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1989 in Review The year of revolution



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EIR

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Two stories that were very important in 1989 are not reviewed fully in this issue, but will be featured in our next number, also because they are rapidly breaking into new dimensions: the Irangate scandal, and the U.S. mishandling of its allies, particularly in Asia.

Before you begin reading Lyndon LaRouche's remarks on the past year, I'd like to share with you a prognosis he recently made for 1990: "When a company goes out of business, so does its payroll, and some of its former employees become unemployed. Now, the KGB hasn't been shut down, but one of its important branches, the so-called Stasi, the East German secret police, has. As a result of the Stasi going out of business, a number of organizations, including the Communist Party in West Germany, one of the Anti-Defamation League's closest collaborators, have also gone out of business.

"Another of the ADL's close collaborators in West Germany was the East German controlled VVN—in English translation, the United Survivors of the Nazi Regime. This agency worked together with the ADL and others in conducting false information against American citizens into the U.S. Justice Department. They worked with the KGB in forging the evidence, and worked to make sure that it was pushed through the Justice Department to victimize U.S. citizens selected for victimization by the Soviet KGB.

"One of the ADL-VVN crowd, Edgar Bronfman—who, like Dwayne Andreas of Archer-Daniels-Midland food cartel and Armand Hammer of Occidental Petroleum, is a longstanding friend of the Soviet KGB—has also received a bit of embarrassment recently. Earlier Bronfman had received an award from Erich Honecker, the scandal-ridden former head of the East German Communist Party who has now been booted out of office. Bronfman got this award shortly after he, the East Germans, and others collaborated to victimize Philipp Jenninger, the president of the West German Parliament, for telling the truth about the Nazi period—the truth that the Soviets and East German Communists didn't wish to hear, or didn't wish you to hear.

"So it's getting embarrassing all the way around. Now that the VVN is going out of business, when is the ADL going to go out of business? Maybe its payroll comes directly from the KGB—I don't think so, but it could be interesting to watch," LaRouche said.

Nora Hamerman

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Philip Ulanovsky

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1989: China, East Germany— 1990: America?

