blocking the BCCI investigation

Executives of the **Bank of Credit and Commerce International** (BCCI) were indicted in October 1988, on charges they conspired with cocaine traffickers to launder millions of dollars in narcotics profits. Forty U.S. and foreign banks, evidently complicit in the international drug trade, were subpoenaed to produce records before a Tampa, Florida grand jury. A majority of those subpoenaed had earlier been named in *EIR's* best-selling book, *Dope, Inc.*, as among those leading British and allied Wall Street banks in the business of washing dope money.

BCCI was further exposed as an instrument for the transactions of **Oliver North** and his associates, who had been criminally employed by Vice President **George Bush** in the Iran and Contra operations.

But George Bush was elected U.S. President just weeks after the BCCI indictments. In December 1989, Bush ordered the U.S. bombing and invasion of Panama, killing thousands. Panamanian Gen. Manuel Noriega, who knew the dirtiest drug-pushing secrets of BCCI, Bush, and North, was kidnapped and imprisoned in Florida.

Under the leadership of Attorney General **Richard Thornburgh** and **William Barr**, who was then an official in the Bush Justice Department, the BCCI investigations were stopped. Plea bargains protected the world's top drug bankers, and protected President Bush and his criminal employee North. In exchange for leniency, officials of BCCI agreed to help Bush prosecute General Noriega for alleged drug trafficking.

Barr, who had a startling private relationship to BCCI, and who had drawn up the spurious legal rationale for the attack on Panama, was then appointed U.S. Attorney General. He reached a final settlement of the BCCI case, foreclosing all further investigations of the BCCI-linked drug apparatus.

Initiation into the Bush team

We shall now trace Barr's route to political power, observing his early initiation into the Bush covert action machine.

Barr reportedly decided, while still a high school student, that he would one day be the head of the Central Intelligence Agency. He joined the CIA's internship program while he



William Barr is heading the drive in Virginia to turn prisons into slave labor camps. Here he is shown during a hearing at the Senate Judiciary Committee, Nov. 12, 1991, on his nomination as Attorney General in the Bush administration. Left to right: Sen. Strom Thurmond, Sen. Joseph Biden, Barr, Sen. Patrick Leahy.

was a Columbia University graduate student in 1971, and went to work full time for the CIA when he left Columbia in 1973.

During his first two years with the Agency, Barr worked for the intelligence directorate in the China department. He would soon cross paths with George Bush, who went to Beijing in 1974 as Secretary of State **Henry Kissinger's** liaison chief to the Communist Chinese government.

Barr was already in the CIA's legal office in 1976 when Bush became Director of Central Intelligence. Bush promptly brought back assassinations manager **Theodore Shackley** as associate deputy CIA director for covert operations, along with Shackley's deputy **Thomas Clines**. Shackley had been the head of the CIA Miami Station in the early 1960s, following the disastrous invasion of Cuba. Shackley and Clines had assembled the Cuban irregulars, who had been trained as assassins and smugglers, into a permanent covert action force. Men like **Felix Rodriguez** had served under Shackley as he ran the opium-growing projects in Laos and the Operation Phoenix mass murder project in Vietnam.

Shackley's Cubans had turned up as the 1972 Watergate burglars, paid by George Bush's Texas political machine. Shackley would later serve as George Bush's speechwriter in Bush's campaign against Ronald Reagan for the 1980 Republican presidential nomination. When Bush got in as vice president instead, Felix Rodriguez and Oliver North together would supervise the Contras' drug running, out of

George Bush's vice presidential office.

William Barr joined this team as it matured under George Bush's hand at the CIA. Barr prepared briefs for Bush's stonewalling responses to congressional probes, led by Sen. Frank Church and Rep. Otis Pike, that attempted to bring the Bush and Kissinger covert action under the rule of American law.

George Bush made one extraordinary change at the Agency which was never publicized beyond the ranks of the intelligence community. Bush committed the United States to share with Great Britain's secret service the fruits of U.S. satellite surveillance throughout the world. This action dismayed many in the American service who had seen traitors such as **Kim Philby** as the very heart of the British Crown's leadership grouping. But Bush's official intelligence policy change reflected his deep-seated ties to Britain, from his father, **Prescott Bush's**, banking partnership with **Averell Harriman** in British geopolitical schemes from the 1920s to the 1950s. This Anglo-Bush faction of the intelligence community would soon fashion BCCI into a global criminal instrument.

Jimmy Carter won the 1976 presidential election, and refused Bush's request to stay on as CIA director. Barr was one of the many CIA men who left the Agency after Bush's departure in 1977. Ted Shackley led the Association of Former Intelligence Officers and corralled these men into a private intelligence clique around George Bush.

On George Bush's recommendation, the 27-year-old Barr was hired in 1977 as clerk to Federal Circuit Court Judge **Malcolm Wilkey**. During the 1960s, Wilkey had been general counsel to a copper-mining conglomerate operating in Chile under the political management of Prescott Bush's banking partner, **Spruille Braden**. Salvador Allende became Chile's President and confiscated Braden's huge El Teniente mine; Allende was soon overthrown and murdered in 1973.

In 1976, Chilean opposition leader Orlando Letelier had been blown up by a car bomb in Washington, D.C. Though the U.S. media generally blamed the Chilean secret police for the killing, it is well established that then-CIA director George Bush had penetrated the Chilean agency and had squelched all U.S. police investigation into the murder. Barr's new boss, Malcolm Wilkey, later served as George Bush's ambassador to Uruguay and arranged cool-out payments to Chileans who might have fingered Bush's CIA for the Letelier bombing.

Later, in 1992, Chile's Supreme Court decided that President Bush could be legally ordered to appear in Chile, to testify on the role of the CIA in the Letelier case; Chilean generals claimed they have been wrongly blamed for the killing, and that Bush's CIA ordered the 1976 bombing. The U.S. chief law enforcement officer, Attorney General William Barr, did not respond. But what he did, was to hire Malcolm Wilkey as a special prosecutor to intimidate the Democratic Congress in the House Post Office affair.

On Judge Wilkey's recommendation, Barr started in October 1978 as an associate of the Washington, D.C. law firm Shaw, Pittman, Potts, and Trowbridge. Barr immediately took up the representation of **B.F. Saul II**, a Maryland real estate magnate who only a few months earlier had become chairman of Financial General Bankshares. In his later testimony to the Senate hearings on his confirmation for Justice Department posts, Barr revealed that he had represented B.F. Saul beginning November 1978, and in 1979, 1981, and 1982.

This was an extraordinarily important stretch of time in his client's life. During this period, Financial General was taken over in stages by BCCI, a London-based bank with Arab and other principal investors tied to Anglo-American intelligence. Saul's Financial General Bankshares changed its name to First American Bankshares, and functioned as the Maryland, District of Columbia, and Virginia arm of the British spook-bank BCCI.

What did Barr really know about BCCI?

A decade later, the worldwide scandal would begin with the British taking regulatory action against BCCI in London. British newspapers called BCCI a front for the CIA. The scandal culminated in the prosecution of the elderly **Clark Clifford**, who at a certain point replaced Saul as chairman of First American.

In America, much of the scandal centered around the

"secret" ownership of First American by the BCCI group of investors, in violation of U.S. banking laws requiring transparency of bank control. William Barr told the Senate that the government could not have prosecuted BCCI earlier, because it had not discovered this secret BCCI involvement in First American until a decade after the fact. But to whom was it secret? Had it really been a secret to Attorney General Barr?

Regardie's magazine of May 1990, quoted Clifford that B.F. Saul "had occasion to go to London, maybe more than once. He had occasion to go to the Middle East, the Persian Gulf countries. I remember later on his talking with me, and he said, 'I have looked into the reputation, particularly of the leader of the group, of His Excellency Sheikh Kamal Adham' [chief of Saudi intelligence]. And he said, 'It's difficult to recall a time when I have heard such universal commendation for an international businessman. I hear it in London. I've heard the most commendatory comments. I've heard about him in the countries of the Persian Gulf. I have not heard one whisper of criticism against this man.' And he said, 'I feel perfectly comfortable about this group, headed by this man, coming in and taking over our banks.' "

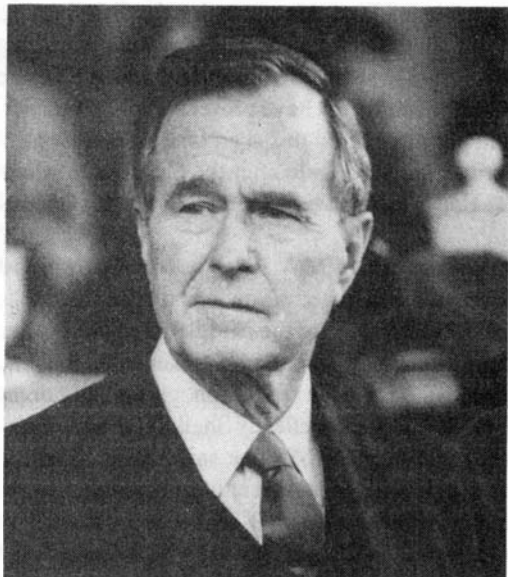
Attorney William Barr's client during the takeover, B.F. Saul, tried to put a different spin on the matter. He told *Regardie's*: "I never did go to the Middle East to meet him. I think I met Kamal Adham in Washington once. I don't think I ever met him in London. I met him for 20 minutes. I did not try to make a judgment whether they should own a bank. That was something for the Federal Reserve to do. *All I was concerned about was whether this was in the best interest of the shareholders, and I thought it was*" (emphasis added).

Barr told the Senate that he had represented B.F. Saul through March 1982. By this time, the BCCI takeover of First American was completed. In April 1982, Clifford replaced B.F. Saul as First American's chairman, although Saul stayed on the board. In May 1982, Barr ceased being a private attorney, and joined the White House legal staff, becoming an intimate collaborator of Vice President George Bush's counsel **C. Boyden Gray**.

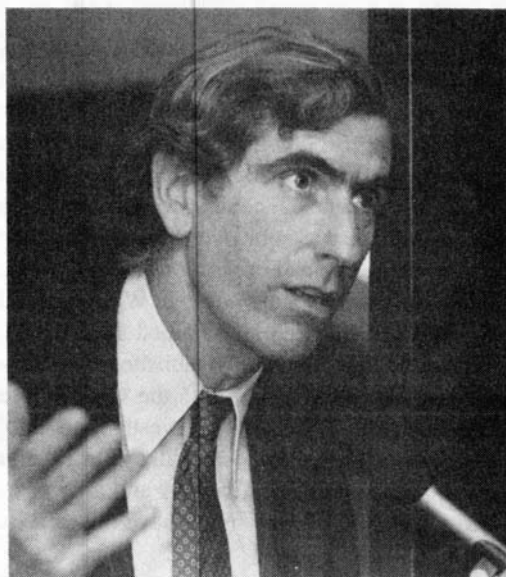
Bush's covert action apparatus

Barr was officially back in government at the precise time that the Bush team was consolidating extraordinary power, and the new BCCI arrangements would be useful for their global offensive.

On May 14, 1982, Vice President Bush's position as chief of all U.S. covert action was formalized in a secret memorandum (signed "for the President" by **Ronald Reagan's** National Security Adviser **William P. Clark** and declassified during the congressional Iran-Contra hearings). The memo explained that "National Security Decision Directive 3, Crisis Management, establishes the Special Situation Group (SSG), chaired by the Vice President. The SSG is



Vice President Bush's legal counsel, C. Boyden Gray, and was part of the Bush "covert action" team. Barr joined his staff at the White House in 1982.



charged . . . with formulating plans in anticipation of crises."

The memo also announced the birth of the Standing Crisis Pre-Planning Group (CPPG), to work as an intelligence-gathering agency for Bush and his SSG. This new subordinate group, consisting of representatives of Vice President Bush, National Security Council (NSC) staff members, the CIA, the military, and the State Department, was to "meet periodically in the White House Situation Room." They were to identify areas of potential crisis and "present . . . plans and policy options to the SSG" under Chairman Bush. And they were to provide to Bush and his assistants, "as crises develop, alternative plans," "action/options," and "coordinated implementation plans" to resolve the "crises."

Finally, the subordinate group was to give to Chairman Bush and his assistants "recommended security, cover, and media plans that will enhance the likelihood of successful execution." It was announced that the CPPG would meet for the first time on May 20, 1982, and that agencies were to "provide the name of their CPPG representative to Oliver North, NSC staff"; North would henceforth function under Bush's direction in the smuggling of drugs and weapons. Felix Rodriguez, North's cohort in the massive cocaine smuggling of the Contras, began operating through George Bush's office in August 1982, and appeared in Bush's office no later than March 17, 1983.

Barr left the administration in September 1983, returning to Shaw, Pittman. Two years later, the illegal shipment of missiles to the **Khomeini** regime in Iran was planned, officially, at an Aug. 8, 1985 meeting of Vice President Bush with the National Security Planning Group in the residence section of the White House.

The work of Bush and his cadres bore fruit in what became known, years later, as the first transactions of the Iran scandal. The London *Financial Times* on July 29, 1991 de-

scribed the way BCCI had become "a magnet for covert operations in the 1980s":

"BCCI Used by Iran to Buy U.S. Missiles

"London branches of BCCI were used to finance the export of U.S. anti-tank missiles to Iran's revolutionary guards during [Iran's] war with Iraq.

"The export of the TOW missiles together with other weapons in 1985 was arranged by an Indian-born British arms dealer who figured prominently in the Irangate arms-for-hostages scandal and was wound up in February of this year.

"The man at the center of the deal was Mr. Ben Banerjee, a London-based businessman, who boasted of his links with Col. Oliver North, the disgraced former White House official at the center of Irangate. Mr. Banerjee died of a heart attack in May 1990.

"The . . . \$18.8 m[illion] deal in 1985 . . . was disguised as a shipment of '1,250 lift trucks' . . .

"Mr. Arthur Liman, former chief counsel of the Senate's Iran-Contra committee . . . told the *Financial Times* that Mr. Adnan Khashoggi, the Saudi arms dealer who was one of the main figures in the scandal, made payments from his accounts at BCCI to the **Enterprise Fund** [of Oliver North]. . .

"The story of how Mr. Banerjee . . . arranged for the shipment of arms . . . provides a revealing insight into the way in which [BCCI] became a magnet for covert operations in the 1980s. . . . A U.S. investigator said . . . BCCI could have been involved in the beginning and the end of the TOW missile transactions.

"According to the documents, some of the weapons were shipped through Poland."

Barr in power

As a member of the Bush team since 1976, Barr was the first Assistant Attorney General installed at the Justice

Department after Bush's 1988 election to the presidency. He was chief of the Office of Legal Counsel. During one late-night session, Barr drafted the brief justifying the kidnapping of Panama's General Noriega; he also supplied legal pretexts for the bombing and invasion of Iraq. Barr further developed the astonishing legal theory, which came to be known as the Thornburgh Doctrine, that the FBI could kidnap people in foreign countries, even against those countries' laws and regardless of U.S. obligations under international law. Some congressmen were reportedly angry with Barr for keeping confidential the text of the brief upon which this legal doctrine was based.

In May 1990, Barr was elevated to Deputy Attorney General, was in charge of the day-to-day management of the Justice Department. As a Bush insider, Barr gradually took over much of the power of his nominal boss, the discredited Attorney General Thornburgh. In August 1991, Thornburgh resigned; Barr became acting Attorney General and was soon officially nominated for the post.

In his Senate confirmation hearings, Barr was asked by Sen. Strom Thurmond (R-S.C.), "What are your goals during your tenure as Attorney General?"

In reply, Barr first made it clear that an attack on the leadership of the world narcotics trade, or any top-down approach to the drug problem, was strictly ruled out: "Obviously, drugs has to continue as a top priority. In my view, it is a long-term struggle. We are talking here about the cold war. We are not talking about Desert Storm. This problem took decades to come about, and it is going to take decades to cure. But part of my responsibility and my priority will be to keep the pressure on, so we continue to make progress."

What progress? The money-laundering bankers, the covert-action drug smugglers, and the corrupters of the security and military services, are all untouchable by law enforcement, because they are "gentlemen and men of distinction" for Barr, as they were for the ancient Callicles.

What did Barr have in mind, when he told the senators that he would be "attacking criminal organizations"? It was not the Dope, Inc. apparatus, which criminally employs and feeds the drugs to America's youth. Rather, Barr would target the street-level criminals. He was crudely hyping up victims of violent crime, speaking of "street gangs, many of which are involved in drug trafficking themselves, and I think there are some initiatives we can take in that area. We are focusing . . . more on those kinds of organizations like the Cripps and the Bloods. You may have read about the FBI anti-gang squad that was established in Washington, and I think you will be seeing more of that nationwide.

"[Then there is] the problem of career criminals, armed career criminals. We have strong firearm statutes . . . and we are seeking some additional statutes and we realize that a very high proportion of violent crime is committed by a very small group, a cohort of hardened criminals, career

criminals, and we can use the firearm laws to apprehend these individuals and put them away in federal prison for long periods of time."

How the dope trade was saved

Just before Bush's 1988 election to the presidency, as the Iran-Contra scandals continued to boil, executives of BCCI were indicted for conspiracy to launder millions in cocaine profits.

Recently a former high-level U.S. government official with intimate knowledge of the BCCI case told *EIR* that the Reagan-Bush-era CIA had initiated the bank's trafficking in drugs and arms. This source said that the CIA had assured BCCI associates that these practices were in accord with U.S. national security. Here was the operation of the Bush "Special Situation" executive, briefly thrown into public view with the BCCI indictments,

The records of at least 40 banks were subpoenaed in connection with BCCI's drug-money laundering, including Bank of America, which helped finance the founding of BCCI's start-up company, and at one point owned 30% of BCCI. Customs agents scrutinized Bank of America accounts used by people linked to **Roberto Alcaino**, a Colombian arrested in 1988 in New York on cocaine-smuggling charges. Alcaino was named in BCCI indictments as "a major trafficker" of cocaine to New York, Los Angeles, and Chicago. Executives of BCCI allegedly helped him launder his profits.

Other major banks targeted by the federal probe included:

Marine Midland Bank, since 1978 owned by the Hongkong and Shanghai Banking Corp., so notorious since the British Opium Wars of the nineteenth century as a drug bank, that the New York State Banking Commission blocked its buyout of Marine Midland;

Republic National Bank, the New York City flagship firm of Israeli mafia figure Edmond Safra, whose banking empire stretches from the eastern Mediterranean to Ibero-America;

Bank of Nova Scotia, the Canadian banking giant, which was identified in *EIR's Dope, Inc.* as the institution that opened up the Caribbean as an offshore money-laundering center, in collusion with the **Meyer Lansky** syndicate;

Another Florida bank subpoenaed, **Dadeland Bank**, was owned by a group of anti-Noriega Panamanians.

But these investigations were sabotaged and shut down. And in December 1991, Attorney General Barr announced that BCCI had entered a guilty plea to certain racketeering charges, in return for which the U.S. Justice Department agreed to drop all other federal and state charges that might be brought against BCCI entities in the future. In the plea-bargain arrangement, BCCI forfeited all of its estimated \$550 million assets in the United States, and there were some minor jail sentences. But the global drug apparatus, which had for a time been publicly challenged, was safe.

'Private prisons' is Newspeak for 'Auschwitz'

by Marianna Wertz

Slave labor in American prisons is increasingly being carried out in what are called "private prisons." In his campaign to "reform" Virginia's penal laws, Gov. George Allen pointed to prison privatization as the wave of the future, a money-making enterprise for the investor, and a source of good, cheap labor for Virginia's municipalities. Indeed, after taxes, pay-back to the prison, and victim restitution are removed, the inmate earns an average of \$1 per hour in these facilities.

William Barr, former Bush Attorney General and co-chair of Allen's Commission to Abolish Parole and Reform Sentencing, is also, not accidentally, a prominent spokesman for the American Legislative Exchange Council, a Washington, D.C.-based think-tank involved in prison privatization efforts. Barr is pushing prison privatization in Virginia and nationwide, where it has become one of America's "growth industries"—over \$30 billion a year—since it began in the 1980s Reagan-Bush "free-enterprise" era.

In another variant of this, Richard Cullen, former Bush administration U.S. Attorney and co-chair of the parole abolition commission with Barr, heads the "Weed and Seed" program for Richmond, Virginia, which is bringing "free enterprise" (virtual slave labor) zones into inner cities of the United States, from which real industry disappeared decades ago.

According to the most recent edition of the *Private Adult Correctional Facility Census*, published semi-annually by the Private Corrections Project at the University of Florida, there was "robust growth" in the private corrections industry during 1993. Currently, there are 55 American prison facilities being run by private concerns, 24 of them in Texas alone, with at least 13 new facilities under construction. In Virginia, which is just beginning to enter the privatization field in corrections, one new prison has been approved, in poverty-stricken rural Brunswick County, and a second has been proposed for Halifax County. Typical for such minimum-security prisons, each is expected to create about 85 jobs in corrections and an annual payroll of \$2 million.

The two biggest private corrections firms, Corrections Corp. of America (27.6% market share in the United States) and Wackenhut Corrections Corp. (17.5% market share), are listed on the New York Stock Exchange. Involved in the financing of this "industry" and promoting its growth, are major Anglo-American banking and investment houses, in-

cluding E.F. Hutton, Shearson Lehman/American Express, Merrill Lynch, and Citicorp/Daniel.

As Lyndon LaRouche pointed out in his Oct. 6 interview with "EIR Talks," "private prisons" are nothing new. There are two precedents in recent history: post-Civil War southern prisons and Nazi concentration camps. In the accompanying interview with corrections administration expert Paul W. Keve, who wrote the definitive history on post-Civil War private prisons in Virginia, he insists emphatically on the dangers inherent in such private prisons: "What we've found in previous experience is that you farm people out to private operators as a desperation measure, and then if they're being abused, the only recourse you have is to pull the prisoners out. But with several hundred prisoners and you don't have any other place to put them, you're stuck."

The likelihood of such abuse today is overwhelming. Of the 55 private facilities now operating in the United States, only 25 have received accreditation by the American Correctional Association, and 23 have *no firm plans* to pursue accreditation. Even with accreditation, the abuse of prisoners in state-run institutions—with rape, murder, and mayhem a daily occurrence, tolerated if not encouraged by staff in almost every American high-security prison—is so common that it is no longer even a topic of public discussion.

"Model" federal legislation for private prisons, which has been drafted by Barr's American Legislative Exchange Council, clearly anticipates such abuse. The "Private Correctional Facilities Act" specifies that the "contractor shall provide an adequate plan of insurance, specifically including insurance for civil rights claims."

'Punishment for profit'

In 1985 hearings on the subject of privatization of corrections, held before the House Subcommittee on Courts, Civil Liberties and the Administration of Justice, Richard Crane, then vice president of legal affairs for the largest of the private prison companies, Correctional Corp. of America, said the following:

"The concept of contracting with private companies to provide government services is not new. . . . There is, though, an aspect of privatization of corrections which sometimes gets us in trouble and that is the abuses prior to 1900 of inmates who were leased out as slave labor. In 1871, a court

just near here in Virginia handed down a ruling in which it said prisoners were no more than *slaves of the state*. You then had states selling the labor of prisoners to private companies who were going to make a profit on the backs of inmates. Obviously, you are going to have abuses of that type of system.”