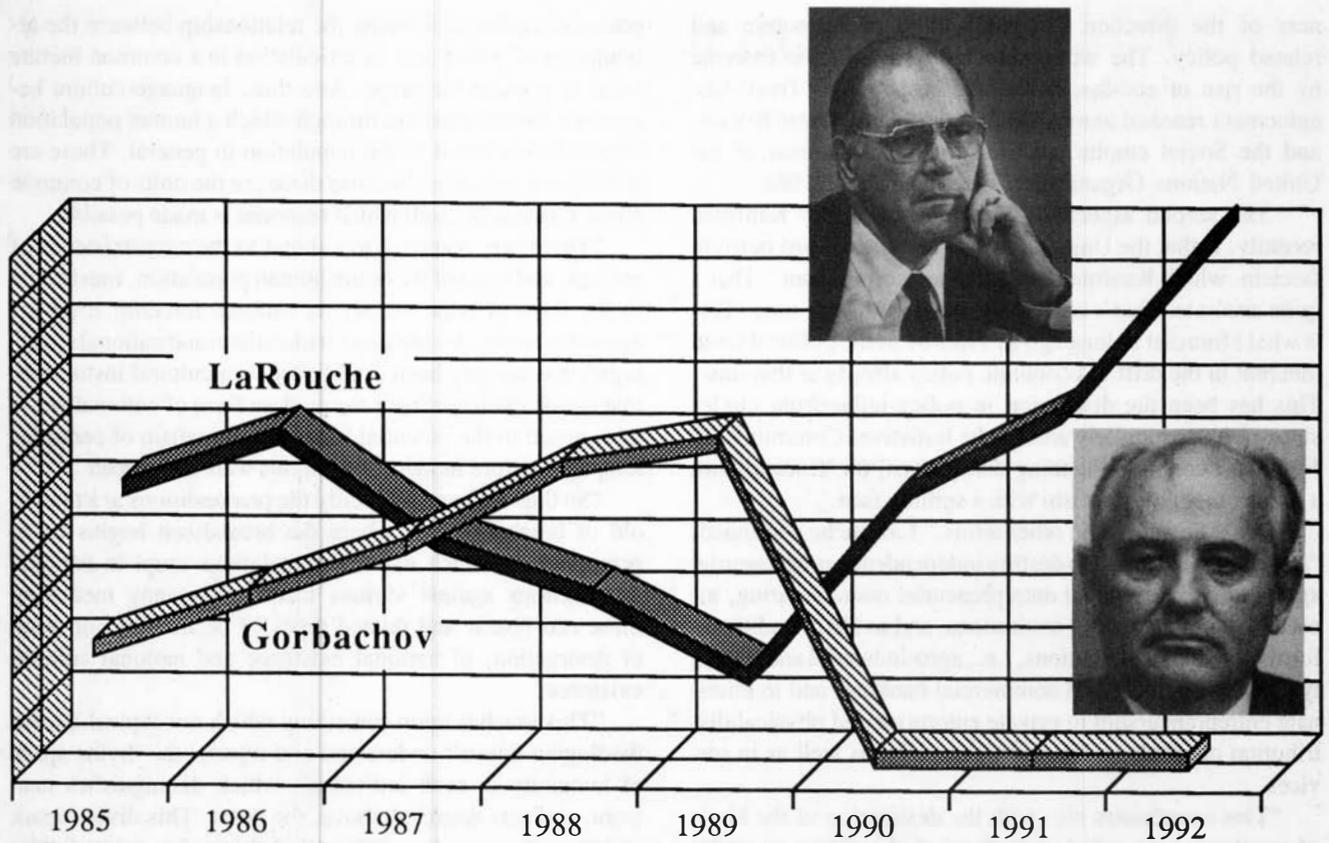
by the Editors

Speaking from his Rochester, Minnesota prison cell, where he is still being held hostage by his embittered political enemies, economist and former presidential candidate Lyndon H. LaRouche in a Dec. 12 interview expressed no little satisfaction that the past year's events have proven him right, and all of his enemies utterly and hopelessly wrong.

Over this past year, the world witnessed in May and June an upsurge in the fight for democracy in China, brutally suppressed by a regime which has not much longer to live. Following that, the struggle against tyranny spread to Poland, culminating more recently in developments in Hungary, most notably the electrifying events in East Germany and Czechoslovakia, and also spilling into Bulgaria. The same process is reflected in the endemic, now boiling struggle in Yugoslavia between Croatia and Slovenia in particular on one side, and Serbia and its supporters on the other.

These developments must be understood on several levels. The most general approach to this situation is provided by looking at three documents issued by Lyndon LaRouche over the past 18 months. The first is the address which LaRouche gave at the Kapitsky Bristol Hotel in West Berlin on Oct. 12, 1988, in which he forecast the early onset of a process leading toward the prospective restoration of Berlin as the capital of Germany, in the context of an effort to rescue the troubled economy of Poland (see *EIR*, Oct. 21, 1988). The speech was transmitted in a nationally televised campaign half-hour broadcast in the United States by then-presidential candidate LaRouche. Looking back at the six months since the Chinese democracy movement challenged the Red Chinese Communists, LaRouche's remarks were not only quite prophetic, but in fact there is no other analysis from official sources published then or to recent date, which hit that point, or even came close to that in its accuracy of analysis of coming events.

The second was LaRouche's Nov. 14, 1988 call for the formation of a world-



Almost one year ago, Lyndon LaRouche remarked that his political fortunes were inextricably tied with those of Mikhail Gorbachov: "If Gorbachov's up, then I'm down, and if Gorbachov's down, I'm up." Above is a somewhat whimsical, but no less accurate representation of the current and prospective state of affairs.

wide anti-bolshevik, anti-fascist resistance movement. "Let us," LaRouche wrote, "swear the Rütli Oath from *Wilhelm Tell*. Let it be made clear, that wherever the communist imperial interest shall destroy governments, or subvert them to such a degree that they become virtually pro-Soviet varieties of Quisling rule which so cease, treasonously, to be lawful authority, the new Resistance shall launch what modern China's experience defines as 'People's War' against the communists and their accomplices." And that is the general character of what has happened since that time, in China, in Western Europe, and elsewhere.

Third was a document which was in preparation during April 1989 and which was then produced in pamphlet form under the title "The Great Crisis of 1989-1992," as the foreword to LaRouche's July 4, 1989 platform declaration as candidate to represent the 10th Congressional District of Virginia in the U.S. Congress.

These three documents are unparalleled in excellence, in contrast to any other policy statements or forecasts in the public domain from any source in any part of the world. Taken as a unit, they reflect—in the degree of accuracy that such forecasts or analyses ever do—precisely what is hap-

pening at this time. These are the scientific documents of immediate reference to understand the great events of 1989 and following.

The global economic breakdown

What these documents forecast was the coincidence of a global economic breakdown crisis process, with an upsurge of nationalist movements struggling for freedom against not only communist tyranny, but assorted forms of tyranny becoming a worldwide, globally enveloping process. What has been seen in the communist sector is simply one aspect of this, which is now portended to erupt, for example, in the Americas.

LaRouche, commenting on how he could be so accurate in his forecasts, said, "There are two levels on which we can look at these processes, and the connection between these two levels constitutes a third level. The first level is the physical economy of the world, the basis upon which human existence, not only of individuals but of nations and of national institutions, is premised and is dependent. It is jeopardized not simply by catastrophe, but by a persistent and worsening, self-aggravating wrong-

ness of the direction of modification of economic and related policy. The wrongness is typified in the extreme by the rise of eco-fascism as the basis for a 'Trust'-like agreement reached among the United States, Great Britain, and the Soviet empire, particularly in the context of the United Nations Organization meeting in late 1988.

"The second aspect, as expressed by Henry Kaufman recently, is that the United States is moving toward outright fascism, which Kaufman identified as 'corporatism.' That's quite accurate: That's been in the wind for a long time. This is what I forecast as long ago as 1960-61 as the political trend inherent in the drift of economic policy already at that time. This has been the discussion in policy-influencing circles since 1974, particularly around the Initiatives Committee for National Economic Planning discussions, on 'fascism with a human face,' or 'fascism with a smiling face.'

"What this means in other terms," LaRouche continued, "is that they're aiming to destroy independent entrepreneurial agriculture, independent entrepreneurial manufacturing, local and regional banking institutions, and so forth; traditional forms of banking institutions, i.e., agro-industrial and related types of investment and commercial banking; and to eliminate entrepreneurship in private enterprise and physical distribution of goods and so forth generally, as well as in services.

"This coordinates also with the destruction of the kinds of regulations specified as powers of the Congress under Article I of the U.S. Constitution, the virtual abrogation of that portion of Article I of the Constitution in the United States, in order to lay the way for a new kind of regulation: *eco-fascist regulation*. That is, the people who have been deregulating are not really deregulators, they simply are destroying the American System of political-economy in the process of establishing an eco-fascist dictatorship over every nook and cranny of production and consumption and distribution. That drift has accelerated the errors and blunders of Thatcherism, in particular, and everything that Thatcherism draws from in the world.

"As a matter of fact, the irony of the situation is that the Soviet Union destroyed its own system by introducing Thatcherism to an already rotten Soviet system; bringing Thatcherism, or even elements of it, into the Soviet system under the guise of *perestroika*, is like injecting cancer into a sick body. And as the year drew to a close, the Soviets have discovered that, and have even obliged Gorbachov to admit that *perestroika* might be a good idea, but that it's now way off in the future."