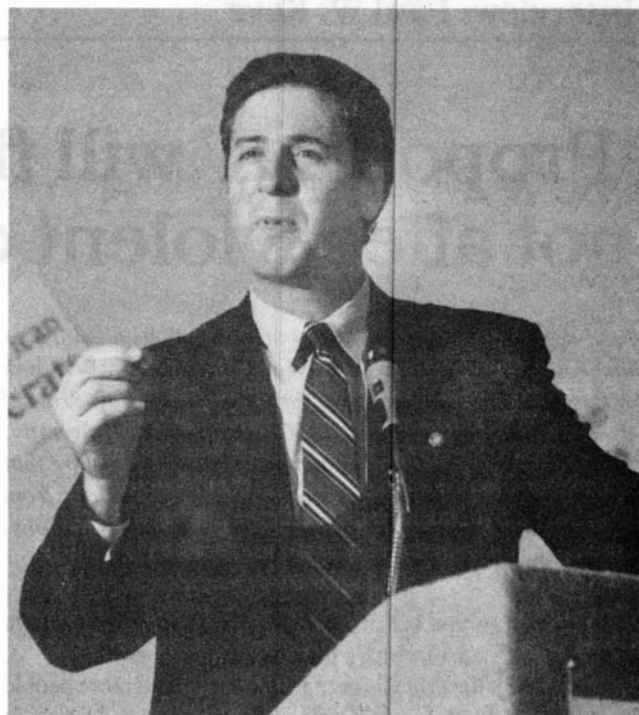
At the same hearings, Cliff Steinhoff, legislative chair of the American Federation of Government Employees’ National Council of Bureau of Prison Locals, warned that private prisons were merely “punishment for profit.” He stated, “Before looking at the legal, practical, and economic concerns surrounding the issue of ‘prisons for profit,’ I would like to bring out some broader philosophical and ethical questions. Our Declaration of Independence declares that there are ‘certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. . . . That to secure these rights, governments are instituted among men.’ The government, and only the government, can deny individuals these rights and only to protect these rights for the majority. Since the Civil War, we have not given any other institution the legal authority to deny these fundamental rights to individuals. . . .

“When societies moved from justice based on might and individual revenge to justice based on law and government, it was a giant step forward for civilization. Steps in the opposite direction should not be taken lightly. Remember, unlike other governmental functions, prisons don’t do things for people, they do things to people. They deny criminals the essence of our society, freedom. These acts cannot—should not—be trivialized. They cannot—should not—be sold to the highest bidder like lawn furniture before the first show. . . . For the first time, it is [now] in someone’s self-interest to foster and encourage incarceration. It does not take an accountant to figure out that they will act in their self-interest.”

Death of the ‘rehabilitative ideal’

The move toward prison privatization was actually begun in the mid-1970s, by the Law Enforcement Assistance Administration, a fascist grouping within the Justice Department, established to launch “community control” self-policing projects in the United States. At the same time, sociological propaganda began to pour out of such establishment think-tanks as the Heritage Foundation, announcing the “death of the ‘rehabilitative ideal,’ ” and preparing the way for George Bush’s later “thousand points of light” abandonment of government’s role in any aspect of American life, especially social services. All of this was further spurred by major prison riots such as at Attica, New York in 1971, which were associated with the growth of the black nationalist movement in the United States.

A major hurdle that had to be overcome was resistance from organized labor, which rightly viewed convict labor as unfairly competitive. In 1979, Sen. Charles Percy introduced and won passage of the so-called Percy Amendment, under



Virginia Gov. George Allen has abolished parole in his state, and is touting the privatization of the prisons as the wave of the future.

which pilot programs in five states—Arizona, Kansas, Minnesota, Nevada, and Utah—were exempted from both the ban prohibiting interstate commerce of prison-produced goods and the ban on the use of inmate labor in government contracts for \$10,000 or more. At first, prison labor was confined to license plates and the like, but in the 1980s, with overcrowding becoming a major problem, privatization of prison construction—using prison labor to build their own prisons—became increasingly popular.

In the model legislation, “Private Correctional Facilities Act,” the problem of competition with free labor is circumvented by specifying that American inmate labor may be used only if more than 80% of a particular type of product sold in the United States is manufactured outside the country. A second condition is that none of that product may be manufactured in the state where the prison is located. Thus, American convict labor is only competing with slave labor overseas.

Lease/purchase arrangements on such prisons are the latest, and least tested option for expanding state and local corrections capacity. New York investment banking firms, which are otherwise taking enormous risks in derivatives trading, regard such investments as relatively absolutely sound. What matter is it to them that, in order to guarantee that somebody will use their facility, there has to be a constant and increasing growth in the crime and incarceration rates? As long as the profits come in, and the wages are low, hey, it’s good business.

'Proposal X' will fill prisons, not affect violent crime

Paul Keve is a leading authority on corrections administration and author of The History of Corrections in Virginia (Charlottesville: University of Virginia Press, 1986). He retired in 1993 from the Virginia Commonwealth University, where he taught corrections administration, and before that worked in every area of corrections administration, from probation and parole, to prisons and juvenile institutions. He was interviewed by Marianna Wertz on Oct. 5.

EIR: What do you believe the effect will be of the passage of Proposal X on Virginia's prisons and crime rate?

Keve: I think the effect is going to be to put a lot more people in prison without accomplishing the slightest reduction in crime, violent or otherwise. . . . Because the lengthening of sentences will simply, as a mathematical matter, put more people in prison. And the experience is that the fact of imprisonment never has any correlation with the crime rate. It simply doesn't affect it. That's been the long-time experience in this country.

EIR: Do you think the elimination of parole will do anything positive for the people in prison?

Keve: No.

EIR: What do you think its effect will be on the prison population and being able to handle them?

Keve: It makes prisons harder to manage, because you need to have rewards. Prisons are notorious really for their use of punishment as a way of shaping behavior, whereas in the general human experience, the hope of rewards is an equally useful and probably more useful way of shaping behavior. In a prison, the more rewards we can offer, the more control we have, the more hope people have. If you take away the amenities and rewards and hopes, you don't have as much control. You have a more tense, dangerous situation in every respect.

EIR: What do you think about the reintroduction of privatized prisons? We had them 100 years ago in this country.

Keve: We've had a lot of that sort of thing much more recently than 100 years ago. It's possible, to a limited degree, but one has to be very cautious about the way they're set up and what their contractual relationships are. One of the things, for instance, that you have to worry about is that, if

you get several hundred persons into a private prison, that you've contracted with, and then if you find that that prison is poorly run and you cannot encourage them to make improvements, you don't have any other place suddenly to put all those people. They're contracted out and you're caught.

EIR: So you have no way to stop abuses.

Keve: Yes. After the Civil War, there was a lot of privatization in Virginia. You can find details on it in my book on the history of corrections in Virginia [see box].

EIR: I've seen it, and your account of the abuses, particularly relative to the black prisoners.

Keve: Well, that was notorious. That does not have to be. A private prison could run just as sensibly and humanely as any other prison, but to ensure it, you have to have dependable, constant monitoring and ways of enforcing it. But what we've found in previous experience is that you farm people out to private operators as a desperation measure, and then if they're being abused, the only recourse you have is to pull the prisoners out. But with several hundred prisoners and [if] you don't have any other place to put them, you're stuck.

EIR: Are you familiar with the American Legislative Exchange Council, of which William Barr, co-chairman of Governor Allen's parole abolition commission, is a leading member? It's drafted legislation called the Private Correctional Facilities Act and Private Industries Act, to provide prison labor assignments in private manufacturing enterprises. The fact that Barr is a leading spokesman for this group led us to believe that Proposal X is only part of his master plan, which is ending parole nationwide, which he announced as Attorney General, and then introducing private prisons for profit throughout the country.

Keve: He should know, and anybody should know, that instead of ending parole, we ought to take measures to improve it. When a parolee comes out of prison, or when any person comes out of prison, on parole or not, he needs a lot of very close, intensive help to make the adjustment back to civilian living. That's where we fall down. We under-serve the parolee. We try to save money on the resources there and don't give help commensurate with the degree of need. So the parolee fails and the reaction then is, "Let's do away with

parole.” Instead of doing away with it, we should try to do it right.

The point I’ve tried to make is that in a prison, typically you have a very rich ratio of staff, generally one employee for about every two and a half or three prisoners. That’s a pretty rich ratio, and that’s why prisons are expensive—all those salaries. But in the Virginia parole and probation system, the ratio runs about one employee to every 40 probationers or parolees.

EIR: Is that typical in the country?

Keve: Yes, it’s pretty typical. Actually, we are better in that respect than in some states. California is much worse right now and has been for a long time. It makes you realize that if you would staff your probation and parole services more richly, like you’re willing to staff the prisons, you wouldn’t have to rely on prisons nearly as much. You’d save money.

EIR: As I understand it, Proposal X has a provision, written in by the Democrats, that would obviate prisons for non-violent offenders with less than a three-year sentence. But there is very little in the way of electronic monitoring bracelet

programs or similar alternatives to prison available in this state.

Keve: There are some. There are several programs which we call the intensive supervision programs. There quite a lot of new techniques that are now available for specialized handling of very small caseloads. It’s the way to go. But there’s constantly a temptation to cheat on that even. That is, if you start out with caseloads of 15 per worker, for instance, and it seems to be working all right, they feed more and more cases into it, and pretty soon you’re up to 20 and then 25 cases each, and the program is ruined by its own success.

EIR: Do you think that Proposal X is going to work?

Keve: No.

EIR: What do you think the people of Virginia ought to do about it?

Keve: I think they ought to go the route I’m talking about, of keeping parole and beefing up the parole supervision far more intensively than it has been. I also think it’s not going to happen. The political mood of the general population is very punitive and they’re not going to listen to me.

From ‘Corrections in Virginia’

With their vast experience in the use of laborers in bondage, the southern state governments easily applied slave status to the prisoner class, as clearly legitimized by the Constitution. And the new slavery was not limited to the South, although most extensively practiced there. Leasing the labor of prisoners was a temptation to prison administrators everywhere as they desperately faced postwar shortages of resources at the same time that their prisons were overcrowded or, in some cases, in Georgia, for instance, had been essentially destroyed by military action. The urgent quest for economic self-sufficiency led to two different procedures for exploiting prisoner labor. As explained by one investigator of the time, “The Contract System . . . leases the convicts’ labor within the prison walls. . . . Under the Convict Lease System . . . the prison, the prisoner and the prison management are all farmed out into private control.”

The lease system, which turned over to a private entrepreneur the whole prison operation, was tried at various times in some southern states but not in Virginia. Wherever the plan was used, the abuses were excessive. Virginia made use of combinations of the two plans, sometimes with resultant abuses, which, if not comparable to the

worst elsewhere, were still severe. The state never attempted to lease its own facilities to a private operator, but it did discover the financial advantage in getting the prisoners out of the institution and put to useful contracted work elsewhere. Instead of a true convict lease system, it might better be described as a plan of “contracting out.” The penitentiary accountants customarily referred to the contracted-out prisoners as “for-hires.”

The leasing or contracting out of convicts for work at various construction sites suddenly became a tempting solution to the twin problems of prison overcrowding and prison operating costs.

The construction of roads, railroads, and canals could absorb all the laborers the penitentiary could supply. Usually, the contracting party constructed the necessary camp or barracks; the prisoners were clothed at state expense and fed and guarded at the contractor’s expense; and the contractor paid the penitentiary a set daily fee for each prisoner. It was a plan which, properly controlled, could have been tolerable and even humane, for it could have been better than unrelieved idleness in the unsanitary confines of the crowded and obsolete prison. But there seems no reason to suppose that the Virginia experience with contracted-out labor was materially different from its general dismal condition in other states at the time. With private contractors greedy for profits and the government failing to provide or to enforce standards of prisoner management, treatment of contracted prisoners across the country ranged from shabby to brutal.

Virginia's prison reform means genocide

Senator Lambert is a member of the Senate Finance Committee and of the Black Caucus of the Virginia General Assembly. He was active in opposing the passage of Proposal X. Marianna Wertz interviewed him from Richmond on Oct. 6.

EIR: What is your view of what will happen as a result of the passage of Proposal X, and what should citizens of Virginia do about it?

Lambert: We passed Proposal X, but the funding is still up in the air. I don't think that the General Assembly will provide enough funds to adequately fund Proposal X. If they do, they're going to have to cut funds from social services, education, and many other projects, and particularly higher education. It's certainly a shame that we're going to have 60-80,000 of these students graduating from high school and we're going to be spending more money on sending people to jails and penitentiaries than we are going to be spending money on sending them to college. I think this is a wrong move.

In particular, I think that the General Assembly probably will not fully fund the package. It will probably also create a very dangerous situation within the prison system itself, because they're going to be double-bunking at 80%.

EIR: We already have very dangerous overcrowding.

Lambert: Yes, they have 7,000 overcrowded now (out of a population of 20,000) and with the new plans, if you don't put in an adequate program and adequate treatment and medical facilities, it's going to be a chaotic situation. So, I think whether the General Assembly funds it or not, we're going to have a lot of problems in the future.

EIR: During the hearings, the Black Caucus and the National Association for the Advancement of Colored People denounced Proposal X as ethnic cleansing. Do you think that that's what's going on?

Lambert: Yes, that's what it seems like. Genocide, too.

EIR: Part of the proposal is to build private prisons. The history of private prisons in Virginia and elsewhere, after the Civil War, was genocidal, with a 10% death rate in the prisons.

Lambert: I don't expect it to be any different.

EIR: Do you think there will be a fight in January that may be able to put a stop to some of this?

Lambert: Yes. I think that the members of both the Finance Committee and the Appropriations Committee should get calls from the electorate alerting them to the dangers of funding Proposal X.

EIR: Is there anything more you'd like to say on that?

Lambert: We appreciate your efforts in getting the word out, because this is what's going to have to happen. All groups are going to have to notify the public on what's going on. I don't think people understand the funding mechanism of it. We need to really educate the public as to what's going on.

EIR: On the other side of this, what do you think needs to be done to prevent particularly young people from committing crime?

Lambert: First of all, the juvenile crime package did not receive any funding at all. To put money all on the adult side and not do anything with the juvenile side of crime really doesn't make good sense. You always go to the root of the problem. The root would be that you want to get the kids off to a good start, so that they won't be adult criminals. I think that's where you start, and you start with education, with helping people who are impoverished. That's the main cause of it.

EIR: What about the drugs?

Lambert: The drugs are the root of all evil. It's not the money; the drugs are the root of all evil in this case. If you were to stop the drugs from coming into the country, by the plane loads—and the young people who are selling the drugs, they aren't bringing it in. It's got to be really highly organized people who bring the drugs into America. The people who are getting caught and getting hurt by it are not the real big winners. We're going to have to stop it at the borders.

EIR: As you know, we have been publicizing the case of Iran-Contra drug running, which involved Republican Senate candidate Oliver North. If this is the case, as we've documented it to be, and you have drug running going on and condoned at the top levels of the U.S. government, what are we going to do about it?

Lambert: That would be a tremendous decay at the top, if this is true. To put someone in the Senate who is a known drug-runner is an awful mistake, and it's not American-like at all.

EIR: Do you think in January that a different approach to stopping crime will be part of the fight?

Lambert: I hope so. There are some people who are working on some alternative plans. I hope that we can present some that make an awful lot more sense than ones we're presenting now.

Oligarchical policy is to turn our youth into human garbage

by Rochelle J. Ascher

Makes Me Wanna Holler: A Young Black Man in America

by Nathan McCall

Random House New York, 1994
404 pages, hardbound, \$23

As a recently paroled defendant in the Virginia frameup of associates of former political prisoner Lyndon H. LaRouche, Jr., I read this book with great interest. Author Nathan McCall has done an excellent job recently of defending the parole system, appearing in a live debate on the "Larry King Live" show with Virginia Gov. George Allen, who was touting his (since passed) no-parole "Proposal X," and Loudoun County attorney John Flannery, a leading opponent of the governor's plan. Nathan McCall's very life story makes the best possible argument against the monstrous policy of ending parole.

In Part I of his book, McCall describes in unemotional, gory, but absolutely realistic detail his own life and that of other young black men on the streets of what could be any major U.S. city today. While people may think they know something about what it is like to grow up poor and black in this country, this reviewer found his description shocking. McCall first describes the rage of teenage kids at a society which degrades them, and tells them daily, in subtle and not so subtle ways, that they are nothing but human garbage. He describes not only the anger, but the complete feeling of hopelessness, at ever succeeding in having a decent job or a decent future, and his turning, therefore, to a life of crime. He describes this as rage against a "white system" and describes his youth as an attempt to achieve "self-respect" through violent defiance of law and society.

McCall's description is subjectively truthful, but what he is describing is the result of a *deliberate economic and cultural* policy, adopted by the oligarchical faction that assassinated Dr. King, Malcolm X, and John F. Kennedy, and which consciously set out to implement a controlled disintegration of the economy and introduce a hideous rock-drug-sex counterculture. McCall does not identify this policy, whose results he suffered under. He also does not recognize

that, despite the fact that this has been occurring over the past 30 years, this goes beyond the racism of "white society."

This policy of the Anglo-Venetian oligarchy is typified most clearly by the recent international population conference in Cairo, Egypt, which called for reducing the world's population, and especially the non-white population, to 1 billion people. The oligarchy's view is that only a small number of human beings are necessary, mainly as slaves for a ruling elite. Therefore, the "post-industrial," malthusian policy put into place in the United States during the 1960s, and the deliberate introduction of drugs, was a conscious decision to turn whole sections of the population (such as black youth) into "human waste."

In Part II, McCall describes his transformation in prison—not *because* of anything that the prison did to help him, but quite the contrary. His "rehabilitation" was a personal decision to make something of his life. He describes a period of intense study, disciplined reading, and discussions with various jailhouse "philosophers" who teach him about King, Malcolm X, Marx, etc. This author, who spent two years at the Virginia Correction Center for Women, saw similar transformations among the women she taught, many of whom had arrived with a fourth-grade education, as drug addicts and prostitutes, and who went on to get high school diplomas and college degrees. This author also saw women devoid of any of what most people consider "basic human emotions"—compassion, concern, or real love for another person. Most of their lives were so destroyed that they were incapable of thinking about anything but their own personal survival, above all else. While I was at VCCW, 80% of the women were substance abusers, 75% had been physically or sexually abused, many had sold their bodies for drugs, and most had been deserted by their families.

The third section of McCall's book describes his making parole, and the almost insurmountable difficulties he faced getting a job with a criminal record. He makes the point, as this author saw first-hand, that taking away parole would be the equivalent of taking away *all hope*. He describes working for various newspapers, culminating with his job at the *Washington Post*, and the ever-present racism, no matter how prestigious the job.

While he does not elucidate the policy side of the genocide, he certainly communicates the effects of that policy on young people, especially minority youth. The book serves as an excellent "wake-up call" to those of us who have not lived what he has, that without a complete economic policy change in the United States, a massive re-industrialization policy as Lyndon LaRouche has outlined, and a concomitant determination to initiate a cultural renaissance to reverse the hideous effects of the drug culture—and especially the deliberate flooding of urban ghettos with drugs—we are simply going to turn out more and more young people who are headed straight to prison. Unless this is the kind of future we want for this country, we had better heed McCall's warning.

United Nations goes to war for Serbia

by Katharine Kanter

On Oct. 7, in an action described by the London *Times* as “unprecedented,” but which has been ignored by western public opinion, U.N. Protection Forces (Unprofor) troops drove about 550 Bosnian troops out of the demilitarized zone south of Sarajevo. French soldiers first fired warning shots, and then blew up the Bosnian bunkers and trenches. Maj. Kos Sol, a U.N. spokesman, said that air strikes against the Bosnians could not be excluded, and, Reuters reported, U.N. Special Envoy Yasushi Akashi threatened the Bosnian government with air strikes against their forces if they did not withdraw.

The implications of this cannot be overstated: Two superpowers, France and England, are now openly, militarily engaged on the Serbian side, against a country with a population of 4 million which has been isolated and under siege for almost three years.

The demilitarized zone around Sarajevo was created at Serbian request in August 1993, after the Serbian advance on Mounts Igman and Bjelasnica was stopped following an international uproar. The Bosnians succeeded in opening a path across Mount Igman, which remains at present *the only land route to the city* open to the Bosnian government, and which the Serbians have tried repeatedly to cut.

Media hoax sets a precedent

The Unprofor action, which, it is now believed, will leave the land route vulnerable to being cut at any time, was undertaken following a 24-hour front-page press and television campaign, repeating Unprofor accusations that the Bosnian Army had “massacred and mutilated” 16 Serbians and 4 nurses, ripping out human hearts with a dagger and so forth, at the headquarters of the Third Battalion of the Second Brigade of the Serbian rebel militia forces which was stormed by the Bosnian Army in a successful pin-prick action. Buried in the small print, the U.N. and western media admitted on Oct. 8 that the “mutilation” story was a complete hoax—

but a hoax designed to set a *precedent* for U.N. military intervention against the Bosnian Army. As western public opinion went into a flap over “mutilation” and “excised” hearts, the Unprofor move slipped by under cover of darkness.

Executed on orders of the British commanding officer, Gen. Sir Michael Rose, the Unprofor action follows hard on the heels of the disastrous agreement by the United States in the U.N. Security Council on Sept. 29, not to break the consensus in the Contact Group (England, France, Russia, Germany, United States) by lifting sanctions against Bosnia-Herzegovina unilaterally.

Just before the Unprofor action, Rose and top U.N. officials had met at Pale with the Bosnian Serb leadership in talks described by the *Times* as “remarkably cordial. . . . Both sides now have a tactical interest in fending off American demands via NATO for bombing targets. . . . In private, U.N. officials are practically frothing at the mouth at what they see as American folly.”

Asked whether the coincidence of U.N. and Bosnian Serb interests was discussed at the Pale meeting, a U.N. official told the English daily, “They did not need to speak about something so obvious.”

Bosnia is being thrown to the wolves. What, for a number of reasons, the U.S. administration prefers not to “register” at the moment (but it is sufficiently informed), is that should Bosnia fall to Serbia, war throughout continental Europe becomes inevitable. The lifting of sanctions, not against Bosnia, but against Serbia, decided in the Security Council in September, was premised on manifestly false statements by Serbian President Slobodan Milosevic, to the effect that the Bosnian-Serbian border had been sealed, and that no men or matériel from the Yugoslavian National Army were moving over the border.

According to the U.N.’s own officers, on the night of Oct. 1 alone, 55 helicopter flights took off around Srebrenica

and along the Posavina corridor between Brcko and Prijedor. Military experts have said that as the Bosnian Serb insurgents of Radovan Karadzic have only 30 helicopters, aviation fuel and the loan of Yugoslavian helicopters and pilots from over the Serbian border is certain. It would take 4-5,000 troops to seal the 350-mile Serbian-Bosnian border, along which a measly 93 unarmed U.N. monitors are now stationed. As the monitors can, in any event, only spot overland traffic, the Serbians have taken to the air.