The cause of nationalist upsurges

"So under these economic pressures," LaRouche observed, "and under the present institutions of policy-shaping, it is impossible for nations and their peoples to continue to survive. And therefore something in the population responds. What responds is in the form that Dante Alighieri indicated

centuries earlier in defining the relationship between the articulation of policy and its articulation in a common literate form of popular language. And thus, language-culture becomes a natural medium through which a human population responds to a threat to the population in general. These are the units of response, because these are the units of common consciousness through which response is made possible.

"Therefore, response to a threat to the very existence of nations, and even of the entire human population, must come in the form of what we see as national freedom struggles against tyranny. And because nationalism and national sovereignty has already been established as a cultural institution, that nationalism occurs in the modern form of nationalism—as opposed to the potential form of nationalism of centuries long ago, before modern institutions were developed.

"So thus we have implicitly the preconditions at a threshold of breakdown, or where the breakdown begins to be perceived, in which national populations erupt in national insurrections against various forms of tyranny mediating these eco-fascist and related types of destruction, or trend of destruction, of national existence and national cultural existence.

"This touches upon something which our typical British theologian doesn't understand and rejects: the divine spark of humanity in each individual, which distinguishes man from, and sets mankind above, the beast. This divine spark of humanity must be addressed, I think, for our purposes here, for secular analysis, shall we say, in terms of this year's little monograph of mine, *In Defense of Common Sense*, where this particular phenomenon, its manifestation, its nature, is addressed in terms which I think should be more universally comprehensible, as distinct from those who more narrowly understand adequately the theology of St. Augustine and Nicolaus of Cusa and so forth."

"So the medium through which a specifically human response to a threat to human existence and culture is experienced, is through that which is distinctively human—this divine spark which sets the individual apart from and above all the beasts, and other inferior species of existence."

John Paul II fosters the 'divine spark'

"Thus we have a relationship implicitly between the role of Pope John Paul II, as a Pope brought from Poland, and the effect of this on Eastern Europe and the Eastern European insurrections. John Paul II and his mission did not *cause* the eruption in Eastern Europe, but by *exciting*, to a large degree, the awareness of the divine spark in mankind, made it more sensitive, more responsive, more aware of itself; thus the earlier response, including Protestant East Germany, which responded to the divine spark not so much in religion—although Neues Forum included churches—but through the identification of Friedrich Schiller and Ludwig van Beethoven and so forth, the German Weimar Classic, which itself is one of the highest forms of expressions of Western Christian

civilization. Thus Western Christian civilization, whose borders lie at the Ukrainian borders with the Great Russians, and the Polish borders with the Great Russians, became the true borderline between two systems, contrary to what the British think they understand.

“Though this process, this renaissance within the Church associated with Pope John Paul II, particularly in Eastern Europe, began earlier than the developments of last year, this was merely potential—essential potential, which was activated by the events of last year and somewhat earlier into this year.”

The nature of tyranny in the U.S.

“Now in the United States,” LaRouche added, “we have a different kind of tyranny, as we also have in the United Kingdom: Let’s call it the tyranny of Thatcherism and eco-fascism. We have the systematic destruction of most of our population: destruction of their way of life; destruction of infrastructure; destruction of agriculture, at least entrepreneurial agriculture; the destruction of industry; the destruction of pension funds by looting. The forces of the counterculture, eco-fascism, and usury, and what is happening with our justice system represent an abominable tyranny, actually a fascist tyranny, as portended by the Trilateral Commission’s *Crisis of Democracy* thesis of 1975 as authored by Samuel P. Huntington. That is fascism, and the United States is becoming fascist. And it’s becoming bolshevik, a pro-bolshevik fascist state—sort of a national-bolshevist state.

Or, you might say there is a Hitler-Stalin Pact between Kissinger and Gorbachov.

“And there will be a revolt of the spirit in the United States against this abomination which will come in complicated ways. It will operate, as in all cases, through fissures in the structures to which the resentments, the tolerance of this abuse, flowed to its public expression. It will come throughout the Americas, which are being subjected to Nazi-like mass murder. Whole nations in Central and South America have become virtual concentration camps within their own borders under International Monetary Fund conditionalities and related measures. They will not tolerate it. This is the Eastern Europe of the Western Hemisphere, and we can expect that to blow up in a complicated way—not a simple way, but a complicated way—over the coming year. And we will probably have more negative things in the eruption in Central and South America than we do in the insurrections, the upsurges in Eastern Europe, for obvious reasons. But it will come to the United States, too,” he predicted.