Following U.S. Defense Secretary William Perry's remarks to the press during the NATO meeting in Seville, Spain, on Oct. 8-9 to the same effect, on Oct. 5 State Department spokesman Mike McCurry told the press that "there have been reports that there are goods—other than humanitarian—that might be coming over the border." The Oct. 7 *International Herald Tribune*, quoting unnamed administration officials, reported that the reason the United States has not acted upon myriad reports that Bosnian-Serbian border is an open sieve, is that there is "disagreement within the administration over whether to share intelligence reports that the U.S. does have with the [U.N.] Security Council. The sources and methods are such that some people in the intelligence community *want to withhold* what we have" (emphasis added).

This is window-dressing for a political decision by the administration to make a major concession over Serbia, to what is perceived as "hard-liners" in Russia, because the administration does not feel prepared to break with what is really bothering the Russians, namely International Monetary Fund (IMF) economic policy.

The deal is on

How far the deal with England and Russia has gone, is reflected in papers written for *Die Presse* in Vienna and for the *Berliner Tageszeitung* by Balkans expert Andreas Zumach; one source within the Contact Group told him: "Between us and Milosevic, there is now a tactical alliance of interests." Zumach wrote that "the Contact Group has told Milosevic they will agree to a confederation between the Bosnian Serbs and Serbia."

According to Zumach, Lord David Owen has already proposed on the highest level the exchange of territories between Croatia and Serbia—Serbia now occupies 30% of Croatian territory including the wealthy Krajina region—in order that the Serbians gain direct access to the Adriatic. This is apparently what U.S. Ambassador to Zagreb Peter W. Galbraith referred to in a press briefing at the Carnegie Endowment in early October in Washington—a supposedly "secret" plan for a settlement of the eastern Croatian problem which, said Galbraith, has the approval of the Russian ambassador in Zagreb, and which is already being referred to as the "Galbraith Plan" in the press. In other words, it's U.S. policy—for the moment. Galbraith endorsed "self-government" for the Serbs in the Serbian-occupied areas of Croatia, based on what he called the "census of 1991," and called

for Croatian guarantees for minority rights for the Serbs in Croatia, blaming Croats for "destroying 5,000 Serbian homes."

Milosevic, according to Zumach's reports, recently told Contact Group members that he will get the Bosnian Serb leaders Karadzic and Momcila Krajisnik out of the way, because both oppose the Contact Group's 50-50 partition plan and want to keep the 70% of Bosnia they presently occupy. If Belgrade fails to force these two out of office, they will be liquidated, or arrested and handed over to the International Court in The Hague for war crimes. Milosevic proposes Nikola Koljevic, Mayor Radic of Banja Luka, and two politicians from Belgrade to be Bosnia Serb leaders. Ratko Mladic, who commands the rebel forces in Bosnia, is to get a high-level post in Belgrade.

In Belgrade, Serbian officials are now openly stating that the Contact Group has offered to lift all remaining trade and economic sanctions against Serbia if only it recognizes the international borders of Croatia and Bosnia. On Oct. 6, following Owen's glowing report to the Security Council for the lifting of sanctions, the Serbians boldly announced that, the first western capital to which the newly reopened Yugoslavian airlines will fly, will be, you guessed it, London.

Emboldened by all these diplomatic successes, and as part of their strategy worked out with General Rose, the Serbians are now in "negotiations" with U.N. Special Envoy Akashi over their demands, formulated on Sept. 25, that the airport of Sarajevo be leased to them for a symbolic sum, so that they can then claim the right to run the facilities—in other words, starve out the Bosnian government. Akashi declared on Oct. 10 that this would not be done until "the area around Sarajevo returns to normal," whatever that may mean.

The Rose plan is to starve Bosnia

But Sarajevo is not "normal"; it is starving. The food warehouses for winter stocks are reported to be at 10% of capacity, or three days' stocks, and this year, no international aid alert has been put out to prepare for winter. Water and electricity supply are only sporadic. The Serbians, according to the U.N. High Commission for Refugees (UNHCR), are neither "allowing" land convoys with food into Sarajevo, nor are they allowing *any* fuel convoys in, and, without fuel, the U.N. cannot distribute the food—assuming there is any. Elsewhere, apart from the province of Tuzla, things are even worse. Almost nothing has gotten through to the strategically critical enclaves of eastern Bosnia (Gorazde, Srebrenica, Zepa) since Sept. 22. Only on Oct. 5 did the Bosnian Serbs "allow" land convoys to move through Serbian-occupied territory to the government-held areas of eastern Bosnia and to Sarajevo—bearing in mind that Unprofor can ram through a convoy by force of arms at any time. In the Bihac area, where there is a major Serbian offensive ongoing, the Serbians have been allowed to block all convoys, according to the U.N.'s own officers.

A multimillion-dollar British-run Lodge?

by Raynald Rouleau

On Tuesday, Oct. 4, one farm and three chalets in Switzerland went up in flames. In addition, two houses in a resort area north of Montreal, Canada were also burned down. Twenty-five bodies were found in the chalets at Granges-sur-Salvan, and 100 miles away, 23 more were found in a ritualistic position in a sophisticated underground "temple" at the farm in Cheiry near Fribourg. In Morin Heights north of Montreal, five bodies were found, including a three-month-old infant who had been stabbed in the heart. The properties all belong to members of the Order of the Solar Temple (OST). The fires were set with very sophisticated devices, either using timers or remote control connected to a telephone.

Two things about this morbid event are certain. The first is the fraud perpetrated by people like Cynthia Kisser of the Cult Awareness Network, a kidnap-for-hire gang which preys on the fear of cults, who pushed the coverup story of "mass suicide" from the get-go. Kisser tried right away to dissociate OST from the Rosicrucian Order. The second thing one can be sure of, is that the OST atrocity is *not* the story of an isolated bunch of weirdos in a sect. Among some of the persons who were identified in the holocaust are a senior official of the Quebec Finance Ministry, Robert Falardeau, who is listed in incorporation papers as the president of OST; a financial journalist with the *Le Journal de Québec*, Joce-Lyne Grand-Maison; and the mayor of a town near Montreal, Robert Ostiguy and his wife.

(Joce-Lyne Grand-Maison was hired by *Le Journal de Québec* by Serge Coté, who is now editor-in-chief. Although he has not yet been charged with anything, Coté is a self-admitted Rosicrucian, and a highly reliable source reports that he maintained for years in his own basement a room for weekly satanic rituals, equipped with a pentagram inside of a circle on the floor, candles, weird statues, and liquids in small phials.)

Several OST members are still alive. Edith and Patrick Vuarnet, the wife and son of Jean Vuarnet who won the downhill gold medal at the 1960 Winter Olympics in California, admitted they were both elite members of the "golden circle" of the Order of the Solar Temple sect.

The body of Luc Jouret, one of the leaders of OST, was identified only on Oct. 13, as having been part of the 25 who were found in Salvan. He was born in the former Belgian

Congo, now Zaire, and had been a member of the paratrooper commandos of the Belgian Army.

Another leader found among the dead was Joseph Di Mambro, one of the big moneybags. He and his wife were dealing in millions of dollars, wired through different accounts, including the Royal Bank of Canada, and until a couple of years ago, a branch of BCCI in Ottawa. There have been media reports saying that the OST was only a front for arms trafficking and money laundering, involving hundreds of millions of dollars. For example, an Interpol document reportedly indicates that U.S. \$93 million is said to have been put in an account at the Commonwealth Bank of Sydney, Australia by Joseph Di Mambro in September 1993.

The OST in France was founded by a former Nazi Gestapo member, Jacques Origas, who died under suspicious circumstances. Luc Jouret succeeded him as leader. According to anti-Satanist author Carl Raschke, the tradition typified by Jouret's OST is traceable all the way back to Aleister Crowley, a top British intelligence officer, who set up the Ordo Templi Orientis (OTO). Since the late 19th century, Rosicrucianism and the various Crowley organizations have been controlled by the Quatuor Coronati freemasonic "research lodge" in London, which is backed up directly by the British royal family.

For reasons to be detailed in a future article, OST had targeted Hydro-Quebec. In 1993, there were 17 members of OST at Hydro-Quebec, including, according to Canadian Broadcasting Co.'s Pierre Tourangeau, vice presidents and managers. OST included Jean-Pierre Vinet, a project chief with the Human Resource Department, who had pleaded guilty to conspiracy to trafficking in illegal weapons in July 1993 (present whereabouts unknown).

OST also went by the names of L'Ordre International Chevaleresque: Tradition Solaire (the Knightly International Order: Solar Tradition), the Archedia Clubs, and the L'Académie de Recherche et de Connaissance des Hautes Sciences (ARCHS). The group, whichever form it took, is Rosicrucian and freemasonic in essence—even if the Grand Lodge of Rosicrucians A.M.O.R.C. based in San Jose, California has officially denied any connection with the OST.

One only has to look at the history of lies of the well-known homosexuals Voltaire or Casanova, in the 18th century, to see that the distinction between the Freemasonry, Rosicrucians, and Cabalists is so thin as to be almost invisible. Voltaire once said: "Lie, lie, lie, there will always be something left of it." The *modus operandi* is constant: an aristocratic hierarchy enveloped in a misty utopia. The lower level doesn't know what's going on in the higher echelon. The only way up is: acceptance of the principle of slavery, i.e., some are "chosen" to rule, and others to be ruled. In the case of the OST, it's simple. Someone, high up in the circles of the British royal family, has pulled the plug, in a hurry, on "a lodge project," to protect an oligarch, a prince maybe, or some other such parasites.

New evidence that Germany's Barschel was murdered comes to the fore

Seven years ago, one of the most ominous affairs in Germany's postwar history hit the political scene, when the body of Uwe Barschel, a senior member of the Christian Democratic Union, was found in the bathtub of a Geneva hotel room. In the late hours of Saturday Oct. 11, 1987, his life had come to an abrupt end, the first medical report determined. After much back and forth for several days over the question whether this was a murder or suicide, the media and the leadership of the Christian Democrats, including the government in Bonn, decided not to wait for the forensic investigation to be concluded, and declared his death a "suicide."

However, the hasty decision to close the book on Barschel, the timing of his death, and other peculiar circumstances surrounding it immediately raised strong suspicions: Many believed that Barschel had been killed after months of media scandal-mongering against him. Barschel, a senior Christian Democrat whose career as the nation's youngest governor—in the northern coastal state of Schleswig-Holstein—had broken off when he resigned in mid-September 1987, amidst a new barrage of unproven accusations.

What made a number of people suspicious about Barschel's death in Geneva, was, most of all, the fact that the Beau Rivage Hotel, where he had checked in on the afternoon of Oct. 11, was widely known as a favorite meetingplace for international arms and drug dealers, who prefer to deal in secrecy. Furthermore, crucial forensic evidence, such as photographs taken by police, blood and tissue samples, and other evidence mysteriously "disappeared" in the weeks after his death. Finally, Barschel's widow Freya has never given in to the "suicide" propaganda line that spread through the media and power corridors in Bonn: From the first news of her husband's death on, she has maintained that he was killed, and, in numerous interviews, she voiced her strong suspicion that he had "run across something dangerous, like illegal arms deals or something like that," and that this had caused his death in Geneva.

There is also the fact—pointed out by only a few insiders—that the Baltic sea ports of Schleswig-Holstein had played a crucial role in illegal and sizable arms transfers between East and West from the early 1980s on. A good deal of the "arms-for-hostages" agreements that Ollie North and Maj. Gen. Richard Secord carried out with the Iranians, with assistance from numerous East bloc agencies, ran through the ports of Schleswig-Holstein as well as those of East Germany, which bordered West Germany in that coastal region. The

Kavelstorf secret arms depot of the East German foreign intelligence agency's dirty tricks division, located near the East German port of Rostock, was a major arms hub, as documented in late 1989, shortly after the communist regime collapsed, when local citizen committees stormed the site and found giant stocks of arms and ammunition along with files indicating what illegal activities had been carried out there by East German agencies.

Furthermore, in mid-May, Barschel had nearly been killed in a mysterious plane crash, when his private jet went out of control and plummeted to the ground. There is also the fact that his own media aide began leaking to the press soon after the crash stories about how he had allegedly been ordered by Barschel to launch scam operations against the opposition Social Democrats, to discredit them for the state elections that autumn.

'Suicide and nothing else'

But in spite of all the additional pieces of information that have found their way into the public view over the last seven years—especially leaks about the existence of quite a few secret files about Barschel in the archives of the former East German foreign intelligence—the controlled environment by the political class in Germany which maintains that it was "suicide, and nothing else," could not be broken. Now, new, spectacular developments have begun to send shock waves through Germany that may finally help to unveil the dark secrets behind that murderous Geneva weekend in October 1987.

First, *Bildzeitung*, Germany's largest newspaper with a daily circulation of more than 5 million copies, published excerpts from a new book by former Israeli Mossad operative Victor Ostrovsky, which claims that the Mossad murdered Barschel. In *The Other Side of Deception* (published in the United States by HarperCollins), Ostrovsky reports that a Mossad agent whom he calls "Ran H." was deployed to Geneva in October 1987. As reported in *Bildzeitung's* excerpts: "Using the pseudonym 'Robert Oleff,' this top agent lured Barschel from the Canary Islands [where he was vacationing] to Geneva. Little time was left. Barschel wanted to testify before the investigation committee in Kiel [referring to upcoming state parliamentary hearings]. The Mossad had only two days to make him change his mind—or to kill him. The killer squads of the 'Kidon' special units were waiting in the 'Beau Rivage' hotel."

Ostrovsky reports that "Ran H." tried to convince Barschel, who had earlier that year run afoul of top-secret arms deals involving West German and Israeli foreign intelligence with Iran, became infuriated over them and tried to block access for the arms-dealers to the ports of Schleswig-Holstein. At the meeting in Barschel's hotel room on Oct. 10, Barschel told the Mossad agent he would not change his mind, but, rather make the entire scandal public. This, according to Ostrovsky, was Barschel's death sentence: He was killed by a combination of spiked wine, sleeping pills pumped into his stomach, and a fever-inducing drug inserted into his rectum, following which the agents placed his body into ice cold bathwater in the hotel room.

One might believe that Barschel was assassinated and still discard Ostrovsky's story as not fully trustworthy, because he leaves out all aspects of East German foreign intelligence, which has its own accounts of Barschel's numerous trips to the former East bloc, and because Ostrovsky omits the role of Oliver North and that side of the East-West arms deals in the early 1980s, in collaboration with the East Germans and Israelis (and others, like the British).

Toxicologist speaks out

Another spectacular development early in October 1994 provides definitive evidence that Barschel was assassinated: a recent, unpublished forensic medical investigation carried out by Prof. Hans Brandenberger, of Zurich, Switzerland. Brandenberger, vice chairman of the International Association of Forensic Toxicologists, came to the conclusion that Barschel could not possibly have taken the lethal drug himself because, by the time the lethal doses were administered, he was already in a deep coma. This seems to corroborate hypotheses in the immediate aftermath of finding Barschel's corpse: Certain perforations that were discovered in the outer lining of Barschel's stomach were typical of effects created when tubes are artificially inserted in somebody's stomach. Moreover, no remains of medication were detected in his salivary tissues and his esophagus, which would have been the case had he orally ingested the drug.

Brandenberger's report compelled two senior members of the German Christian Democratic party's parliamentary group in Bonn, Horst Eylmann and Josef Hollerith, to call for Barschel's remains to be exhumed, in order to conduct a more thorough forensic medical investigation. To do so, and find evidence of what caused his death, would still be possible: Traces of lethal substances can be found even after decades after an individual has died.

Waiting for the full text of Brandenberger's report to be made public, and noticing a certain nervousness emerging in the German political establishment, which can no longer maintain its "it was suicide, nothing else" line, this author and others are eager to learn more about this dark affair in the coming weeks. The true scandal has only just begun to come to the surface.

China's nuclear test: Empire smiles back

by Ramtanu Maitra and Susan Maitra

The Oct. 7 underground nuclear test by China, carried out in the desolate Lop Nor region, has posed a dilemma for China-watchers in Asia, and especially for those who have been promoting a changed image of China based on the liberalization and globalization of its economy. Although the latest test, the 41st by China and the third of its kind in one full calendar year, is part of China's continuing effort to upgrade its nuclear arsenal—Cold War or no Cold War—its timing would appear paradoxical.

The test explosion, scheduled months before, occurred only three days after Chinese Foreign Minister Qian Qichen signed agreements in Washington with U.S. Secretary of State Warren Christopher on missile proliferation and cooperation on weapons-grade fissile materials cut-off. Both these were analyzed by some commentators as a sign of Beijing's increasing willingness to accept Washington's policy doctrine on nuclear and missile issues. The test explosion toppled that appellation. The Beijing leadership did not abandon its test plan even though China's foreign minister was in the process of conveying a different image in Washington.

For its part, the Chinese official news daily *Xinhua* reported the explosion in a most matter-of-fact way. But in the rest of Asia, a few were rudely awakened. With the clock for acquisition of Hongkong ticking away, China's shadow is looming larger over the so-called economically fastest-growing area in the world.

New Delhi, by contrast, reacted like a bemused spectator. In 1962, India was led into a nicely laid trap by the Mao-Zhou combine, through some quickly maneuvered military forays along the undelineated Himalayan borders, with the ostensible purpose of exploding the myth of India's growing stature as a non-aligned nation as well as to reveal the pathetic state of the Indian Army, brought about by Nehru and his defense minister, Krishna Menon. Since then, Indian cynicism about Beijing leaders' "good will" has kept it in good stead. It is understood by most Indian policymakers that Beijing never gives away its winning cards for something non-tangible and, instead, will use them to extract concessions, in the economic, political, or military sphere. The Oct. 7 test is looked at in that light in India.

Method in confusion

During the second session on disarmament in 1992 at the United Nations, China had said it would consider joining the

disarmament process when the arsenals of the two major powers—the United States and Russia—come down to half. But China has made no move whatsoever to give up its tactical nuclear weapons, although the two big powers have done so. China is determined to modernize its nuclear weapons and, according to one well-informed source, efforts are concentrated on upgrading its missile guidance systems.

China has also noticed the recent shift in Washington's nuclear doctrine. The Clinton administration recently accepted the Pentagon's proposal of *not* subscribing to the "no-first-use" doctrine, also retaining the option of retaliating with nuclear weapons as a last resort even if faced with a non-nuclear threat from a non-nuclear state. The Russians have also abandoned the Brezhnev policy of "no-first-use" as a stated policy. China, on the other hand, has a stated "no-first-use" policy, and it has signed an agreement with Russia to that effect, in addition to their agreeing not to target nuclear weapons at each other.

These shifts in nuclear doctrine by the two major nuclear-armed states have made it evident to the Beijing leadership that START or no START, both major nuclear weapon states are keen to keep their nuclear weapons superiority, and it is, therefore, justified for China to modernize its nuclear arsenal. China considers the military arm to be as strong as its economic arm, and that considering the world political situation and the economic mess that the United States is in, China's extension of military might will go mostly uncontested.

Other fallout

The Chinese decision to derail the arrangements that the two major nuclear weapons states were making is not entirely disliked in India. Since the Chinese nuclear arsenal has more short-range and medium-range missiles, its nuclear might actually poses a danger to the region. The Indian argument against the nuclear non-proliferation doctrinaires is that India needs to keep its nuclear option open, because of the nuclear threat emanating from China in particular. Pakistan is considered a secondary threat, but since Washington has considerable control over Islamabad, and little over Beijing, the United States has always liked to insist that the nuclear problem is a South Asia problem, and China is not the issue.

Since the latest Chinese underground test, Washington may choose to accept New Delhi's argument. Under the circumstances, Washington's efforts to pressure India and Pakistan to sign the Nuclear Non-Proliferation Treaty (NPT) will be easier to counter.

Washington's new nuclear doctrine is an eye-opener to the non-nuclear weapon states. The United States has *made it clear that it would not hesitate to strike back with nuclear weapons against a nation which has been kept out of the nuclear weapons arsenal through the imposition of the NPT.* China, for one, has made clear that it would not allow such a dangerous condition to prevail. In reality, as long as Washington and other nuclear-armed states hold on to nuclear



Chinese Foreign Minister Qian Qichen in Washington on Oct. 4: The Beijing leadership carried out its nuclear test three days later.

deterrence as a valid defense doctrine, nuclear proliferation will be encouraged.

The test carried out by the Chinese may affect U.S. plans to extend the NPT indefinitely and unconditionally in 1995. With less than 100 days left before the last preparatory committee meeting for the extension of the NPT is held, the signatories among developing nations are unlikely to ignore the implications of the Chinese test and allow the nuclear superiority of the nuclear weapon states to continue indefinitely. Rumbles were already heard at the last preparatory meeting.

Also up for grabs is the comprehensive test ban treaty. Since the major nuclear-weapon states have advanced the technological aspect of their nuclear weapons, they may be ready to "generously" opt for the treaty to ban future tests. China has sent the message that the dismantling of nuclear weapons, non-proliferation, and the comprehensive test ban treaty should be dealt with as one package. Unless the nuclear doctrine is abandoned, both non-proliferation and a comprehensive test ban treaty are useless, because they will be violated by the nuclear weapon states themselves, as before.

In the coming NPT extension conference, India will exploit the new fissures caused by the Oct. 7 underground test. It will be interesting to see what a non-aligned nation and signatory of the NPT, such as Indonesia, will do.

Colombian military resists plot to dismantle Armed Forces

by Javier Almario

Major General Manuel José Bonett, commander of the Colombian Army's Second Division, and Maj. Gen. Juan Salcedo Lora, Army Inspector General, in two recent articles—entitled “Why Do We Resist So Much?” and “In the End, Do We Obey or Not?”—exposed an international plot “operating through the United Nations, the Organization of American States, the U.S. Congress and the Non-Governmental Organizations,” with the purpose of eliminating the armed forces of Colombia and the other Ibero-American countries, and handing over political power to the drug traffickers and terrorists. The articles appeared in what was to have been the first issue of the Army's official newspaper, *En Guardia (On Guard)*.

The articles were only revealed to the public when the daily *El Tiempo* leaked their contents, since the government rushed to confiscate the publication before it could circulate, arguing that the government cannot permit “in any form and in any context, the public expression of opinion by the military regarding fundamental guidelines of the national government.” According to Defense Minister Fernando Botero Zea, “the Armed Forces do not discuss . . . do not deliberate, because they are the guardians of others' rights to deliberate, argue, and polemicize.” Rather they must limit themselves to obeying and “following faithfully presidential directions regarding public order and loyally adhering to the peace and reconciliation strategy under way. The Armed Forces are at the service of the government's peace policy,” as if the military were the armed branch of whatever government happens to be in power, and not of the nation as a whole.

The government-military showdown was triggered by a packet of legislation presented by the Samper Pizano government, designed to exempt members of the Armed Forces from carrying out their superiors' orders. Thus, the irony of the article's title, “In the End, Do We Obey or Not?”

Monkey wrench in the works

The timely political intervention of the two active-service generals threw a monkey wrench into the works, halting congressional approval of a part of the bill which would have

caused the total dismemberment of the Colombian Armed Forces by eliminating the concepts of military legal jurisdiction and due obedience, two fundamental tenets of military functioning throughout the world. The generals' intervention also made clear the level of discontent within the Armed Forces with the Samper Pizano government, and caused a public confrontation the likes of which has not been seen since President Belisario Betancur fired his defense minister, Gen. Fernando Landázabal Reyes, 12 years ago.

Ever since the Samper government was inaugurated on Aug. 7, Defense Minister Botero has decided that the priority for the Armed Forces was neither combatting the Marxist narco-terrorist fronts nor the drug trade, but “respecting human rights,” as this is understood by Amnesty International and the other U.N.-affiliated non-governmental organizations (NGOs) whose primary aim is to defend terrorists.

One of the laws being debated in Congress proposes to punish “forced disappearances,” a bill prepared by Amnesty International and the other “human rights” NGOs for the presumed purpose of legally punishing military personnel and public officials who capture and “disappear” other persons, on the assumption that this is a common military practice.

The bill is superfluous, given that such practice is already defined as a crime in laws concerning kidnapping and assassination. What was the last straw for the Colombian generals is one article in the bill which refers to cases of “forced disappearance” in which a subordinate who carries out such an order would also be considered responsible under the law; subordinates are therefore directed to disobey the orders of superiors on their own discretion.

Four days after Minister Botero's public chastisement of the generals who wrote the newspaper articles, the Senate voted down, by a 53 to 21 margin, the controversial article on “due obedience.” This is seen as a political victory for Generals Salcedo and Bonett. And, while the generals were expected to be fired, the Samper government has decided to await the regular December promotions to remove the generals who dared to express an opinion.

Protecting the guerrillas

But this is not the only congressional bill aimed at destroying the military. The government also sent Congress a bill for debate which would pass into law the II Protocols of the 1949 Geneva Convention, which were designed to “regulate” behavior between states at war, but not for the kind of irregular warfare that exists in Colombia. The protocol would force the Armed Forces to “respect the civilian population” but would require no such obligation from the terrorist groups ravaging Colombia, because they can just as easily be a part of that “civilian population” as they can be “wartime combatants,” as they choose. Approval of the protocol would also give the terrorists a status superior to “belligerent,” that of a state within the state.

President Samper is preparing still another bill designed to eliminate the concept of “military legal jurisdiction,” which provides for military personnel to be tried in military courts. According to Samper himself, a civil judge would first determine if the presumed crime was committed as part of active service or not. If the judge rules it was not, the case would pass to the jurisdiction of civilian criminal courts, where the terrorists are adept at a multitude of blackmail techniques, threats, and tricks against judges, in order to hinder any military action. The bill would also give the Attorney General’s office—already considered a branch of British intelligence’s Amnesty International—greater meddling powers into military justice by imposing the accusatory system, with prosecutors named by civilian authority. In practice, it would spell the virtual elimination of courts-martial.

Such legislation has been demanded by the terrorists who have been negotiating a bloodsoaked “peace” with Colombia’s political elites since 1982, even to the point of successfully demanding the redeployment or firing of army officials who have proven most effective against them. Samper is seeking a cloak-and-dagger deal with the Colombian Revolutionary Armed Forces (FARC), the National Liberation Army (ELN), and the People’s Liberation Army (EPL) at all costs. Samper has even called on the United Nations to mediate an El Salvador-style “peace process” to turn Colombia into an official U.N. colony, which would begin by setting loose all the terrorist chieftains the Armed Forces have captured in recent years.

General Bonett’s article charges that those who accuse the Armed Forces of violating human rights “are the leading violators and assassins in the country,” who only seek to present the Army as “the bad guys in the movie,” while the assassinations, kidnappings, disappearances, thefts, blackmail, and extortion practices by the terrorists are presented as only “forms of revolutionary struggle.” Why, asks General Bonett, don’t “our human rights, our men, have defenders; why have our peasants who have been killed and mutilated by [terrorist] mines merited no scandals, no accusations?”

“Internationally fashionable currents, with a hazy appearance and innocent image, are rushing against military

justice in Colombia,” says General Salcedo in his article. “No one, much less these muckrakers, has stopped to ask if this same military justice exists in their own countries.” There is a campaign, says Salcedo, not only against the Armed Forces but “against the country itself, using the springboard of international organizations to attack Colombia.”

Salcedo charges that arguing for the disappearance of the Armed Forces “plants the seed that the military is unnecessary as an institution,” because the East-West conflict is over, conflicts between the countries of the Americas are very few, and “nothing justifies the enormous budgets to sustain an increasingly unneeded military apparatus.” To achieve their purpose, these forces “weave the finest threads to present military justice as but a protective shield for human rights violators.”

In criticizing, without actually mentioning them, the government’s various legislative proposals, Salcedo argues that “it is no secret to anyone that if orders are not carried out, the militia is finished. So, doing away with due obedience is the best and most direct form of euthanasia against the bothersome military. Why bothersome? To whom? Who benefits? Is everyone to come up with an answer and when a reasonable justification is arrived at, then invite the 100 guerrilla fronts that exist in the country to disarm as the legal armed forces have done? Are the bothersome Search Brigades [charged with fighting the drug cartels] to vanish and let the deeply moved cartel assassins submit to justice? Are the unnecessary Anti-Extortion and Anti-Kidnapping Units to lay down their threatening arms and kidnapping will spontaneously become extinct? Why not? It costs nothing to dream!”

In order to function, says Salcedo, any army needs its own legal jurisdiction and due obedience, so that it will carry out orders even when that means risking one’s life. Armies “were born thus in world history and so reason dictates, unless one is alleging that due obedience to the dictates of reason also does not exist.”

Documentation

The following are excerpts from a Sept. 29 national television broadcast by the Ibero-American Solidarity Movement (MSIA) in Colombia. Speaking on the plot to destroy Ibero-America’s Armed Forces were Maximiliano Londoño Penilla, a former MSIA presidential candidate in Colombia, and Gen. Hernando Zuluaga García (ret.), head of the National Participation Movement (MPN), an organization of retired military officers, and a former senatorial candidate.

Londoño: There is a plot to annihilate the Armed Forces and to destroy the nations of Ibero-America. The British

oligarchy, seeing the imminent collapse of the international monetary and financial system, has decided to convert the United Nations into the center of a new world empire, in which the very concept of the sovereign nation-state is eliminated. . . . After the fall of the Berlin Wall and the collapse of communism in the East, organizations like the Inter-American Dialogue have emphasized that it is necessary to dismantle the Ibero-American armies, supposedly because the Cold War is over and these armies no longer have reason to exist. . . .

Just as El Salvador was obliged to reduce the size of its army by half, and to purge all of its high-ranking officers, so do the oligarchical families and usurious interests which control the International Monetary Fund intend to reduce the size of armies the world over. The Inter-American Dialogue, made up of 100 notables from the Americas . . . has established four fundamental goals for bringing this about: 1) expand the Free Trade Treaty to include all the countries of America; 2) collectively defend "democracy"; 3) carry out programs that give a human face to the free-market policies; and 4) promote the legalization of drugs. . . .

Thanks to the defamatory campaigns of Amnesty International, the Attorney General's office and the non-governmental organizations, our Armed Forces today appear not as defenders of public order and of national sovereignty, but as a criminal organization dedicated to the torture, kidnapping and murder of Colombians. . . .

Peace must be sown with scientific, technological and industrial progress, not by yielding to the demands of criminals. The principle of legitimate authority must be restored, by the monopoly of force, to root out any kind of private justice. For all these reasons and more . . . we must defend, respect and dignify our Armed Forces, because they are the guarantors of national sovereignty.

Zuluaga: The Colombian army was born with the Fatherland . . . to defend the essence of the nation-state: its independence, its sovereignty, the integrity of its territory, and the constitutional and legal order. How does one carry out such a delicate mission under current circumstances, if the government and other branches of the state function paradoxically like loose cannons . . . and delegate to foreign-inspired non-governmental organizations the leadership of the nation and the imposition of the new order. . . . ?

The strategy is already under way . . . to reduce the Armed Forces; thus the involvement of the Attorney General's office in the special disciplinary regimen . . . the reforms of the career regimen; and the debate against military legal jurisdiction. . . . [They want] an Armed Forces which neither thinks nor fights; which neither deliberates nor imposes law and order; which is civilianized so that it will obey foreign designs, even to the detriment of independence, sovereignty, territorial integrity, the Constitution, and the entire nation's well-being.

Eyewitness Report

Future of Mexico is at stake in Chiapas

by Marivilia Carrasco and Hugo López Ochoa

The armed "indigenist" movement that rose up in the Mexican border state of Chiapas on Jan. 1 of this year, bearing the name Zapatista National Liberation Army (EZLN), has been portrayed by the international news media as highly popular. Its putative leader, "sub-Comandante Marcos," has been painted in lurid Hollywood colors as a Robin Hood who fights the rich to give to the poor, and who is adored by all of Mexico.

Once again, the major media are at the opposite pole from reality. Mexico's presidential elections of Aug. 21 showed beyond a shadow of doubt that the EZLN is rejected by the vast majority of Mexicans; its electoral arm, the Party of the Democratic Revolution (PRD), and its presidential candidate, Cuauhtémoc Cárdenas, received only 17% of the vote. The new President-elect Ernesto Zedillo, of the ruling Revolutionary Institutional Party (PRI), received 50% of the vote in a massive turnout, while Diego Fernández de Ceballos of the conservative National Action Party took 27%.

In Chiapas itself, where the EZLN supported the PRD gubernatorial candidate Amado Avendaño, the Zapatistas were also trounced. Avendaño, founder and director of the leftist newspaper *El Tiempo* of San Cristóbal de las Casas, received only 36% of the vote against PRI candidate Eduardo Robledo Rincón's 51%.

Opposition to EZLN grows

Our recent visit to the Chiapas city of San Cristóbal de las Casas, headquarters of the diocese of schismatic Bishop Samuel Ruiz—better known as the EZLN's "Comandante Samuel"—provided first-hand evidence that the people of Chiapas not only repudiate Zapatista "indigenism," but are organizing themselves to expel the "red bishop" from Chiapas and to prevent their state from being cut away from the nation, as the Zapatistas seek. We were able to interview leaders from a variety of grassroots organizations, such as the San Cristóbal Civic Front (FCS), the Coalition of Citizen Organizations of Chiapas (COCCH), and the Regional Cattlemen's Union of Chiapas (UGR), all of whom played decisive roles in the electoral defeat of the EZLN by organizing a 100% successful pre-election civic strike to protest the vandalism and violence sponsored by the Zapatistas.

The problem this civic movement faces is that it is forced to fight on two fronts: on the one hand, against the Zapatistas; on the other, against a powerful pro-Zapatista clique infiltrated within the PRI and the government, which is headed by former President Luis Echeverría and by former Federal District Mayor Manuel Camacho Solís, who had also served as “peace commissioner” in Chiapas after the Jan. 1 uprising. The tactic of this fifth column, together with its EZLN and PRD allies, centers on forcing the resignation of Chiapas Governor-elect Robledo Rincón, and imposing in his place the defeated pro-Zapatista gubernatorial candidate Amado Avendaño.

Since the pro-Zapatista group was routed in the recent presidential elections and was unable to mount a credible legal challenge to that election, it has decided to impose its will in Chiapas. If it succeeds, its plan is to use this as a national precedent and to throw the rest of the country into turmoil, by trying to force an annulment of the presidential elections and the installation of a transitional government with a mandate to call new elections and change the Constitution. In this sense, the future of Mexico is at stake in Chiapas.

This Zapatista faction is also linked to British intelligence and to the Aztec-indigenist movement concocted by the British and their U.S. allies since the early 19th century. The modern-day network of British intelligence, infiltrated into both the U.S. and Ibero-America, centers around Wall Street’s Inter-American Dialogue, the São Paulo Forum set up by Fidel Castro, and the Hollinger Corp., the media empire on whose board of directors sits British agent-of-influence Henry Kissinger.

Making Chiapas ungovernable

Since Aug. 21, the narco-Zapatistas—backed by the interim Chiapas Gov. Javier López Moreno (godson of Comandante Samuel) and by current Peace Commissioner Jorge Madrazo Cuéllar—have focused their efforts on fomenting chaos in Chiapas. They are using for cannon fodder the hundreds of peasants who have invaded more than 600 ranches outside the “liberated zones” conceded to the EZLN during the series of failed peace talks.

On Oct. 10 and 11, the Zapatistas extended their land seizures even further, and held a second National Democratic Convention—effectively, the national command structure of the EZLN—in San Cristóbal de las Casas, which was slated to finish on Oct. 12 with demonstrations across the country in repudiation of the 502nd anniversary of the evangelization which began with Columbus’s landing in 1492, which the EZLN calls “502 years of indigenous, black, and people’s resistance.” “They are going to be surprised by the indigenous mobilizations on Oct. 12 in defense of Avendaño’s victory,” threatened José Álvarez Icaza, convention coordinator.

The Zapatistas are hopeful that outgoing President Carlos Salinas de Gortari will stay true to his profile of negotiating

governorships with the opposition parties, even after official PRI electoral victories, in the name of avoiding violence and keeping the detested North American Free Trade Agreement, NAFTA, intact. They believe that President Salinas will be prepared to negotiate over Chiapas, so as not to ruin his plans to preside over the new World Trade Organization when he steps down from the presidency on Dec. 1. For this same reason, it is said that Salinas has postponed any armed action against the EZLN, in order to dump the whole problem in the lap of his successor, Ernesto Zedillo.

On Sept. 19, the FCS, COCCH, and UGR began a permanent mobilization to block this conspiracy against Mexican unity, a mobilization that will culminate with the First National Forum to Support the Invaded Landholders of Chiapas on Oct. 17-18. It is expected that some 20,000 small landholders from across the country will attend, including the president of the National Cattlemen’s Association, César González, and the president of the National Confederation of Rural Landowners, Senator-elect Jesús González Gortázar.

Since before the elections, 1,500 cattlemen and farmers from the UGR have kept up a picket line in front of the Chiapas governor’s palace in the capital city of Tuxtla Gutiérrez, demanding that the federal government intervene to halt the chaos and anarchy. As of Oct. 15, some 120 of these will begin a hunger strike in Constitution Square (the Zócalo), in front of the National Palace in Mexico City.

Oust the Devil’s bishop!

The mobilization of the three grassroots groups has already dented the narco-Zapatista plans, by intensely pressuring the Mexican Bishops Conference to oust Bishop “Comandante” Ruiz from Chiapas, while at the same time successfully encouraging President Salinas to order the PRI’s unstinting support to Governor-elect Robledo, thereby dissolving the rumors spread by the National Democratic Convention that the governorship was about to be bargained away. On Sept. 21, some 150 COCCH and FCS members from San Cristóbal—known traditionally as *coletos*—greeted six bishops sent to back Ruiz as mediator in the Chiapas conflict and to urge the *coletos* to renew their peace talks, with two huge banners which said, “Samuel Ruiz: Chiapas hates you and the *coletos* hate you. Get Out!” and “Instead of giving you the Nobel Peace Prize, the people give you the Nobel War Prize.”

The demonstrators shouted slogans like “Anti-Christ and false prophet!” and “Traitor to the pope!” They also carried 50 copies of the two famous posters published by the Ibero-American Solidarity Movement, Lyndon LaRouche’s co-thinkers in Mexico: one with a photo of Samuel Ruiz and the title, “Wanted for Treason against the Fatherland,” which for the first time identified Samuel Ruiz as EZLN “comandante”; and the other with a photo of a serpent and the title “Get Samuel Ruiz out of the Lacandona Jungle.” (The Lacandona is the center of EZLN territory in Chiapas.) And, for the third

time, the city of San Cristóbal was plastered with the two posters when the bishops' delegation arrived.

A leaflet put out by the San Cristóbal Civic Front called on Mexican Bishops Conference president Msgr. Adolfo Antonio Suárez Rivera, a native of San Cristóbal who headed the six-bishop delegation, to explain himself, in view of the many signals he has given of "acceptance and even approval of Monsignor Ruiz's seditious efforts." The leaflet went on: "Your visit to San Cristóbal will make us happy with you, or ashamed of you."

Suárez Rivera is tied into the pro-Zapatista Camacho-Echeverría fifth column in the ruling PRI. He is a shirttail relative of former peace commissioner Manuel Camacho Solís through Camacho's ex-father-in-law, Manuel Velasco Suárez, who was Chiapas governor during the Luis Echeverría presidency and an Echeverría protégé.

The FCS and COCCH mobilization enraged interim Chiapas Gov. Javier López Moreno and current peace commissioner Jorge Madrazo Cuéllar, both professed supporters of Bishop Ruiz's "pastoral work," and they protested what they called "offenses to the dignity" of the red bishop. On the request of Madrazo Cuéllar, Governor López Moreno has ordered an "investigation" of municipal officials accused of organizing and participating in the Sept. 21 demonstration. The political persecution of Prof. Ricardo Díaz, leader of the FCS, was also ordered.

Despite this hounding, the civic mobilization against the "comandante" is having its effect. On the same day as the San Cristóbal demonstration, PRI President Ignacio Pichardo Pagaza declared in Tuxtla that "Robledo Rincón won and the popular will expressed at the polls cannot under any circumstances be negotiated, for to do so would be to invite anarchy and disorder."

As things in Chiapas get hotter, "Comandante" Ruiz has announced plans to go on a vacation for a month or two. Before leaving, he acknowledged that he owes obedience to the pope as his spiritual father, but he clarified that in his view, that means only "reasonable obedience."

Interview: Fr. Luis Beltrán Mijangos

Bishop Samuel Ruiz is the 'comandante'

The following interview with a priest of San Cristóbal de las Casas diocese was conducted in Chiapas by Marivilia Carrasco and Hugo López Ochoa on Sept. 18.

Twenty years ago, Bishop Samuel Ruiz shut down the seminary in San Cristóbal de las Casas and forced all priests who opposed him to leave the region. As a result, all the churches in San Cristóbal are controlled by Ruiz's followers. There has also been a proliferation of over 20 fundamentalist Protestant sects, most of whose members belong to the Zapatista National Liberation Army (EZLN).

The only opposition priest whom Samuel Ruiz did not succeed in expelling from the region was Luis Beltrán Mijangos Molina. After 20 years of being denied his own church, he was finally permitted to work out of the San Cristóbal Cathedral with a limited honorarium until Dec. 26, 1993.

"Comandante" Samuel tried to bribe Father Beltrán with drink, nuns, and money. This failed. On Jan. 1, 1994, Father Beltrán Mijangos was about to be murdered by the EZLN's assassins who, after burning down the mayor's office, sent a death squad to the cathedral when it was assumed that Father Beltrán would be there. Suspecting foul play, Father Beltrán didn't show up that day despite numerous phone calls urging him to appear. The priest who took his place would have been killed, had it not been for the fact that one member of the EZLN death squad shouted at the last minute, "No, it's not him, it's not him!"

A few weeks ago, a group of priests loyal to the bishop issued a statement saying that Father Beltrán was "not authorized" to give the sacraments or say mass, alleging that he was "undisciplined." Father Beltrán immediately responded in a radio message that "Comandante" Samuel Ruiz and his priests are the unauthorized ones because they are in rebellion against the Vatican.

On Sunday, Sept. 18, EIR correspondents attended a mass outside the chapel of San Cristóbal's municipal cemetery, held for 300 faithful. In his sermon, Father Beltrán spoke of love, even for one's enemies, and in between jokes about "my friend Samuel Ruiz," he called on all present not to be swayed by passion into seeking personal vengeance.

EIR: The Ibero-American Solidarity Movement (MSIA) has identified Samuel Ruiz as the commander of the armed movement known as the Zapatista National Liberation Army (EZLN). We'd like your opinion on Ruiz's role in these activities.

Fr. Beltrán: What does Father Ruiz have to do with the armed movement? I have told both national and international media that he is the "comandante"! And I say this because of everything he's done since 1967 when he began to preach among the catechists. I have written proof to show how he's been proselytizing since 1978.

There were two phases: The first was to take sacredness out of the church. The second was to promote a "peoples' church."

At a certain point, both these phases became reality and the dimension of the magisterium of the Church was lost. Ruiz even shared his authority and called it "collegial author-



At a mass outside the chapel of San Cristóbal's municipal cemetery, Father Beltrán called on 300 people not to be swayed by passion into seeking vengeance.

ity." And now not even Ruiz controls the diocese, but rather a "juridical resort" team. This was really terrible because then decisions as to conduct, when not otherwise resolved, were placed in the hands of people whose actions and attitudes were cold and false.

They could have cared less about the people's feelings, and this is . . . not human, much less Christian . . . and worse, it's not priestly or episcopal. At that point, the real pressure for proselytization began at the level of catechists and religious orders.

Take the case of the Clarissa Mothers for example. Samuel told them publicly, "You, the Clarissas, are the tumor of the diocese." Then other people came in and effected a total change in the attitude of the Clarissa Mothers. Now they are faithful Zapatistas. How terrible!

Then a lot of things were done behind people's backs, such that the cathedral was taken over and called the Cathedral of Peace. At the time I said, "this is the Zapatista general headquarters under the command of supreme commander Don Samuel Ruiz García." This earned me the hatred of many people, but today, Sept. 18, many tell me that I was right.

I think the solution is very clear: Monsignor Ruiz should be retired as bishop and then things will change. Even though the ideology has remained, I'm certain that we can have an ideological change toward love and religion in which we preach the words of Christ and not bullets; where we arm with the crucified Christ and not rifles; where we wear the

beads of the rosary rather than vile bullets.

EIR: What has been the result of this proselytization among catechists and religious orders and in relation to the loss of vocation? Why did this happen?

Fr. Beltrán: Well, there's nothing surprising here. To begin with, the life of a priest or nun or member of a religious order is difficult. Why? Because it means living a life contrary to that of the general public.

In the diocese of San Cristóbal, for example, there is no vocation for nuns. There may be a few, but there is really no vocation for them because there is no pastoral vocation or any model to follow. What might motivate you to become a nun or a priest in the face of this current barbarity? What people see is not Christian, not human, which is fundamental.

EIR: Father, do you think this also explains the proliferation of sects in the state of Chiapas, and particularly in the diocese of San Cristóbal?

Fr. Beltrán: Many sects have appeared especially since 1970. Why? Because, to put it bluntly, Monsignor Ruiz had what I call a vulgar line. He said that "being a Catholic or a Protestant is the same thing." Supposedly because we all worship the same God, but in different ways, Samuel welcomed them with open arms. . . .

Back in 1960, there was a U.S. institution called Wings of Help, and Don Samuel Ruiz García, the bishop of San

Cristóbal, “flew” on those wings. Anytime you use the services of a company like that, this logically leads to friendship, and later became a commitment.