LaRouche, the SDI, and perestroika

It is a fact, not immediately readily recognized by many who are not knowledgeable of the details in the backrooms, that it was the LaRouche initiatives of January 1982 through April 1983 which caused what became known as the Strategic Defense Initiative (SDI), which in turn were the cause of the

adoption of *perestroika* as it came to be known by the then-incoming head of state of the Soviet Union, Yuri Andropov.

What came to be known as the SDI was a project which LaRouche launched in 1977, and which became a leading feature of his 1980 Democratic presidential nomination campaign. On Aug. 15, 1979—three and one-half years before President Ronald Reagan’s March 23, 1983 television address formally announcing the project—LaRouche published a campaign statement on military policy, which declared, “A LaRouche administration will have two leading points in military policy. First, commitment to the development of advanced-technology weapons able to ‘kill’ incoming missiles in the stratosphere.” During the 1980-83 period, LaRouche authored a number of public and private tracts on the deeper significance of the SDI, including a March 1982 policy-discussion memorandum entitled “Only Beam-Weapons Could Bring to an End the Kissingerian Age of Mutual Thermonuclear Terror: A Proposed Modern Military Policy of the United States.” In all his writings on the subject, LaRouche stressed that the SDI involved not simply a military gizmo, but demanded an understanding of the relationship between high-tech SDI as he defined it, the economy, and the evolution of the strategic process.

“And so,” LaRouche now reflected, almost a decade later, “I presented it to the incoming Reagan administration, which in part liked the idea to the effect that a collaboration between me as well as other of my immediate associates, and the National Security Council of the Reagan administration, ensued.”

LaRouche’s back-channel talks with Moscow

During January 1982, LaRouche, acting at the request of the National Security Council, began a back-channel discussion with the Soviets to probe a possible Soviet response to a possible U.S. adoption of a strategic ballistic missile defense system. The idea was: What if the two nations were to adopt such a policy as a replacement for, or a gradual, eventual replacement for, the doctrine of Mutually Assured Destruction (MAD)? The Soviets, by the beginning of 1983, had given LaRouche the following response:

1) Moscow agreed with the feasibility of strategic ballistic missile defense based on new physical principles as LaRouche had outlined it.

2) Moscow agreed with the economic “spillover” benefits to the civilian economy of such a defense based on new physical principles.

3) However, Moscow would reject such an agreement, for two reasons: a) The Soviet government would never negotiate its strategic doctrine with its adversaries; and b) Moscow would reject an agreement with the United States on strategic defense, because under “crash program” conditions, the U.S. economy would run way ahead of the Soviet economy.

At the same time, in early 1983, LaRouche’s Soviet interlocutor expressed confidence that in any case, LaRouche’s

defense proposal would never be adopted. “We have been assured,” the Soviet diplomat told LaRouche, “by the highest levels of the Democratic Party, that your proposals will never reach President Reagan’s desk for consideration.”

Immediately after the announcement of the policy which the Soviets thought would never happen, they went into a panic, as did some of their trusted British and other friends in the United States. And at that point, Federal Reserve Chairman Paul A. Volcker was deployed to develop what became known as the Gramm-Rudman-Hollings automatic budget-cutting mechanism. During April 1983, the Scowcroft Commission was specifically addressed in an attempt to deflect to a significant degree the SDI proposal, while Lt. Gen. Danny Graham (USAF-ret.) also pitted himself against this conception of SDI and proposed a limitation into what at that point was a 20-year-old obsolete technology.