So the strategy of “divide and conquer” became a reality. Now these foreign sects support the EZLN.

EIR: From your debates with Jesuits and Dominicans, what can you tell us about the convictions and thinking of the so-called Autochthonous Church?

Fr. Beltrán: First that they are Mexican priests and nuns. That’s the cover.

EIR: But doesn’t that contradict the fact that there are more foreign than Mexican priests in Samuel Ruiz’s diocese?

Fr. Beltrán: No, because everyone who’s come here is committed to following [Ruiz]. Those who opposed him left.

EIR: How many priests are in the diocese, how many are Mexican and how many foreign?

Fr. Beltrán: I don’t have those figures right now because since 1981, this son of God has been isolated and denied all information. But I do know many French, Italian, Spanish, Central and South Americans. There are very, very few Mexicans, and their interests lie elsewhere.

EIR: You mean, they have a political project?

Fr. Beltrán: Worse than that, a project of destruction.

EIR: The doctrine now promoted by the diocese tends to exacerbate feelings of vengeance, hatred, and ambition. Why is this? Since this is not Catholic doctrine, what is it really?

Fr. Beltrán: It is to sow hatred and bitterness against the “wealthy.” And I can tell you that there are no wealthy people. They may have a comfortable life but they have earned it, with great sacrifice. The “rich,” as they are called, are those who have something to live on.

And how do [Ruiz’s followers] justify their attitude? On historical claims which say that, 250 years ago, X land was sold for X price, which was unjust, and therefore the land should be returned! This is unfair. This is outright robbery. The fifth commandment says, “Thou shalt not kill,” and a commandment of God’s church says, “Thou shalt not steal.” But all of these things, murder and thievery, have been done.

EIR: It’s well known that Samuel Ruiz maintains close ties with a faction which you mentioned at the beginning, when you mentioned [Peruvian Theology of Liberation advocate] Gustavo Gutiérrez. This is a current which calls itself Catholic but which is not, and has organized especially in Peru, Brazil, Ecuador, and Bolivia. What can you tell us about Don Samuel’s friends?

Fr. Beltrán: I can tell you that when I asked to go to Rome

to study canon law, Ruiz said this was impossible, but offered to send me instead to the IPLA, the Political Institute for Latin America. Why? So that I would be politicized. I told him, “I don’t need to be political, otherwise I would have studied political science. I could be an excellent politician, but I’m not interested in that. I want to study canon law in Rome for my doctorate.” He then responded, “No. I can’t justify the cost!” So I couldn’t go.

EIR: Speaking of expenses, it’s well known that the diocese receives large contributions of foreign money. What can you tell us about this? Where does it come from, and under what pretexts does the diocese receive it? And finally, where does it end up?

Fr. Beltrán: Well, I know a few things, for example, that it comes from Germany, Italy, France, and even from the United States. I don’t remember right now from which organizations, but I know that a lot of money comes in, all of it supposedly for charitable purposes and the Church’s social projects. But I don’t know what works they’re talking about because I haven’t seen them; I don’t find them, and I don’t know where the money is.

EIR: What can be said is that there are no churches in San Cristóbal’s northern zone.

Fr. Beltrán: This is the clearest example. There is not a single Catholic church in an area where there are 18 churches of other sects. That’s why two deputies have demanded that Ruiz’s diocese be audited, and I think this would be the best solution. We often said, in fact yelled, that there were many strange things going on here and called for investigation. No one paid any attention and now the consequences are staring us in the face. Violence has already erupted.

EIR: You mentioned in your mass this morning that it was unacceptable that a man who had sowed so much hatred and desire for revenge could be named as mediator.

Fr. Beltrán: This is a very delicate situation, because he was not named—he offered himself as the peace mediator! So someone who fathered a child is also going to be the godfather!

EIR: Is it true that some people are denied the sacraments? Under what pretext?

Fr. Beltrán: This is an excellent question, and I see it as inspired by God. Isn’t it curious that sacraments are denied to all those who are supposedly “rich” because they don’t want to share their wealth?

I also know that some Indians are denied the sacraments. Why? Take note, listen carefully: *because they are not Zapatistas*. This is not fair, it’s playing with our faith. . . . Samuel Ruiz could care less about the faith of the Catholic Church. The only thing he cares about is a political position, and now he wants the Nobel Peace Prize.

The origins of the Balkan war

Croatian journalist and military expert Srecko Jurdana analyzes the war for an audience in Munich, Germany.

The fact that in 1991, at the command of British oligarchical circles who wanted to somehow counteract the collapse of the Berlin Wall, Serbia widened to Bosnia the war it had begun against Croatia, has today become a general tenet of geostrategy. The sad fact that many politicians and many nations tend to lightly pass over this geostrategic fact, does not lessen its historical importance. In the framework of the electoral campaign of the Civil Rights Movement-Solidarity and their Munich chairman, Mrs. Elke Fimmen—whom I personally wholeheartedly politically support and wish an important role for her in German political life—I would like simply to again highlight the fact that the war against Croatia and Bosnia-Herzegovina is no local war, no product of “centuries-old religious and ethnic quarrels,” as is asserted by many western media and even in serious intellectual circles in Europe and America, and also to briefly comment on Germany’s role in relation to this war.

Lyndon LaRouche, a well-known American intellectual and leader of the Schiller Institute, the international political and cultural organization, predicted at an early date—in 1988—that a war would break out in the Balkans and that this could only be prevented if the policy of the International Monetary Fund, which must be seen as the leading organ of the geostrategic plans of the London oligarchy, were eliminated. Yugoslavia, an unnatural political creation, was created in the Balkan peninsula after World War I in the Versailles Treaty framework. It never had any historical existence before 1918, but was set up as a control mechanism in the Balkans directly controlled from London. In this Yugoslavia, Serbia played a dominant role, launching wars for British and French interests.

Postwar Yugoslavia

The same Yugoslavia disintegrated in 1941 within 24 hours, and in 1945 was set up again from scratch at the zealous instigation of Winston Churchill. Thus, as the war’s victor, London reestablished its Balkan control mechanism on the old Versailles model, with the hegemonic Serbians as the mainstay. Josip Broz Tito was installed as the dictator of the new Yugoslavia. Tito, a hoked-up war legend from the

Bosnian mountains, consistently swept under the rug national injustices, protected the Serbian domination of the country, sentenced Croatians to draconian prison terms, and drove them into massive economic and political emigration. After the breakdown of the Croatian emancipation movement of 1971, the “Croatian Spring,” thousands were sentenced to long prison terms, often only for having expressed an opinion or written a newspaper article, which demanded the implementation of Tito’s slogans about national equality. Tens of thousands of Croats left the country, since they could not find work there. Many of them set up new homes in Germany. Since 1971, the Croatian people have been strewn all over the planet.

Yugoslavia continued its sordid existence until 1991, when it vanished, let us hope forever, in the hell of the war against Croatia. The Croatians were turned into expellees and emigrants, hounded and murdered worldwide by the Yugoslav Secret Police. Certainly these were not the only ones to run afoul of British geostrategy. Lyndon LaRouche experienced this in an especially harsh way. He is today perhaps the first fighter against British imperialism, who because he was able to recognize the neocolonial nature of today’s political process, was imprisoned for five years in an American prison on George Bush’s orders, while fully innocent. A group of LaRouche’s collaborators still remains in prison on no real grounds, some of them facing life sentences.

If we look at events at the end of the last decade, we recognize how the turbulent processes in former Yugoslavia, which finally resulted in the war against Croatia, took place simultaneously with the process of German reunification. When the Berlin Wall fell and it became obvious that the 50-year geostrategic situation in the middle of the European continent was inevitably changing, Serbian Führer Slobodan Milosevic started his so-called “truth meetings” and “anti-bureaucratic revolution.” This led to the destructive, hostile Greater Serbian invasions of Kosova and Vojvodina, and two years later an open war against Croatia. The role of then-American Secretary of State James Baker and former U.S. Ambassador to Belgrade Lawrence Eagleburger in the wid-

ening of the war is known. These two prominent representatives of Kissinger Associates piloted events in Belgrade from behind the scenes. When the Serbs launched the open phase of the war, the Briton Lord Peter Carrington (formerly a director of Kissinger Associates) and ex-U.S. Secretary of State Cyrus Vance were named as international mediators for Yugoslavia. After Carrington and Vance came British Lord David Owen. He joined with British Gen. Michael Rose as the military commanding officer of the U.N. troops in Bosnia.

Great Britain, the puppet-master

It is obvious that from Day One of the struggle Great Britain was pulling all the strings. Its representatives, or people with lifelong ties to the London financial and geopolitical interests, meddled incessantly in the region of the former Yugoslavia. Decisions of peace and war, alliance and enmity, life and death rested in the sovereign hands of Britain. Why? How did Great Britain earn such a power to play God, in deciding issues in which the biological existence of nations is at stake?

I would say: only because those were called upon to resist, preferred to passively accept the prevailing trends and conformism, rather than assume a firm moral stand and take up resistance. It was clear from the outset that in the Balkans, a fascist, genocidal war of aggression was being conducted, which was concocted in the Anglo-Saxon geostrategic laboratories.

This war could have been stopped at once. Instead of complaining to the originators of the war and demanding that they stop propping up the Serbs, all the various international actors have engaged in pseudo-peace-making activities which London was promoting, the practical and political purpose of which was to further expand the war. But under Carrington, Vance, and Owen's leadership the world has not stopped the Serbs. Instead it has punished Croats and forbidden them to carry out the offensive that would have freed them. The United Nations forces brought into Croatia—the so-called Unprofor—guaranteed the Serbian-occupied areas, consolidated the country's partition, and allow the Serbian Army to open up the front in Bosnia.

Instead of supporting the Muslims in Bosnia, against whom the Serbians carried out a frightful genocide in the first phase of the war, the world strangled the victims with an arms embargo, which still remains in place. The world's pseudo-negotiations, this hypocritical "peace preparation" which qualitatively equates victim and killer in order to reward the killer in the final arrangement, will become a weighty memorial to the moral attitude of western civilization at the end of the 20th century.

When the Serbian shells fell on Sarajevo, and massacred ten people a day, French President Francois Mitterrand stated publicly that unfortunately nothing could be done, since the "balance of power does not permit it." What kind of "balance

of power" is it that stands above all moral principles? Doubtless it is the balance of power which former Prime Minister Mrs. Margaret Thatcher described in her memoirs: the balance of power in continental Europe, set up after the Second World War. The Pax Britannica-Americana-Sovietica imposed in 1945, along with the shattering of Germany, also broke up Central Europe as a whole, which traditionally was a single cultural area dominated by German economic influence. The part of Central Europe which stayed outside the Soviet bloc was assured economic prosperity on the principles of modern liberal capitalism. This part, the nation-states, was supposed thereby to remain in the enduring condition of a political dwarf, which can assume minimal influence over its regional situation.

The year 1945 brought on not only the division of Germany—the country which up to then had assured the development of continental Europe—but also a specific division of the traditional German sphere of influence among Central European countries. Some were forced into the Soviet bloc, such as Hungary, the Czech Republic, and Slovakia, while others, like Slovenia and Croatia, were violently incorporated into Yugoslavia, a geostrategic pawn concocted by London and Paris after World War I.

The European postwar peace hence not only included the separation of Germany but also the dissolution of her entire sphere of interests, in which Croatia with Bosnia perhaps took first place from the geostrategic standpoint. Croatia controlled the Adriatic, linking continental Europe to the Mediterranean area, whereas Bosnia was a cultural bridge to Turkey and the Near East. This entire region, in which Croatia had the status of an independent state in the 1941-45 era, was to be divided after World War II and set up under Serbian administration in the form of Yugoslavia—because this was the ideal way for destroying the entire German geostrategic centrifuge in Europe.

Thatcher vs. Germany

Margaret Thatcher mentions in her memoirs the danger that reunified Germany "would peacefully be able to achieve the continental domination which she had not achieved by war." As we see, for Great Britain *any* form of German economic-political presence outside its boundaries sets off alarm bells of the highest strategic danger, because it is likely to threaten the position of the British Empire, for which she had fought the Balkan wars and two successive world wars (which Britain itself provoked). When the ineluctable reunification of Germany became obvious—since the Gorbachov crowd then ruling Russia could do nothing to oppose it—Mrs. Thatcher featured as her fundamental political task, the "renewal of the anti-fascist coalition of the Second World War," the revived alliance of the United States, Soviet Union, Great Britain, and France, which with its unified forces was supposed to stop German reunification and keep continental Europe under the London oligarchy's super-

vision.

Mrs. Thatcher's exertion proved to be pointless and, indeed, unfulfillable. Despite having Bush and Mitterrand as her excellent collaborators, she beat her head against the wall of the changed world situation, where the political models of 1945 no longer fit. It became clear that the reunification of Germany was inevitable.

Even if the direct blow against what London saw as its central danger was not possible, perhaps it could be delivered in the "rimlands of danger." And thus the goal of paralyzing the spread of German influence could be achieved by roundabout means. In this context the old London client state of Serbia was activated, with the job of placing the distinctly German partners in the Balkans, Croatia and Bosnia, under its own possession, thus perpetuating British, or Anglo-Russian, supremacy in southeastern Europe and the Adriatic.

This is the primary reason for the war against Croatia and Bosnia, which began openly in 1991 and is still going on. Therein also lies the reason for the British intervention into this war. This is seen in the shameless pressures from such mediators as Vance, Carrington, Owen, and Stoltenberg, and Rose, Akashi and others, who for four years have been working to make sure that the Serbians do not suffer a military defeat. Recently one of Croatian President Franjo Tudjman's chief advisers, Hrvoje Sarinic, said in a leading Croatian daily that Serbia must derive some use from all that has occurred. That is, instead of a "Greater Serbia" to be carved out of the larger part of Croatia and Bosnia, as originally planned, according to Mr. Sarinic a "small Greater Serbia" would be created from somewhat smaller areas of Croatia and Bosnia. It goes without saying that this "minimalism" is being mooted by the closest British confidant in Croatia, and this shows the plan of the present "Contact Group."

The heroic resistance of the Croatian and Muslim people against Serbian aggression has shown Serbia's protectors in East and West that Serbia cannot be the military victor who dictates the peace conditions, as London originally wanted. At this very moment, in which Serbia faces a possible total military defeat, the "Contact Group" is pushing for a general "peace process" and trying to keep something of the original plan: the drastic shrinking in territory of the Bosnian state, the amputation of a part of Croatia, and, on top of all that, the maintenance of the Milosevic regime in Belgrade.

For the designers of the present war it is extraordinarily important that the Serbian regime not be impugned as criminal and fascist and led before an international tribunal, but that it keep the basis of legitimacy. Only in this way can the Serbians be kept on as agents of British interests in the Balkans. That is why there is an alleged conflict between Milosevic and Radovan Karadzic at the level of the "Contact Group." The guilt for all Serbian crimes will be shoved off on Karadzic and his commanding officer, and the Belgrade dictator Milosevic, one of the greatest war criminals of our times, will be given the chance to wash his hands in inno-

cence and build up his image as a "peace maker."

Germany's weak Balkans policy

I promised to speak about the role of German policy in the context which has been described. Unfortunately I must state that present German foreign policy is not adequate to the historical situation nor, if you will, to its moral challenge. It seems to me that Germany is being pushed into the immoral doctrine of "balance of power," about which the old Nazi collaborator Mitterrand speaks, as the criterion of its political posture vis-à-vis the war against Croatia and Bosnia.

It is clear that Great Britain and some other countries today, on purely selfish grounds, want to resurrect and maintain the postwar atmosphere. That means: Germany as an economic giant, but a political dwarf, which may not swerve too much from the Anglo-Saxon orientation. This artificial climate of "victor" and "loser" in World War II—as if the war had ended yesterday and not 50 years ago—is reflected in the Croatian example, where German politicians regularly line up on key questions of policy with the Anglo-Saxon mediators.

One of the major backers of the so-called Vance Plan for bringing Unprofor troops into Croatia, was also, sad to say, Hans-Dietrich Genscher. The former German foreign minister, who earned merit around the recognition of the Croatian state, did not sufficiently draw the right conclusions to oppose the Anglo-Saxon conditions on recognition, according to which Croatia would be split into a Croatian and a Serbian part. In that regard, the statements of the present German Foreign Minister Klaus Kinkel do not differ in any essential respect from the postures of Great Britain, France, or Russia, countries which see the criminal Serbia as the main custodian of their interests in the Balkans.

Foreign Minister Kinkel was briefly in the Croatian capital, Zagreb, where he gave the Croats a lecture that they should at all costs not get into a new war to free their country. But he neglected to mention by what peaceful means Croatia can be freed. All the "peaceful ways" that the United Nations have imposed on Croatia and Bosnia, have proved to be euphemisms for the political protection of Serbian conquest and the rescue of the Milosevic regime, which may today be the only official national socialist regime in the world.

This sanctimonious "peace" in Croatia and Bosnia is being demanded by actors, who are unable to agree on their own interests and hence at least want to fix in writing the status quo, even at the price of elementary human ethics and Christian morals. This "peace" is only the first phase of a new, even bloodier war with more serious results in the foreseeable future, which will not remain confined to the Balkans. Those who long to feed the Serbian Moloch with territories of Croatia and Bosnia, so that western philistines can sleep peacefully, must, if they even have a scintilla of political responsibility in the face of history, reckon on the consequences of such a "peace."

International Intelligence

More Britons tar the House of Windsor

"Britain increasingly resembles a car with a new engine but an ancient and rusting body. As with the car, the problem can only get worse." This is how the London *Independent*, in its lead editorial on Oct. 8, described the corrosive effect on Great Britain of the British monarchy. As *EIR* reported last week, the latest sex scandals concerning Princess Diana have triggered an outpouring of anti-Windsor commentaries in the press.

The *Independent* charged that the recent Labour and Liberal Democratic Party annual conferences, with all their debates on issues, have been totally superseded by "the most important development of recent years," which is "all about the House of Windsor." The newest scandals have only underscored "the endemic character of its present crisis," and will "further weaken its standing in the country." The mood among Britons now is, in the vast majority, that Prince Charles should never be allowed to become British monarch, which raises questions about the fate of the royal house in the post-Elizabeth II era.

"The monarchy no longer enjoys unconditional support and esteem," the *Independent* commented. "Its long-term future is impossible to predict with certainty." This reflects certain "changing cultural mores" in the United Kingdom, but the "royal trauma" goes far beyond this. It is a "crisis of national identity," of the very notion of "Britishness," which the monarchy has always heretofore embodied. Britain is faced with the crisis of the "outdated and ossified nature of the national institutions" that purport to represent the country.

Beijing's maneuvers cause alarm in Taiwan

The People's Republic of China completed its largest-ever war exercises in the South China Sea and simultaneously in the Taklimakan Desert at the beginning of October.

The show of force of the rapidly growing Chinese Navy included 50 large warships and a full deployment of fighter and bomber planes, with 10,000 officers and men. The exercise was led by He Pengfei, the son of Marshal He Long.

People's Liberation Army ground and air forces participated in the Xinjiang exercises, the first of their kind. Lanzhou Military Region Commander Liu Jingsong told reporters that the PLA was participating in "air-land exercises in this ancient desert, simply because the Gobi-type desert terrain, which was quite beyond reach of any armies and was avoided in past wars, has become an arena for contention in high-tech warfare today and in the future." Xinjiang borders the increasingly unstable Central Asian Republics, and is the home of a large number of the Muslim nationalities.

Taiwan stepped up its state of alert in response to Beijing's maneuvers in the Taiwan Straits, Air Force Commander in Chief Tang Fei said on Oct. 6. Beijing's "Shen Sheng 94" exercise off the coast of Fujian Province follows its large-scale "East Sea Four" maneuvers in September, held in the Taiwan Straits between Taiwan and the Mainland.

"Besides military implications, there are obvious political implications to holding so many exercises in a year," Tang said.

The previous week, Taiwan held its biggest military exercise in a decade, where it showcased its locally designed Indigenous Defense Fighter aircraft. Taipei has agreed to buy 160 M-60A3 tanks and 150 F-16 fighters from the United States and 60 Mirage fighters from France, in an attempt to counter the Mainland's military strength.

Who is lying about Colombia's drug mafia?

Juan Gossain, the news director of the Colombian radio chain RCN, issued a challenge on Oct. 6 to Colombian President Samper Pizano, demanding that he sue former U.S. Drug Enforcement Administration (DEA) chief in Bogotá Joseph Toft, to find out "who is lying."

The week before, Toft gave an interview to Colombian reporters, in which he charged Samper Pizano, and his predecessor César Gaviria (now secretary general of the Organization of American States), with being stooges of the drug cartels and described Colombia as a "narco-democracy," infiltrated from top to bottom by the drug mafia. (See the *Andean Report* in last week's *EIR* for the full story.)

Gossain says he is sick of all Colombians being tainted by the "narco" brush and, as the representative of the Colombian nation, Samper has a responsibility to defend his country's honor. "Enough of lukewarm communiqués!" writes Gossain to Samper. "We ask, in the name of the decent people of Colombia, that you bring suit, to know if Mr. Toft is telling the truth, in which case those guilty of corruption must resign. If Mr. Toft is lying, the courts should put him behind bars. But no more lukewarm communiqués, no more silence. . . . If you have nothing to fear, Mr. President, then act!"

Azerbaijan declares state of emergency

Azerbaijan's President Geidar Aliyev imposed a state of emergency on Oct. 3 and sent tanks into the streets of his capital, after special Interior Ministry police, known as the OPON, seized the general prosecutor to demand the release of jailed colleagues.

Aliyev said the seizure of General Prosecutor Ali Umarov, who was freed after being held overnight by a 100-man unit of OPON forces, amounted to a "coup d'état." The OPON troops withdrew to their base in a suburb of the capital, Baku, and exchanged fire briefly with government forces, Reuters reported.

Russian news agencies linked the incident at the prosecutor's office to a row between Interior Minister Ramilk Usubov and his sacked deputy, Rovshan Javadov.

Aliyev urged the OPON troops to surrender their arms. But Javadov defied the order as he spoke from inside his headquar-

Briefly

ters: "The President is surrounded by corrupt people who've pushed our country to the brink of civil war. We want the convening of an extraordinary session of parliament," Javadov told Reuters.

He said he had objected to the arrests of three OPON members on suspicion of involvement in the killings the week before of deputy parliamentary chairman Afiyaddin Jalilov and Aliyev's security chief, Shamsi Ragimov.

Javadov called for the resignation of the general prosecutor and interior minister, demands rejected by Aliyev. He did not make clear what he intended to do next.

At least 15 T-72 tanks were parked in the backyard of Javadov's headquarters. Several hundred OPON troops remained holed up inside. About 20 busloads of government troops watched the base from just up the road, but did not interfere.

"Aliyev is mad. He's Russia's man," said a young OPON soldier quoted by Reuters. "There'll be civil war if he doesn't meet our demands."

Mexico City archdiocese defends Samuel Ruiz

A communiqué issued by the Roman Catholic Archdiocese of Mexico City, published in the daily *Excelsior* on Oct. 10, defends Samuel Ruiz, the bishop of San Cristóbal de las Casas, saying that he has been accused of being the ideologue and leader of the Zapatista National Liberation Army (EZLN).

The statement singles out for attack the Ibero-American Solidarity Movement (MSIA) and Lyndon LaRouche. It lies that the MSIA, which it describes as a group of "integristas," was behind death threats directed at the Jesuit Order and was responsible for recent raids on a center for spiritual exercises in Guerrero. "Apparently, fascism and integrism are again in vogue not only in Europe but also here in America," the statement adds. It lies that the movement founded by Lyndon LaRouche, "which has extended into Latin America, has established links with right-wing military sectors

with fascist tendencies, guided by Tradition, Family, and Property."

While claiming that the entirety of the church is under attack, the archdiocese statement reflects hysteria from radical Theology of Liberation circles over the MSIA's effective exposure of Samuel Ruiz's role in subverting Mexico.

The same issue of *Excelsior* also reports that Cardinal Pio Laghi, the Vatican's prefect for the Congregation of Catholic Education, sent a letter last May to the provincial of the Jesuit Order in Mexico, José Morales, announcing that an "apostolic visitor" will be assigned to inspect the operations of 16 Mexican institutes and religious seminaries run by advocates of Theology of Liberation. The purpose of the visitor's trip will be to determine whether the doctrine taught at these centers is in accordance with the evangelical guidelines dictated by Rome.

According to *Excelsior*, the Vatican has decided that the bishop of Zacatecas and president of the Commission on Doctrine, Javier Lozano Barragan, will be the Holy See's official visitor. Lozano Barragan is known as a hardliner against the EZLN and the Theology of Liberation.

German parliamentarian: Lift embargo against Iraq

Hans Stercken of the Christian Democratic Union, head of the German parliament's foreign policy committee and an ally of Chancellor Helmut Kohl, played down the threat of a new war against Iraq and called on the United States to end the sanctions, in an interview with a German radio station on Oct. 10.

"I do not see a new Gulf war looming," he said. "I have the impression that Iraq wants to demonstrate its strength to the world to force an end to the sanctions.

"What has happened in Iraq [due to the embargo] is terrible. . . . My French friends, the Turks, the king of Jordan, and many others I have spoken with cannot see any political sense in the sanctions any more. They all assume that the reasons are more commercial than political."

● **PANAMA'S** Legislative Assembly voted on Oct. 6 by a wide margin to constitutionally prohibit the nation from having an Armed Forces, permanently. "The law allows for the training of police forces to defend Panama in case of foreign aggression," says Reuters (with a straight face). Panama is now the second country in Ibero-America, after Costa Rica, to eliminate its own defense capability.

● **SIR EDWARD HEATH**, former prime minister of Great Britain, called for direct American and British talks with Iraq's Saddam Hussein. The London *Guardian* of Oct. 10 quoted Heath: "If you send an ex-President over to North Korea to sort that one out, and send the ex-President to Haiti to try to sort that one out, why can't the Americans and British arrange to have face-to-face talks?"

● **MIKHAIL GORBACHOV** has launched an attack against Russian President Boris Yeltsin, accusing him of acting like a dictator. In an interview with the weekly newspaper *Moscow News*, Gorbachov said that the Yeltsin era is beginning to resemble the Soviet Union's "stagnation" period in the final years of Communist boss Leonid Brezhnev.

● **AGENDA-PERU**, a Lima group, has been invited to Canada by the Canadian Governability Institute and the North-South Center to speak on its methods of promoting "participation" by all social sectors in solving the country's problems. The methods involve sensitivity groups and brainwashing sessions, which focus on ethnic and cultural "diversity," a justification for separatism.

● **JACQUES DELORS**, the outgoing president of the European Commission, may run for President of France in the next election on the Socialist ticket. In an interview with the daily *Libération* on Oct. 12, he said that he would make an announcement on Jan. 6. Delors is the author of a "White Book" on European infrastructure development.

British Mideast subversion also aimed at Clinton

by Edward Spannaus

The renewed crisis in the Persian Gulf, which surfaced around the reported Iraqi troop movements on Oct. 7, has little to do with Iraq as such, but comes in the context of British efforts to destabilize Saudi Arabia, and to derail the Middle East peace process.

This also meshes with British efforts to bring down President Bill Clinton, as Lyndon LaRouche stressed in his weekly interview with "EIR Talks" on Oct. 12.

"London believes," LaRouche said, "that if it can destabilize the Middle East, for example by getting the United States involved in military actions to tighten up the situation around Iraq, that that will bring down Clinton." It could happen that way, LaRouche said, because if Clinton were to get involved in something like what George Bush did against Iraq, the entire Clinton policy structure could collapse. "He's already in trouble because of the way this Haiti business is going," LaRouche added.

How to look at it

To understand what's going on with Iraq, LaRouche insisted, you can't just look at the isolated issues, or the pieces. "Look from the top down. See what the overall global issues are, how they intersect the 'Crossroads of Civilization' called the Middle East; look then at the oil issues. Look at the conflicts between London and the United States over oil, over deals with Saudi Arabia, including weapons deals. Take it from the top down," he cautioned, "otherwise it becomes a bit muddled."

LaRouche began his discussion of the Middle East by noting that the whole global financial and monetary system is headed toward a crash. "There is going to be a collapse now, but whether a blowout's going to occur, is another question. It could be postponed till next spring, or it could be

put off, for various reasons, for a year or so," he said.

Then, looking at Saudi Arabia, LaRouche first pointed to the longstanding conflict between certain U.S. interests and British interests, over who is going to get the greatest benefit out of the Gulf region petroleum flows. "This is the key to the whole Iraq situation," he said.

Within Saudi Arabia, there is a division, with one faction of the Saudis under the influence of British intelligence. "I don't mean MI-5 or MI-6," LaRouche interpolated. "I mean *real* British intelligence, up at the royal level."

Then, there is a pro-American faction on the other side. All this has now come to a head. "The Saudis are in serious trouble," LaRouche said. "The British have orchestrated a religious movement for destabilization of Saudi Arabia. They have done it against, presumably, the American interests. There is also a liquidity crisis. Because of the collapse of the world economy, there is less consumption of petroleum product, and the price of petroleum is dropping. Therefore, the Saudis are in trouble."

Indicative of what the Saudis are facing, is reported in an article in the Oct. 8-14 issue of the London *Economist* entitled "Challenge to the House of Saud"—which was written before the current Iraq crisis emerged. "Squeezed between debt, an unusually outspoken Islamic opposition and a looming succession problem, the insulated kingdom could be beginning to show signs of pre-revolutionary stress," said the London magazine.

The article contends that the Saudi regime "is rattled by the new surge of Islamic dissent." The *Economist* stated that the Islamists are not "organized as a revolutionary force," but they do hope to take advantage of good timing. With the regime being short of money and unable "to keep its people happy in the way that they have grown accustomed to," the

article continued, the succession "is no longer as simple as it was. King Fahd and Crown Prince Abdullah are both in their 70s; at some point the crown should pass to grandsons. The question is at which point. The answer could split the family."

A number of sources have also told *EIR* that the Saudi succession issue is key to what is happening around the Persian Gulf right now, particularly in light of British efforts—using BBC and their "Islamic fundamentalist" assets—to reenact in Saudi Arabia what they did to set up the fall of the Shah of Iran in 1979.

The issue of Iraq, therefore, has to be seen, first, in the context of the British destabilization of Saudi Arabia and its looming succession crisis, and then, secondarily, in the context of oil. "The London crowd does not want Iraq's oil being sold on the world market, at a time that the prices of petroleum, which are controlled, are already depressed," LaRouche said.

It would be greatly advantageous from the British point of view, and especially the City of London point of view, "if the entire Middle East were to suffer a small war or destabilization to cut down the flows of oil from the Gulf, because this would immediately increase the income flows from Britain's possession of North Sea oil."

Mideast peace is threatened

But, LaRouche emphasized, the specific, immediate issue in the Middle East is the question of the Rabin-Peres efforts for Middle East peace.

"The question of whether we're going to get peace in the Middle East, depends upon the success of economic development coming out of the political cooperation for this purpose, between the Rabin-Peres government, and Arafat's PLO; and, also, cooperation with Jordan," LaRouche continued.

"In order for this to succeed, Israel and the other states immediately involved in this peace effort must secure stable political relations with their Middle East neighbors, a stability which hangs basically upon Israel's relations with the Palestinians around Arafat, but also includes, ultimately, the stability of Iraq."

But, what is happening to Iraq? "Iraq is being destroyed by a kind of U.N. Organization genocide. That's the only thing to call it," LaRouche insisted. "Don't call it 'sanctions.' That's double talk, that's immorality. What's going on are 'sanctions' which are depriving the Iraqi people of food and medical care.

"The Iraqis, who have built up their infrastructure again, because of the *lack of food*, because of the *lack of medicine*, because of the *high death rates*, the shrunken children, all these problems, are in a desperate situation.

"Some people in Europe and elsewhere say this is insane, this is immoral. You cannot continue the sanctions against Iraqis, because it's *genocide, pure genocide*, just like the United Nations Organization is running against the Bosnians

in former Yugoslavia. It's genocide; and the UNO is running *genocide*. They're running it in Iraq, they're running it in Bosnia. And the United States thus far, for various kinds of political reasons, set into motion by Thatcher and Bush, has not gotten off that kick."

Now, LaRouche said in completing his analysis of the Middle East situation, "Israel has reached the point that it requires stability on that flank, for the sake of Middle East peace. Everybody in the Middle East requires that stability."

A number of well-informed sources have advised *EIR* that the Israeli government views the stability of Iraq as critical for the success of the overall Middle East peace process. Israeli officials are said to fear that if Saddam Hussein were to be overthrown, within a year or two, an Iranian-backed radical Islamic fundamentalist regime would come to power in Baghdad. This would pose a far greater threat to Israel and stability in the region than any threat represented by Saddam Hussein.

Many sources have reported that there have been secret Israeli-Iraqi contacts in recent weeks. Some exposure of the contacts came from British sources determined to squelch such potential cooperation.

Other ongoing channels of negotiations involve the French and the Russians, who are openly campaigning for an end to the embargo. There was also considerable sentiment within the Clinton administration in late summer for a lifting of the embargo—or at least not to block such a lifting—but this dissipated, under considerable pressure from Britain and elsewhere, during September and early October.

Clinton's response

President Clinton has so far avoided the most treacherous elements of the trap being set for him by the British. It is important to note that the exaggerated and almost-hysterical reports of Iraqi troop movements all initially came out of London, and U.S. officials were compelled to react to the wild claims being disseminated by CNN and other news media—claims, for example, that there were "80,000 Iraqi troops" about to cross the Kuwaiti border. In fact, according to the Pentagon, there were about 50,000 Iraqi troops *already* in the Basra area, and only another 14,000 moved into the area, for a total of 64,000. At all times, these Iraqi troops were at least 20 to 30 miles from the Kuwaiti border.

Fortunately, the immediate Iraq crisis appears to have been diminished without any bloodshed or loss of life. On the morning of Oct. 13, Gen. J.H. Binford Peay, commander-in-chief of the U.S. Central Command, said that "we have defused the crisis," but noted that the crisis "is not past."

Despite the acknowledged withdrawal of Iraqi forces from the Basra area, U.S. troops continued to be deployed into the Persian Gulf area—albeit at a somewhat slower pace than planned. Much of the air power and a portion of the ground troops will be stationed in Saudi Arabia, according to the Defense Department.

LaRouche's design for U.S. policy could still save Russia from disaster

by EIR Staff

The precipitous collapse in the value of the Russian ruble in recent weeks—a 25% fall on Oct. 11 alone, and a 50% fall in the previous six weeks—has brought that country's financial and economic crisis to the point of explosion, underscoring the urgent need for a change in policy. Asked about this in a radio interview with "EIR Talks" on Oct. 12, Lyndon LaRouche replied, "No Russian change in policy will work, if it does not overturn, resist, demolish the present International Monetary Fund conditionalities for Russia." Without such a change, "all kinds of bloody and other political explosions" are to be expected.

Will the Clinton administration draw the necessary conclusions? Six years ago, on Oct. 12, 1988, LaRouche gave a press conference at the Bristol Kempinski Hotel in Berlin, outlining the essential features of a proposed U.S. policy toward what was then still the Soviet Union, and forecast the early reunification of Germany. That forecast, which some greeted skeptically at the time, proved prophetic, as less than a year later, on the night of Nov. 9-10, the Berlin Wall came down, leading to the reunification of Germany on Oct. 3, 1991.

The recommendations LaRouche made in that 1988 speech are as timely now as they were then.

Food for Peace

LaRouche emphasized that the Soviet bloc had entered into a worsening economic crisis in every respect, including especially a growing food shortage, as a result of foolish economic policies which had cut food production worldwide. He reported that no amount of restructuring or western credits, by themselves, could reverse the downside of the Soviet and eastern European economies over the coming period. LaRouche emphasized that as soon as Moscow recognized this economic fact, it would be forced to consider new options, and might consider seriously the new U.S. policy which LaRouche was submitting to the next U.S. administration.

In order to avoid general war between the powers, LaRouche said, we must maintain our military strength and political will in the face of continuing threats of Soviet adventures, while also following the advice of Nicolò Machiavelli:

"We must always provide an adversary with a safe route of escape. . . . We must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible effects of their economic suffering."

As an example of such economic diplomacy, LaRouche proposed that nations act to ensure that at least 2.4 billion tons of grain be made available worldwide for each of the coming two years. This would require "scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that."

"I shall propose the following concrete perspective to my government," LaRouche continued. "We say to Moscow: 'We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the people of the Soviet bloc nor the developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.'"

"Let us say that the United States and western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government; but only a kind of 'Marshall Plan' aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for western cooperation in assisting the rebuilding of the economy of Poland."

Russia has always admired German science and industry, if sometimes with bitter envy and resentment, LaRouche pointed out. "If western Europe and the United States work together on this, we could do the job for Poland's economy. It could be a step toward winning Moscow over, perhaps over two generations or so, but what of it? Building the foundations of future peace is worth working to achieve over time. . . ."

"That was Machiavelli's wisdom: Always give an adversary a safe route of escape to survival. If the adversary accepts that as our real intention, and is not utterly evil, it is possible

to win those conflicts which are the cause of wars.”

Those were LaRouche's recommendations. But the following month, George Bush was elected President of the United States; far from accepting LaRouche's offer, he jailed LaRouche in January 1989 (LaRouche had been convicted in a political railroad trial on Dec. 16, 1988), then teamed up with Britain's Margaret Thatcher to try to block German reunification and to impose International Monetary Fund (IMF) conditionalities and free-market looting on eastern Europe and Russia. Bush, who had sneered that he would not be “dancing on the Berlin Wall,” refused to attend the ceremonies celebrating German unification.

In the chronology that follows, we document some highlights of the 20-year fight for the LaRouche policy perspective, including LaRouche's program which became known as the Strategic Defense Initiative. We show how the Berlin program emerged, and how LaRouche's enemies responded.

Chronology of Events

1975: The Defense Intelligence Agency's Lt. Gen. Daniel Graham mobilizes to stall adoption of Air Force Intelligence chief Gen. George Keegan's report of Soviet technological developments pointing toward work on use of new physical principles in ballistic missile defense.

Fall 1977: In a published article, LaRouche, writing from Wiesbaden, Germany, endorses General Keegan's study on failure of the Pugwash Conference's policy of Mutually Assured Destruction (MAD).

August 1979: Democratic U.S. presidential precandidate LaRouche releases a campaign statement outlining a proposed policy later to become known as the Strategic Defense Initiative (SDI).

February 1982: LaRouche is featured in a two-day Washington, D. C. seminar outlining need for a new doctrine of relations between superpowers to replace MAD. This conference is attended by officials from the U.S., Soviet, and other governments, as well as other specialists. Unknown then to all but a handful of U.S. and Soviet figures, this seminar launched the LaRouche back-channel negotiations with Moscow leading into President Reagan's adoption and promulgation of what was to become known as SDI.

Summer-Fall 1982: General Graham campaigns, actively denouncing LaRouche's proposal for what later becomes known as SDI. From October-November on, Graham expands attacks against Dr. Edward Teller who had made public proposals paralleling LaRouche's earlier public statements on ballistic-missile defense.

August 1982: Former Secretary of State Henry Kissinger writes “Dear Bill” letter to FBI Director William Webster, demanding special operations against Lyndon H. LaRouche, Jr.

Oliver North and cronies such as Kenneth DeGraffenreid inside the National Security Council and Roy Godson, campaign against LaRouche's work on what is to become known as SDI.

January 1983: Kissinger crony and Oliver North patron Edward Bennett Williams joins other Kissinger “favorites” inside the President's Foreign Intelligence Advisory Board (PFIAB), issuing a finding, on Kissinger's instigation, which launches a covert operation against LaRouche under terms of Executive Order 12333.

February 1983: The Soviet representative to the back-channel negotiations, Yevgeny Shershnev, reports back to LaRouche from Moscow. Moscow agrees with the soundness of LaRouche's strategic analysis and on economic benefits to be derived from cooperation in developing ballistic-missile defense based upon “new physical principles,” but will reject cooperation with the United States on the grounds that the U.S.A. would come out on top in any cooperation on a “crash program” to develop such “new physical principles.” Also reported: Moscow's Andropov government has been assured by high-level U.S. Democratic Party circles, that these Democrats have a fix inside the White House, ensuring that LaRouche's proposals never come off President Reagan's desk. LaRouche requests that Shershnev advise Moscow, that should Moscow reject such a Reagan offer, and try a “go-it-alone” approach to ballistic-missile defense, the Soviet bloc economy would begin to crumble within “about five years.”

March 23, 1983: In the concluding portion of that night's nationwide TV address, President Reagan publicly confirms LaRouche's back-channel proposal under the rubric of “Strategic Defense Initiative.”

Late March 1983: Lt. Gen. Daniel Graham does about-face, claiming that SDI was his idea all along. However, Graham insists that modern technology not be used for this purpose. He insists upon his “High Frontier” version of ballistic-missile defense, a version which relies entirely upon technologically obsolete 1962 interceptor rocket (“kinetic energy weapons”) technologies.

April 1983: Under the terms of the E.O. 12333 operation against LaRouche authorized by PFIAB in January, London-controlled New York banker John Train convenes the first of a series of meetings in that city for the purpose of directing and coordinating a “Goebbels-style” national news-media “black operation” against LaRouche, in order to seek his prosecution and conviction on concocted charges of some yet-undetermined kind. Included are representatives of NBC-TV, *Reader's Digest*, the official U.S. intelligence community (e.g., Roy Godson), the Anti-Defamation League (ADL), and others.

Summer 1983: Under heavy pressure from Washington, the Heritage Foundation-linked Lt. Gen. Daniel Graham and Dr. Edward Teller “bury the hatchet” and “smoke the peace-pipe.”

Fall 1983: Lt. Gen. Daniel “Forked-Tongue” Graham

induces Dr. Edward Teller to write a letter attacking LaRouche for LaRouche's attacks upon Graham. Graham fraudulently gives national circulation to a cropped version of this Teller letter, attached to a cover-letter by Graham himself. The cropped version of Teller's letter eliminates the paragraph in which Teller disassociates himself from Graham's policies on missile defense. LaRouche exposes Graham's fraud against Teller; Graham slinks out of public limelight on SDI issue.

January 1984: NBC News launches the first volley of the John Train salon's "black propaganda" assault on LaRouche. Soviet propaganda machine coordinates closely with Train salon, NBC-TV, and the ADL in these January-March 1984 "black propaganda" operations.

Aided by flagrant perjury by NBC-TV's Pat Lynch, a libel suit against the ADL and NBC-TV is fixed for defendants NBC and ADL through pressures upon Fourth Circuit trial judge. Fixing of federal libel trial is followed immediately, with NBC-TV key involvement in setting up criminal targeting of LaRouche et al. by Bush-linked Boston U.S. Attorney (later, Massachusetts governor) William Weld.

July 1985: *EIR* publishes a Special Report, titled "Global Showdown," warning of implications of a Soviet "go-it-alone" policy on strategic defense, and including a re-statement of the earlier, 1983 warning of a probable collapse of Soviet system economy about 1988.

February-October 1986: Coordinated, E.O. 12333-linked attacks on LaRouche et al. by Train news-media salon, Soviet intelligence services, ADL, U.S. and Virginia prosecutors, and Soviet press. (a) February: Weld assembles multi-jurisdictional, state-federal concert of action, linked to Train salon operations, in Boston. (b) East German intelligence services, working closely with the ADL, prearrange use of assassination of Sweden's Prime Minister Olof Palme to set up LaRouche as diversionary target of blame, serving also to divert attention away from Oliver North-linked circles in international drugs and weapons-trafficking, who otherwise would be seen as prime suspects. (c) March 18, 1986: NBC-TV and *Washington Post*, in close collaboration with ADL, publish East German intelligence service "black propaganda" story against LaRouche, using this story as a leading part of a financial warfare operation against LaRouche-linked operations throughout the spring and summer of 1986. (d) July-October 1986: Soviet leading press conducts the most massive, continuing press attack that government had ever launched against any private non-Soviet personality in Soviet history, demanding that the Reagan administration prove its good faith on upcoming summit negotiations by proceeding to imprison LaRouche on "financial charges." (e) Oct. 6, 1986: On eve of Reykjavik summit, William Weld, in concert with Commonwealth of Virginia, launches 400-plus-man assault on headquarters of LaRouche-related organizations in Leesburg, Virginia. (f) LaRouche representatives at Reykjavik say that SDI will be key issue of

Reagan-Gorbachov summit. Press generally rejects that, until close of summit, when Secretary of State George Shultz announces breakup of negotiations over Reagan refusal to scrap SDI.

Oct. 12, 1988: LaRouche delivers address on coming reunification of Germany in Berlin press conference, proposes that United States and others launch a massive reconstruction program eastward as soon as expected early economic collapse of Soviet bloc erupts. Video-recorded LaRouche Berlin address is presented within nationwide TV broadcast that same month.

Oct. 14: LaRouche is indicted by Weld concert of action in Alexandria, Virginia, almost 94 years to the day, following the indictment in the comparable Dreyfus case in France.

Autumn 1989: Approximately a year after LaRouche's prophetic "Berlin Wall" address of Oct. 12, 1988, the Soviet system is in the process of crumbling. However, as LaRouche had warned the National Security Council in an August report, and as restated in the July 1985 *EIR* "Global Showdown" report, the evidence collected in East Germany after the fall of the communist regime there showed that the Soviets were prepared up to the time the Wall fell, to launch a blitzkrieg assault taking over all of western Europe!

December 1989: From prison, LaRouche details the actions which must be taken to deal with the fall of the Soviet system in eastern Europe. This proposal, on which LaRouche worked by telephone, was widely circulated by his colleagues throughout Europe, and exerted significant influence on the thinking of many in relevant strata on both sides of the former East-West strategic divide. This proposal is known as the "Productive Triangle" report.

November-December 1989: Britain's Prime Minister Margaret Thatcher, and her virtual ventriloquist's dummy, U.S. President George Bush, take a geopolitical tack directly opposite to LaRouche's 1982-89 proposals. Mrs. Thatcher's crew shrieks hysterically, that the fall of the East German communist regime (which Thatcher and the ADL attempt to prop up even then) means that Germany, prospectively reunified, will become an economic superpower, a "Fourth Reich." Leading German officials pushing in directions opposite to Mrs. Thatcher's desires are soon either assassinated or eliminated from key positions in other ways. Thatcher and Bush unleash a policy of "conditionalities" and "shock therapy," intended to ensure that the economies of both Central Europe and the former Soviet bloc collapse, and stay collapsed forever.

As the threatened early collapse of the City of London and the coming fall of the royal House of Windsor suggest, the world that the Thatchers and Bushes would have built is about to vanish from this planet. The choice today is the policies for which LaRouche has been an embattled leading spokesman these past two decades, or, in the alternative, the chaos of a collapsed global monetary and financial system carrying the economy into the ditch with it.

American Legion demands museum whitewash Hiroshima bombing

by Carol White

The Smithsonian Institution's National Air and Space Museum has become a focal point of what is fast becoming a national scandal. A mounting pressure campaign led by the American Legion, with congressional support, is forcing museum administrators to transform an exhibit commemorating the end of World War II in order to fit a more comfortable view of how it came to pass that the United States dropped two atomic bombs on an already-defeated Japan. At issue are 1) whether or not an invasion of mainland Japan would have been necessary to bring the war to an end; 2) the actual estimate of casualties should such an invasion have occurred; 3) why Harry Truman decided in favor of dropping the bomb.

What is left out of the present controversy is the most important part of the whole story, which Bertrand Russell revealed in an article which he wrote for the *Bulletin of the Atomic Scientists* (Sept. 1, 1946): The decision to proceed with developing an atomic bomb was made by a group in Britain, led by Russell, to use the bomb as a terror weapon to coerce Americans and the rest of the world to accede to a world federalist dictatorship. Readers may wish to refer to our July 1, 1994 cover story, "British Geopolitics and the Atomic Bomb," co-authored by Lyndon LaRouche and Carol White, and a follow-up story, on July 29 by me: "Russell, Conant, and the Hiroshima Bombing." LaRouche wrote a more extensive treatment for the Schiller Institute's journal *Fidelio* (Fall 1994).

Why the bomb was dropped

It is useful to compare three statements: the opening paragraph of LaRouche's article in *Fidelio*; the remarks of American Legion National Commander William M. Detweiler, quoted in a National Air and Space Museum release, on Sept. 22; and Russell's most revealing admission of the uses to which the bomb would be put once its potentialities had been demonstrated.

LaRouche: "See in your mind's eye a B-29 bomber aircraft, called the 'Enola Gay,' flying to its hellish appointment, that horror-stricken summer's day in 1945. Why did the United States government drop the only two nuclear-fission weapons in its arsenal upon those two virtually defenseless population-centers in Japan? The U.S. government lied when it said this was necessary to save perhaps a million

or so U.S. soldiers' lives. Before the dropping of what quickly came to be described in awe-stricken tones as 'the bomb,' the Emperor of Japan was already negotiating surrender with the Truman government, through Vatican channels, on the same terms Japan's surrender was accepted after the bombs were dropped."

Detweiler: "More than anything else, our disagreements center on the estimate of the number of lives saved by the use of atomic weapons in 1945. Was it 30,000, or was it 500,000 potential invasion casualties? To the museum, this seems to be a matter of some significance, a matter of relative value to the decision. To the American Legion, the use of the weapon against a brutal and ruthless aggressor—who had vowed to fight and die down to the last schoolchild and was organized to do just that—to save 30,000 American lives was as morally justifiable as to use it to save half a million. In fact, for any government with the means to end the slaughter on both sides not to use those means would be morally indefensible." According to the museum release, the legion has threatened to force the exhibit to close, if it does not meet its approval, and, to quote Detweiler: "We want this exhibit to succeed, but we insist that it be accurate, that it present the service and sacrifice of America's veterans as the legislative charge to the Institution mandates, and that the role of the Japanese as the cause of the conflict be fully detailed. Failing that, we will not hesitate to exercise the options available to us to actively oppose the exhibit."

The American Legion has chosen to not address the salient, well-documented point, that the Japanese had been trying to use the good offices of the Vatican for at least six months to negotiate an end to the war which would not entail a summary abolition of the imperial dynasty. They had appealed to the Soviets in a similar vein. In any event, the invasion, were it to occur, was planned for no earlier than November (due to early fall weather conditions on the mainland). Why, then, was it necessary to bomb Nagasaki only three days after the Aug. 6 bombing of Hiroshima? Was Nagasaki bombing moved up from Aug. 10 to Aug. 9 to avert a *premature* unconditional surrender?

Russell: "It is entirely clear that there is only one way in which great wars can be permanently prevented, and that is the establishment of an international government with a

monopoly of serious armed force. . . . An international government, if it is to be able to preserve peace, must have the only atomic bombs, the only plant for producing them, the only air force, the only battleships, and generally whatever is necessary to make it irresistible. . . . The international authority must have a monopoly of uranium, and of whatever other raw material may hereafter be found suitable for the manufacture of atomic bombs. It must have a large army of inspectors who must have the right to enter any factory without notice; any attempt to interfere with them or to obstruct their work must be treated as a *casus belli*. . . . The international government . . . will have to decide all disputes between different nations, and will have to be bound by its constitution to intervene by force of arms against any nation that refuses to submit to the arbitration. Given its monopoly of armed force, such intervention will be seldom necessary.”

‘The Last Act’

The exhibit, planned to open next May in commemoration of the 50th anniversary of the end of the Second World War, has the title, “The Last Act—The Atomic Bomb and the End of World War II.” As originally planned, the exhibit would have explored some of the backdrop to the war of the Pacific, in the context of British and French imperialism in the region. A partial reconstruction of the Enola Gay would be on view. Background on the Manhattan Project, including the 1939 letter from Albert Einstein to Franklin Roosevelt, are included; and a photographic and video display on damage the bomb wrought. It would conclude with a discussion of the Cold War. In August, the museum announced that an additional “introductory unit” was being added, tentatively titled “The War in the Pacific: An American Perspective.” This has still not satisfied critics.

Over Oct. 9-10, the Sunday *New York Times*, and then the *Washington Post* weighed in with opinion columns taking opposite sides. Kai Bird in the *Times* gave a fair representation of the truth, in contrast to the version by Jonathan Yardley in the liberal *Post*, who does register some embarrassment about his strange bedfellows, but then jumps on the bandwagon, demanding that criticisms of the use of the bomb be expunged from the exhibit. The momentum behind the battle cry is such that efforts by the museum directors to propitiate their critics and revise the exhibit, to even knowingly falsely accede to the ridiculous estimate that 1 million lives were *saved*, have been to no avail.

Bird makes a competent case, indicting the lie that a million lives were saved by the bombings. He cites a number of sources who confirm that this was a complete myth concocted by Henry Stimson in the February 1947 issue of *Harper's Magazine*, in order to whitewash the atrocity. Furthermore, he rightly deplores the fact that the Smithsonian has begun to back down under pressure, which has gone to the point where the museum will remove more evidence that the Japanese were on the point of surrender, and publish

Stimson's lie as fact.

Bird points to numbers of historians who have refuted the lie that a million lives were saved by the bombings. Worst-case military estimates at the time were that only 46,000 lives would have been lost should an invasion have been necessary. More to the point, the Japanese were at the point of surrender. Bird cites entries from Truman's diary showing that he was well aware of this.

‘Japan would have surrendered’

The original exhibit contained an account of how Gen. Dwight Eisenhower had urged Secretary of War Stimson against using the bomb, for the reason that Japan was already defeated, but this anecdote has been removed from the exhibit under pressure.

According to Bird, J. Samuel Walker, chief historian for the U.S. Nuclear Regulatory Commission has written: “The consensus is that the bomb was not needed to avoid an invasion of Japan. It is clear that alternatives to the bomb existed and that Truman and his advisers knew it. . . . The hoary claim that the bomb prevented 500,000 American combat deaths is unsupportable.”

That Japan was ready to surrender before the bombs were dropped on Hiroshima and Nagasaki was also the evaluation by the U.S. Strategic Bombing Survey. In a 1946 report cited by Bird, the survey said: “Certainly prior to 31 December 1945, and in all probability prior to 1 November, 1945, Japan would have surrendered even in the atomic bombs had not been dropped, even if Russia had not entered the war, and even if no invasion had been planned or contemplated.”

Bertrand Russell, Leo Szilard, and Neils Bohr had already enlisted the support of Robert Oppenheimer and James Conant, well before the summer of 1945, in their determination that the bomb project continue to a successful demonstration of its power; and that this demonstration be carried out over a highly populated area in Japan.

As we have documented in *EIR*, not only were fears that the Germans planned to build their own nuclear weapon unsubstantiated, but this fact was known to the Allies in the early phases of the war. While the official justification for the Manhattan Project was to have an Allied deterrent to prevent Adolf Hitler from holding his enemies hostage by threatening to deploy his bomb against Britain, such thinking was never a determining factor in the deliberations of policymakers such as Roosevelt, Churchill, Russell, Stimson, or Conant. Whatever Roosevelt may have intended, for the others, the bomb was the preferred weapon to shape the postwar world in order to achieve their world-federalist nightmare of the future.

For Harry Truman, manifestly ill equipped to deal with the problems of shaping the postwar world, the possibility of “showing” the Soviets was too tempting for him to allow mere humanitarian considerations to deter him from using atomic weapons against the Japanese.

Hysteria may sink North's Senate bid

by Nancy Spannaus

"Loose lips sink ships," used to be a cautionary motto for the U.S. Navy, but it looks as though it might be required at the Oliver North for Senate campaign in Virginia. The candidate's statements in early October have increasingly gotten him into such hot water, including with his traditional constituency, that some pundits are beginning to say that he's on the way down. The more frenzied North gets, the more trouble he creates for himself.

The biggest error North made, began with his initial comment about President Clinton's military deployment to the Persian Gulf. "The hollow military that Bill Clinton has created with the help of [Senate incumbent] Chuck Robb has tempted despots like Saddam Hussein to go beyond where they know they should go," North said on Oct. 9. When Robb, Sen. John Warner (R-Va.), who is supporting North's independent opponent, and others challenged North's implication that the U.S. military had been so damaged that it couldn't stand up to the Iraqi military, North compounded the error. "Clinton is not my commander-in-chief," the Republican candidate quipped.

That comment brought down editorial attacks from all the major newspapers in the Norfolk and Richmond areas. Even the *Richmond Times-Dispatch*, the voice of the Virginia families who support North, criticized their hero. Their most trenchant prose went as follows:

"Some of Clinton's critics behave as though they would prefer that he fail when defending the country's vital interests. The administration's defense policies remain open to vigorous debate. But allowing rank partisanship and personal animosity to undermine any President's constitutional authority serves the nation ill."

Message delivered? It's hard to say whether anything is getting through to the high command of the North campaign at this point.

Thin-skinned, and then some

North was treated for psychiatric problems in 1974, after his return from Vietnam, and he refuses to release his medical records. Various military spokesmen familiar with his career have implied that those problems were responsible for his failure to be promoted to the rank of general.

Others, such as his Democratic opponent Sen. Charles Robb, have simply emphasized North's apparent inability to tell fact from fiction. Robb has referred to North's statements as belonging to the realm of "Ollie's world," but has stated that he is not speaking "clinically."

It is indeed the case that North lies almost compulsively, not only about major issues, such as his role in cocaine trafficking with the Contras, but also on the smallest of personal matters—like the history of his immigrant grandfather. Whether North is consciously lying about all these things is not known.

But what is clear is that North does not react well to being caught in his lies. He has been increasingly fumbling since an Oct. 4 appearance at a Northern Virginia high school, when he contradicted his own sworn testimony by saying he never lied to Congress. Chastised by his handlers, who told him only to answer questions on the subjects specified in advance, North took to flailing rhetorically against the President.

Unstated, but obviously related to North's hysteria, is the wide circulation of material on his Contras' cocaine trafficking, and other crimes, by the Defeat That Son-of-a-Bush Committee. The SOB Committee has been running up to 200 sixty-second spots per week exposing North's role with cocaine, and has circulated more than 500,000 pieces of literature on the subject. North's base is beginning to ask questions, and the former lieutenant colonel is trying to dismiss them. So far, only the protection racket being run by the major TV networks and other media outlets—which have suppressed the cocaine story—has prevented North from having to publicly face the music.

It won't work

Some strategists at the North campaign apparently think that they can evade the serious charges against their candidate as a liar and organizer of cocaine trafficking by the Contras, by simply identifying the charges as coming from Lyndon LaRouche. This is not likely to help him. Many populists in North's base actually support LaRouche's anti-establishment fight, but have been conned by North's slick and very well-financed propaganda barrage.

His press secretary Mark Merritt even went on Washington radio on Oct. 9 to claim that the political committee founded by opposition Republicans is run by LaRouche. "Quite simply, Woody Holton is a frontman for the Lyndon LaRouche political operation. I think it's time he owned up to it.

"There have been reports of Woody Holton and Clean Up Congress getting substantial funds from the Lyndon LaRouche organization, although it's not reported on their federal reports."

This is an absurd lie, but then, that's nothing new for the North campaign. What is new, is just how nervous the North camp has become.

Dope, Inc.'s Weld up for re-election

by William Ferguson

In August of this year, Massachusetts Gov. William Weld signed a compact with the Wampanoag Indian Tribe which will allow it to construct a \$150 million gambling casino complex in New Bedford. Weld's Democratic opponent in the November election, State Rep. Mark Roosevelt, attacked the agreement: "Bill Weld's headlong rush to welcome casino gambling contradicts his earlier position as U.S. Attorney that such a move would be a 'grave error' and would produce dramatic increases in crime and public corruption." For those who know Weld's true record, there is no contradiction.

EIR reported on the "Indian Casino Project" of the drug and dirty money cartel known as "Dope, Incorporated" in the Jan. 15, 1993 issue. For ten years *EIR* has documented William Weld's role as a leading government operative of Dope, Inc., the informal name for the worldwide financial cartel that profits from the spread of illegal, mind-destroying drugs. Weld's support for the New Bedford casino fits perfectly with his record as a protector of drug trafficking and drug-money laundering, and with his demonstrated contempt for the constitutional rights of those opponents of drug traffic whom he has targeted for prosecution, most notably Lyndon LaRouche and his associates.

Jeffrey Rebello, the "LaRouche Was Right" candidate for governor, at the press conference launching his campaign, denounced Weld as a "Tory aristocratic traitor," and outlined Weld's sordid history as described in *EIR*'s best-selling book, *Dope, Inc.*

Tory treachery

Here is a brief summary of Weld's crimes:

- Bank of Boston case. In February 1985, the Bank of Boston was found to be in violation of federal currency reporting laws in 1,163 transactions totalling \$1.2 billion in cash, involving nine foreign banks, including Cr dit Suisse, a bank tied to the blueblood Weld family firm, White Weld and Co. U.S. Attorney Weld allowed the Bank of Boston to pay a \$500,000 slap on the wrist fine, in a case which Assistant Secretary of the Treasury for Enforcement John Walker described as "a classic case of drug-money laundering."

Those violations were discovered during an investigation of the bank's suspected laundering of millions of dollars for the Angiulo organized crime family, for which Weld also refused to prosecute the bank.

- North's cocaine dealing. As head of the Criminal Divi-

sion of the Justice Department, Weld prevented an investigation into charges that cargo planes being used in Lt. Col. Oliver North's Contra operations were also shipping cocaine into the U.S., charges that were later confirmed by numerous sources, but never the subject of prosecution.

- Burns coverup. Weld intervened to preempt a tax-evasion prosecution of Associate Attorney General Arnold Burns, who had been the attorney for Sterling National Bank, the New York garment center money laundry founded by the Meyer Lansky mob syndicate, and the official bank of Dope, Inc.'s Anti-Defamation League of B'nai B'rith. Burns set up 15 multimillion-dollar tax shelter corporations which were all linked to the Israeli spy ring that deployed convicted spy Jonathan Pollard. Weld's protection helped Burns secure the post of Deputy Attorney General, where he took over all cases related to Pollard's espionage.

- The LaRouche case. In 1984, U.S. Attorney Weld launched the Justice Department witchhunt that was aimed at destroying the political movement of economist and statesman Lyndon LaRouche, who in 1978 had commissioned the first edition of the book *Dope, Inc.* and helped found the National Anti-Drug Coalition. Weld ordered the 400-man raid on LaRouche's affiliates in Leesburg, Virginia, which included a tactical unit deployed to assassinate LaRouche. The Boston LaRouche case ended in a mistrial requested by the prosecution, as government documents surfaced which proved that Oliver North and Richard Secord were running covert operations against LaRouche, prompting the presiding judge to order a search of George Bush's personal files for evidence relating to the case. The jury told reporters that they would have acquitted all defendants on all charges. Weld's Boston prosecution did, however, set the stage for the "double jeopardy" federal trial of LaRouche and associates in Virginia, which led to their imprisonment, as well as the Virginia state prosecutions which have five of LaRouche's colleagues imprisoned to this day.

Bestial agenda

In addition to this filthy record, Weld has acquitted himself in his first term as governor of Massachusetts by implementing an agenda of bestiality—seeking to restore capital punishment (illegal in Massachusetts), to cut off minimal welfare support to the indigent, and to institutionalize recognition for same-sex liaisons.

While Massachusetts Democrats are only putting up a lackluster challenge to Weld, the Rebello for Governor campaign reports that it is preparing a reprint of a dossier which appeared in the *New Federalist* earlier this month, entitled "The Dope on Weld," for mass distribution in the Boston area. Because William Weld, the great-great-great-nephew of opium merchant William Fletcher Weld, is being touted as a contender for the 1996 Republican nomination for President, the choice Massachusetts voters make on Nov. 8 will be of national significance.

Where McFarlane misses the boat

by Edward Spannaus

Special Trust

by Robert C. McFarlane and Zofia Smardz
Cadell & Davies, New York, 1994
399 pages, hardbound, \$25

The first part of this review, published last week, concerned Robert McFarlane's assessment of Oliver North, who was a staffer at the National Security Council while McFarlane was deputy assistant for national security affairs (1982-83), and then assistant to the President for national security affairs (1983-85).

Here we will look at a few other aspects of McFarlane's government career, which began as a second lieutenant in the Marine Corps in 1959, included service in Vietnam, and then alternated between the military and the White House, until his resignation as national security adviser in December 1985. In 1973, McFarlane became an assistant to Henry Kissinger in the Nixon White House. The fundamental problem with McFarlane's strategic perspective on foreign policy is illustrated by two points he makes. First, McFarlane says that before he went to work for Henry Kissinger, he had read every book and article Kissinger had written. It obviously affected his judgment, for he then wrote about Henry: "His work is without peer: exhaustive in its scholarship, rigorous in its analysis, elevated in its language, visionary in its thinking. He is a giant intellect, and the preeminent strategist of his generation."

Then McFarlane got to know Kissinger, by working in his office. He found Kissinger to be "demanding and dogmatic," and "a man who did not tolerate rational argument with temperance or any measure of good grace." Further, Kissinger was "distrustful, hypocritical, routinely dishonest and abusive to his friends." "He is an extremely vain man, apparently without solid spiritual anchors." Working with such a conspiratorial man, McFarlane found it hard "to maintain my moral compass."

While he found Kissinger's personality and his methods disgusting, McFarlane does not seem to ever question the British geopolitical thinking which Kissinger professes. McFarlane criticizes the British on specific issues—e.g., Margaret Thatcher for her complaining about the U.S. inva-

sion of Grenada, and for her attacks on the Strategic Defense Initiative (SDI)—but he never draws any distinction between U.S. and British strategic interests.

The confines within which McFarlane tends to approach foreign policy are suggested by the following. While discussing his approach early in the Reagan administration, he comments: "History tells us that no President can expect to achieve more than one or two significant foreign policy goals in a four-year period."

Yet, to the surprise of many, President Clinton has already achieved a number of notable successes in foreign policy: the Middle East peace breakthroughs, the Northern Ireland cease-fire, and the establishment of a strategic alliance with Germany oriented toward the economic development of eastern Europe. What has made these possible is that Clinton did something that Reagan or Bush never dreamed of, and which is probably Kissinger's worst nightmare: Clinton broke the "special relationship" with the British, which has dominated and controlled U.S. foreign policy for the past three decades, if not for much longer.

Of particular interest to readers of *EIR* is McFarlane's recounting of the fight around the Strategic Defense Initiative. Whether from ignorance or by deliberately selective use of the facts, McFarlane portrays himself as initiating the discussion around the SDI during 1982. McFarlane writes that, recognizing the fallacies of the "deterrence" concept and the drawbacks of the arms-control approach, he went to John Poindexter, then the military assistant to National Security Adviser William Clark, and asked Poindexter to get an assessment of the current state of technology for strategic defensive systems. Poindexter then went to Adm. James Watkins, then Chief of Naval Operations, and came back with a highly optimistic report on advances in computational speech and directed energy systems. McFarlane says that he, Poindexter, and Watkins then launched the drive for the SDI in January 1983, which led to President Reagan's announcement of the program on March 23, 1983.

What McFarlane fails to acknowledge is that he came in on a process that had already been ongoing for some time. Much of the initiative for this came from Lyndon LaRouche and his collaborators; there are many former officials of the Reagan administration who know (if McFarlane doesn't) precisely the role played by LaRouche in catalyzing the SDI discussion, in conducting back-channel discussions with the Soviets on the issue, and in uniquely proposing what became Reagan's version of the SDI program—one based on the offer of technology-sharing and cooperation with the Soviets.

McFarlane does provide some useful details on the role played by British Prime Minister Margaret Thatcher in trying to sabotage the SDI program and arm-twisting Reagan to abandon it. Among other things, Thatcher retailed the Soviet arguments that the SDI appeared to constitute a first-strike capability and was therefore "destabilizing" to the international strategic balance.

Role of government key, says Mitchell

U.S. Senate Majority Leader George Mitchell (D-Me.) spoke about the positive role that the government should play in social and economic policymaking, in a speech at the National Press Club on Oct. 6. He said that the speech would probably be his last as a U.S. senator (he is not seeking re-election).

Mitchell listed the programs of President Franklin D. Roosevelt and pointed out that most of these were blocked by the Supreme Court until well into the 1930s. "In recent years, as we have turned to even more difficult tasks facing a modern society, it has become fashionable to sneer that government is not the solution, it's the problem," he said. "It's a lot more sensible, I think, and revealing, to ask what would have happened with child labor, workplace conditions, home ownership, illness, and old age without government action?"

He said that "the lesson of the 20th century is that neither a state-controlled economy, nor a totally unregulated market economy will meet the economic and social needs of its people. There is insufficient private benefit to any one corporation or individual to build a highway between two cities, but there's clearly a benefit to all private companies and all private citizens when good highways are built and maintained."

GATT pushed off till lame duck session

The House voted 298-123 on Oct. 6 to delay consideration of the General Agreement on Tariffs and Trade (GATT) treaty until Nov. 29, in what media are describing as a political victory for Minority Whip Newt Gingrich (R-Ga.). The delay is part of the

Republicans' tactic of obstructing and opposing anything and everything President Clinton is attempting to get through Congress.

But free trade ideologues are increasingly worried that this is the first time "protectionists" have achieved a victory in Congress. Moreover, there is growing fear on the part of the free traders that Americans are waking up to what free trade is really all about. "The growing public awareness of trade issues built in NAFTA [North American Free Trade Agreement] is moving into GATT. It's made a vote for GATT a politically dangerous vote," Public Citizen activist Lori Wallach told the *Wall Street Journal*.

Hollings slams GATT, British example

On Sept. 30, Ernest Hollings (D-S.C.) condemned the General Agreement on Tariffs and Trade (GATT) and free trade policy in general, on the Senate floor. Hollings reported that he had told President Clinton that he'd better round up all the Republican votes he could get, "because I am absolutely opposed to this so-called free trade nonsense."

Hollings said that Article I, Section 8 of the Constitution gives Congress the right to regulate foreign commerce but that Congress has substantially yielded its powers by approving the fast track procedure.

Hollings said that there are two fundamentally different trade systems and economies. "We follow," he said, "Adam Smith, David Ricardo, the doctrine of comparative advantage, free markets, and free trade. They—the Germans, the Japanese—follow Friedrich List, of the wealth of the nation being measured not by what you can buy but by what you can produce." Instead of continuing "Cold

War trade policies," Hollings said, "what we need to do is refurbish our manufacturing sector and strengthen the economy of the United States."

Hollings reported that since the conclusion of the Tokyo Round of GATT in 1979, "we have had an outflow due to our trade deficit of \$1.4 trillion. We have had 3.2 million jobs lost. We have had an inflow of manufactured goods, so now our manufacturing sector has dropped from 26% of our workforce to 16% of our workforce. And those Americans with regular jobs are taking home less pay in real terms than what they were taking home 20 years ago, and less than even a few years ago."

Hollings said that those who are pushing GATT "are off on the example of the British," and now, "England is a museum to visit. There are two levels of society, the impoverished and the very wealthy with these large estates. We are going the way of England, 'to hell in a handbasket,' economically."

Senate, House pass resolutions on Haiti

The House and Senate on Oct. 6 passed resolutions granting limited approval for the U.S. military intervention in Haiti. The two resolutions are substantially the same, with neither setting a date for final withdrawal of U.S. troops and both stating that the withdrawal should take place "as soon as possible."

Sen. Hank Brown (R-Colo.) attacked the Clinton administration on the sovereignty issue. He quoted Deputy Secretary of State Strobe Talbott from a 1992 article in *Time* magazine, that "once a country utterly loses its ability to govern itself, it also loses its claim to sovereignty and should become a ward of the United Nations."

Unfortunately, Brown based his attack on the costs to the U.S. taxpayer of making countries such as Haiti, Somalia, and other collapsed nations, wards of the United Nations, rather than on a defense of the principle of national sovereignty.

Mining reform bill fails in conference

J. Bennett Johnston (D-La.), the chairman of the Senate Energy and Natural Resources Committee, announced on Oct. 5 that a conference committee that had been working since May could not come to an agreement on reform of the 1872 mining law. "My goal," Johnston said, "was to provide for a fair return to the public for federally owned minerals and to increase environmental protection, but in a manner that would not shut down mines and cause job losses." He blamed the mining industry for the failure of the conference because they "could not accept the latest proposal."

The Senate-passed version of the bill, the Hard Rock Mining Reform Act of 1993, differed substantially from the House-passed Mineral Exploration and Development Act, particularly in environmental provisions. The Senate bill's only environmental provision was an abandoned mine reclamation program, whereas the House bill included stiff requirements for exploration and operations permits for mining on public lands.

Dennis DeConcini (D-Ariz.) told the Senate on Oct. 5 that the conference committee has agreed to a compromise that "would allow the [mining] companies to remain in business while protecting the fragile western environment," but that the Interior Department was "unwilling to seek a middle ground. The West cannot be won by destroying the mining indus-

try and that is what was about to happen."

Dole backs Clinton's Persian Gulf deployment

Senate Majority Leader Bob Dole (R-Kan.) took to the Senate floor on Oct. 8 to praise President Clinton's deployment of troops to the Persian Gulf. "After the punishing lesson of Desert Shield and Desert Storm, Iraq should not doubt our resolve in 1994. Intimidation and aggression will not succeed," Dole said.

No mention was made of the British-manipulated nature of the crisis.

Dole said that "there should be no easing or lifting of sanctions until all conditions of U.N. resolutions are met, including complete compliance on weapons inspections, full recognition of Kuwait, ceasing support for international terrorism, return of all Kuwaiti detainees, an end to Iraqi repression, and compensation for the victims of Iraqi aggression."

Riegle accuses Iraq of chemical warfare

Sen. Don Riegle (D-Mich.) on Oct. 8 reiterated his assertion that Iraqi chemical weapons present in the theater of operations during the 1991 Persian Gulf war are to blame for the so-called Persian Gulf syndrome among U.S. GIs. The syndrome, which has varying and sometimes debilitating symptoms, is reported to afflict anywhere from 5,400 to 29,000 veterans of the war.

Riegle accused the Pentagon of a coverup of the presence of such weapons on the battlefield. After detailing British and U.S. Army reports documenting the presence of Iraqi chemical agents in the battle zone, Riegle

said, "we cannot allow the U.S. military establishment or our government to turn its back on hundreds of thousands of Americans and their families . . . who were almost certainly exposed to chemical or biological weapons agents during the Gulf war."

Riegle also said that the agents were identified in laboratory tests of gas mask components brought back from the Gulf, carried out at Lawrence Livermore National Laboratory. The specific agent identified, he said, was licensed for export from the United States to the Iraqi Atomic Energy Commission, "an Iraqi governmental agency that conducted biological warfare-related research."

Democrats' reform bills die as Congress adjourns

Five major Democrat-sponsored reform bills died on Oct. 8, when Congress went out of session without taking action on them. Most were filibustered in the Senate by Republicans. The bills included lobbying reform (which had passed the House), campaign finance reform, and a bill to apply workplace standards laws to Congress.

Democrats blamed Republicans. Rep. Pat Schroeder (D-Colo.) complained on Oct. 7 about "individuals in the other body who have been able to stop everything that has transpired over here. That is really more power than a President has."

Senate Majority Leader George Mitchell (D-Me.), asked at the National Press Club on Oct. 6 if the failure of the reform agenda was because of recalcitrant Republicans or reluctant Democrats, replied, "When 92% of Democrats vote for reform and 95% of Republicans vote against it, it's pretty easy to answer the question: recalcitrant Republicans."

National News

LaRouche candidate airs 'Goodbye Ollie' song

Northern Virginia congressional candidate William C. Jones, a 20-year associate of Lyndon LaRouche, has purchased air time from a major metropolitan Washington radio station to air a song satirizing Republican Senate candidate Oliver North. The song, a parody of the Broadway tune "Hello Dolly," which pokes fun at North's claims that he knew nothing about the massive Contra cocaine-trafficking, has created an uproar. On Oct. 14, the *Washington Post*, makes its obligatory reference to LaRouche as a "political extremist," but publishes the text: *Goodbye Ollie. Yes, goodbye, Ollie, Why would anybody vote for you? You flew cocaine Ollie, in your plane, Ollie, Stop your lying, stop denying George Bush knew it, too. I got a strong feelin' that you're dope dealin'. That means the U.S. Senate can't use bums like you. You'd look swell Ollie, hidden in a prison cell, Ollie. Ollie, you should be put away, locked up and throw the key away, Ollie you should be put away for good.*

Housing chief Cisneros comes under scrutiny

Within days of the announcement of Agriculture Secretary Mike Espy's resignation, White House press spokesman Dee Dee Myers confirmed that Housing and Urban Development Secretary Henry Cisneros has also come under scrutiny by the Justice Department, for allegedly making misleading statements to the FBI about thousands of dollars in payments to a former mistress. "He has not submitted a resignation," Myers told reporters on Oct. 4. "This is being reviewed by the Justice Department and we'll wait for their conclusions."

The head of the General Services Administration, Robert Johnson, is being investigated by the GSA's Inspector General, the *Washington Post* reported on Oct. 5. The inquiry is said to focus on whether Johnson used government employees to wait at his

home for repairmen and deliveries, handle personal correspondence, or take his Mercedes to the car wash.

Mt. Graham observatory is Earth First! target

Earth First! Journal on Sept. 22 published an excerpt of an early 1994 University of Arizona report on the eco-terrorist group, obtained through the Freedom of Information Act (FOIA), that, ironically, discloses Earth First! policy with respect to the Mt. Graham International Observatory in Arizona with special clarity.

The excerpt states: "A law enforcement informant who has literally been living with Earth First! in the Pacific Northwest reports that last night at a Seattle area meeting Earth Firsters were told to get involved with the Mt. Graham issue. It appears that the Mt. Graham issue is clearly becoming the national issue of focus. This seems to recently have been intensified with the recent comments of incorporating lasers on Mt. Graham [a reference to adaptive optics technology]. The informant additionally said the December 1993 publications are saying direct action is needed. In the past this has meant more than just civil disobedience. When asked what that meant for Mt. Graham the answer was 'to make the U[niversity] of A[rizona] and Forest Service suffer.'"

Privatizers take over Hartford school system

Hartford, Connecticut became the first city in the country to hand over its entire school system to a private, for-profit company on Oct. 3. Over the protests of teachers and parents, the school board voted to put Education Alternatives, Inc. (EAI) in charge of its public school system. The school board is reported to have been desperate over high dropout rates, low test scores, and deteriorating facilities at the district's 32 schools,

and plans to sign a five-year contract with EAI, despite scandals that have plagued the company, including false claims that it raised test scores in other cities where it has taken over public schools.

The takeover is being looked at eagerly by cities where school plant is deteriorating and dropout rates are high. On Oct. 7, the *Chicago Tribune* editorially backed statements made by Mayor Richard Daley in favor of school privatization after the Hartford move. While saying that wholesale privatization may not be the answer, the paper continued: "However, with the schools facing a massive financial shortfall next year, all ideas should be weighed." The editorial made the point that the Chicago school system serves 411,000 students to Hartford's 24,000.

Chicago has already privatized school transportation and food service. Moreover, wrote the *Tribune*, Chicago has "experimented" with local control of the schools since 1988, which will obviate the need for the fight that a centralized school system such as Hartford's had to wage in order to go private. "If elected members of a Local School Council choose to privatize a school or turn one into a charter school, the 1988 School Reform Act should be amended to accommodate them."

Emergency treatment for 'Baby K' upheld by court

The U.S. Supreme Court refused to hear the appeal of Fairfax Hospital in Fairfax, Virginia, which sought the right to deny emergency respiratory treatment to "Baby K," a two-year-old girl with anencephaly. The hospital has sought to deny treatment to the child since birth, because her condition—she was born with a partially developed brain—meant she "lacked the essence of personhood."

The Supreme Court justices, without comment, effectively upheld a lower federal court ruling that said Fairfax Hospital must provide the life-saving treatment as federal law mandates. In July 1993, a U.S. District Court ruled that the hospital's denial of medical care violates her right to life under the Fifth and Fourteenth Amendments to the

Briefly

Constitution, and a host of federal laws assuring that patients can get emergency hospital treatment.

When Baby K was born in October 1992, Fairfax Hospital lied to her mother, that the infant would die within days, making treatment "unnecessary" and "futile." The mother insisted that the infant receive life-saving treatment. Baby K, who now lives in a nursing home, has had to be taken to the hospital for emergency ventilator support for respiratory failure only four times.

Scientists score EPA dioxin report

The draft report on the health risks of the pesticide dioxin by the Environmental Protection Agency, issued in September, has come under attack from scientists for its "sky is falling" statements and overreactions to data, according to *Science* magazine. A previous draft of the report, issued last year, drew criticism from the Food and Drug Administration and the Agriculture Department along the same lines. The current draft says that dioxin is more dangerous than the EPA had previously assessed and should remain listed as a "probable" human carcinogen. The report also suggests links between minute levels of dioxin and other effects, including endometriosis in women and reduced sperm counts in men.

Scientists have criticized the EPA for "overinterpreting" the data from animal studies. Others have said that people haven't been exposed to enough dioxin to see effects, and that the EPA relied on European data, not U.S. data.

U.S., China may increase military cooperation

While the Clinton administration has agreed to lift the ban on high-technology sales to China, the commander of U.S. forces in the Pacific said in an interview that the United States wants to "move forward" its military relationship with China, the *International Herald Tribune* reported. U.S. officials

agreed to drop the sales ban on Oct. 4, after discussions with Chinese Foreign Minister Qian Qichen in Washington. They also said that China has pledged to stop selling medium-range missiles abroad, but China denies that it has ever sold these missiles.

On Oct. 3, Adm. Richard Macke, commander of U.S. forces in the Pacific, gave an interview to the Singapore *Straits Times* saying that increased cooperation would include visits by each other's warships, exchanges of military personnel, and small-scale exercises. Admiral Macke said that Asian nations were "reaching out to China in a cooperative fashion to try and have Beijing as a stabilizing member" of the region. The key issue is to "influence China, to reassure China, so they will work with us to maintain stability." There have been a series of high-level U.S.-Chinese military exchanges since military ties were resumed last November, wrote the *Herald Tribune*. U.S. Secretary of Defense William Perry is expected to visit China later in October.

Jewish groups meet with Syrian foreign minister

In what could be considered an opening in relations between Syria and Israel, Syrian Foreign Minister Farouk al-Shara held his first formal meeting with U.S. Jewish leaders on Oct. 5. The meeting, which was the first of its kind, was organized by the House Foreign Affairs Committee. Prior to the meeting, Shara had an initial discussion with six members of the committee. Shara opened the meeting by saying that Syrian President Hafez al-Assad had made a strategic commitment to peace with Israel and there was no time to waste in getting a peace agreement signed.

Jewish groups represented included the American Israel Public Affairs Committee, the American Jewish Congress, B'nai B'rith, the Anti-Defamation League, Americans for Peace Now, and Hadassah. The meeting was arranged by House Foreign Affairs Committee Chairman Lee Hamilton (D-Ind.) and the panel's ranking minority member, Benjamin Gilman (R-N.Y.).

● **THE GAS CHAMBER** has been outlawed in California by federal Judge Marilyn Hall Patel, who ruled on Oct. 4 that its use constitutes an inhumane method of punishment. The ruling is the first time a federal judge has declared any means of execution unconstitutional.

● **CARL ROWAN**, the FBI-linked black columnist who helped lead the campaign to oust NAACP Executive Director Ben Chavis earlier this year, is calling for the resignation of NAACP Chairman William Gibson. In 1967, Rowan gained notoriety for circulating the lie that Martin Luther King had communist ties, after King had expressed his opposition to U.S. involvement in Vietnam.

● A 'SLAVE AUCTION' was re-enacted at Williamsburg, Virginia during a three-day celebration of King George III's accession to the throne, on Oct. 8-11. The funding for the event, which drew strong protests, came from AT&T Foundation and Philip Morris Companies, Inc. "Colonial Williamsburg" was a private park established by John D. Rockefeller III, who also set up the Population Council's headquarters in Williamsburg in 1952. The council's president was racist Frederick Osborn.

● **PAULA JONES**, whose lawsuit against President Clinton for alleged acts of sexual harassment when he was Arkansas governor was egged on by British journalist Ambrose Evans-Pritchard as part of London's assault on the presidency, has decided to proceed with her suit, according to her lawyers on Oct. 7. Clinton has filed a motion to dismiss the case, or to stay the proceedings until his term in office is completed. Jones must now file her response by Oct. 21.

● **VETERAN CELLIST** Anne Conrad-Antoville resigned from the Eureka, California Symphony Orchestra earlier this month in protest over a scheduled performance of "Peter and the Wolf." She claimed that the fairy tale is insensitive to the plight of wolves.

Editorial

End the killer embargo

Surely, the time has come to lift the embargo against Iraq. The country has for the most part complied with United Nations demands, despite their arbitrary character. Whatever the story is behind the recent Iraqi troop movements, how can we justify the terrible toll being taken upon the Iraqi population? Certainly not by accepting the principle of retributive justice.

For four years, the embargo has been in place, causing terrible material privation for men, women, and even children who were not alive at the time of the war. Food and medical supplies are scarce, as Muriel Mirak-Weissbach documented in our *Feature* last week. But, even aside from the obvious humanitarian considerations, now must be the time when every effort should be made to strengthen the Middle East peace process. Bringing Iraq back into the community of nations is a necessary step in this.

Every great nation must have a mission: For the United States, it should be to mark the 50th anniversary of the end of World War II next year by finally having built a durable peace. It means a break with British geopolitics, and all that that entails. It means an end to the kind of games played by the British puppet Henry Kissinger, who has admitted that he favored the policies of the British Foreign Office over those of his own government, even when he was secretary of state.

In the 1890s, Gabriel Hanotaux as a minister of France and Count Sergei Witte as a minister of Russia, entered into a series of agreements which provided for defeating the British by the peaceful economic development of the Eurasian continent, centered on a system of rail projects, which foresaw a network of railroads from Brest on France's Atlantic coast to Vladivostok in Russia's Pacific, and beyond.

The British responded by preparing to destroy all of Europe. They recognized that German economic and scientific development was the key that would make possible the kind of cooperation which Witte and Hanotaux had entered into. So, the British set out to *destroy* continental Europe. They got rid of Hanotaux in France, they brought a catamite by the name of Théo-

phile Delcassé to power in France, who represented the so-called *revanchiste* faction in France, the imperial faction of Napoleon III, of prostitutes to the British cause.

The British established the "Entente Cordiale" over a period between 1898 and 1904. They perverted the French relationship with Russia while overthrowing Count Witte through their agents inside the Russian government and manipulating a mentally unstable czar. They then proceeded to have France's treaties with Russia perverted into a potential war. Two world wars which pitted the French and Russians against Germany were the result.

Their political maneuvers in the Middle East have played a similar role, as they fostered rivalry among the various Arab factions, and between Israel and its Arab neighbors. Certainly, the politics of oil and financial interests played their part, but were secondary to the perceived British interest: maintaining political control over the whole region. The British have kindled such conflicts again and again, to prevent the economic development of a Eurasian land-bridge: Keep your eye on what the British are doing in Kazakhstan, where they are already moving to kindle conflicts.

The instability in the Middle East has long been a potential detonator for war; conversely, the kind of major infrastructure development portended by the accords being reached between Israel and the Arab nations can be a springboard for lasting peace. This is a spiritual, and a cultural question, as well as one of the material welfare of the region's inhabitants.

The time has come to forget the grievances of the past, and to plan a new and better future. If we develop western Europe, eastern Europe, Russia, the republics of the former Soviet Union, China, Southeast Asia, South Asia, as one large economic bloc, we can find peaceful solutions. The question that is on the table is how to give every nation a share in the kind of global reconstruction plan that will make short shrift of petty politics. What is needed is a new Renaissance. We are at such a potential turning point in history.

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2nd & 4th Weds.—10 p.m.
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 - SAN FRANCISCO—Ch. 53
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 - W. SAN FDO. VALLEY—Ch. 27
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- COLORADO**
 - DENVER—DCTV Ch. 57
Wednesdays—11 p.m.
Fridays—7 p.m.
- DISTRICT OF COLUMBIA**
 - WASHINGTON—DCTV Ch. 25
Sundays—12 Noon
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 - PASCO COUNTY—Ch. 31
Tuesdays—8:30 p.m.
- IDAHO**
 - MOSCOW—Ch. 37
(Check Readerboard)
- ILLINOIS**
 - CHICAGO—CATN Ch. 21
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Mon.—7 pm; Fri.—6 pm
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- NEW YORK**
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 - HUDSON VALLEY—Ch. 6
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Tuesdays—12 Noon
 - THURS.—7 pm, Sat.—10 am
 - LOUDOUN COUNTY—Ch. 3
Thursdays—8 p.m.
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Tuesdays—8 p.m.
- WASHINGTON**
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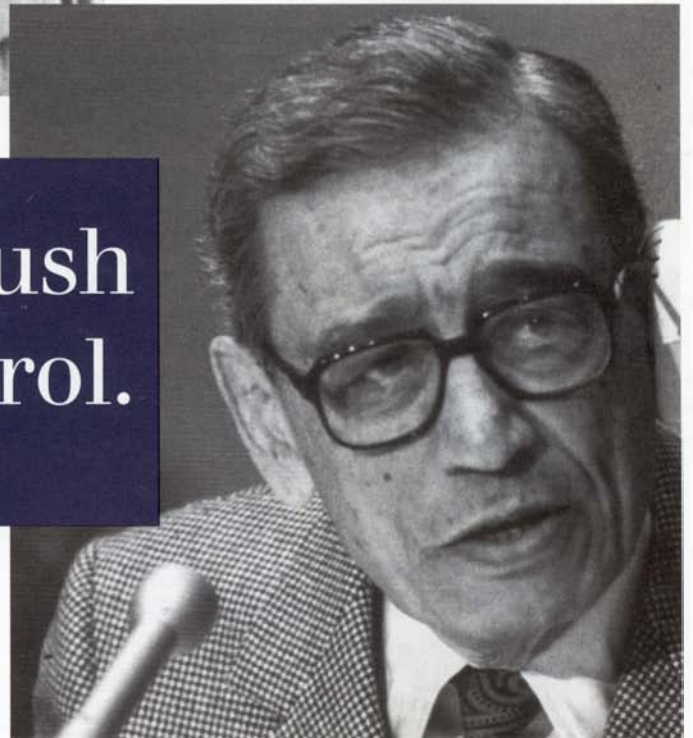
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- that the population control movement is nothing but a whitewashed version of the Nazi eugenics policy, which was developed in Britain and the United States, then exported to Hitler's Germany?
- that the United Nations has set up a series of conferences, beginning with the September 1994 International Conference on Population and Development, in Cairo, Egypt, whose purpose is to reduce world population by more than two billion people and institute a utopian world dictatorship?
- that National Security Study Memorandum 200, written under the direction of Henry Kissinger and Brent Scowcroft in 1974, defines population growth as *the* enemy of the

United States, and targets over a dozen Third World countries on its "population enemies list"?

- that since NSSM 200 was written, American dollars have paid for the sterilization of roughly *half* of Brazil's women of childbearing age?

This report, revised and expanded from the 1992 Special Report "The genocidal roots of Bush's 'New World Order,'" is intended to help catalyze a fight for national sovereignty, the family, and human life in the face of the Malthusian onslaught of the United Nations and its one-world imperial supporters.

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