“So it began to be undermined,” LaRouche recalled. “But nonetheless Gorbachov, in response to that, refusing to accept the economic agreement implicit in a strategic beam ballistic missile defense based on new physical principles, went to his own version, his own Andropov-Ogarkov transformation in the Soviet order of battle, and to what became *perestroika*. Andropov died of a heart attack suddenly—from the standpoint of the Andropov-Ogarkov plan, prematurely. Then, after his death during the period December 1984 through March 1985, Mikhail Sergeivich Gorbachov was brought to power. Gorbachov had already been designated in 1982 as the crown prince successor for Andropov.”

‘Greasy Thumb’ Gorbachov

“However,” LaRouche continued, “there is a difference between Gorbachov and Andropov, a very significant one which has to be borne in mind here to understand *perestroika* and its effects in the current situation. Andropov was a product of the Kuusinen-Varga-Communist International faction within the Russian apparatus, as opposed to the Communist International apparatus outside Russia. In that sense, he tended in part to be a Bukharinist—that is, a person who, like Khrushchov, looked forward to the revival of the ‘Trust’ relations which had existed between Britain and Moscow from actually 1919 or so through 1927.

“So in that sense Gorbachov and Andropov do represent a continuity; but you have to look at Gorbachov and the people around him. The accession of Gorbachov to state power with Eduard Shevardnadze as his foreign minister, is about equivalent to imagining back in 1932, that Meyer Lansky of organized crime had been elected President instead of Franklin Roosevelt, and that Lansky had appointed Chicago’s Frank Nitti as Secretary of State. Such is the spectacle of ‘Greasy Thumb’ Gorbachov and ‘Bugsy’ Shevardnadze, the Frank Nitti of Soviet Georgia.

“The point is this. What Andropov did, particularly beginning 1967, when he acceded to a position of head of the KGB (as we have it from various intelligence sources on the

profile of these individuals), was scrounge around for assets within various parts of the Soviet apparatus, such as hit-man Geidar Ali, otherwise known as Aliyev, who would knock out the legs from under significant competitors for the future public successor to Brezhnev, to secure the Ogarkov-Andropov succession to power.

“So Gorbachov is one of these gangsters or hitmen, and things will probably come out sooner or later about terrible corruption in the state he administered corresponding to his function as a Soviet mafioso, a *gangster*. So this bunch of gangsters, somewhat comparable in image to the Wilson administration of the 1960s in Britain, has come to the top in Moscow. So you can imagine Gorbachov and Shevardnadze and others talking about, ‘Dis here deal dey cut with dat dame Thatcher.’ That’s the kind of thing you’ve got there underneath the public relations patina which is put over this administration.

“Even though *perestroika* is an Andropov creation as a policy, not a Gorbachov creation, yet the Gorbachov mafia, ‘Greasy Thumb’ Gorbachov and ‘Bugsy’ Shevardnadze, put a different ‘spin,’ as they say, on *perestroika*, than would have Andropov had he not died suddenly. The significance of this spin lies in the crudeness, the ignorance, the bungling of this bunch of arrogant gangsters who know nothing except the delight in their own use of power and tactics.

“What happened, in effect,” LaRouche went on, “is that the reaction to SDI by the Soviets was as follows. First of all, from January 1982 until March 23, 1983, the Soviet government at the highest level was studying what became the SDI in the form of the proposal for a strategic military and economic reform known as the LaRouche version of strategic ballistic missile defense based on new physical principles. They rejected that on the grounds of the economic-strategic issue as identified. When the President, contrary to assurances earlier made by the Democratic Party to the Soviet government, adopted SDI in a form which initially echoed largely the LaRouche version, the Soviets responded by going to a countermeasure—and what they adopted was Thatcherism.

“Especially under Gorbachov, the introduction of the disease of Thatcherism to an already sick Soviet economy, resulted in a physical economic breakdown of the Soviet economy at a rapid rate. And thus, you have the relationship between the introduction of SDI in the pre-March 23, 1983 form during 1982 (and actually earlier, but 1982 in particular, when the Soviets came closely on top of this thing), and the breakup of the Soviet empire today.

“The refusal to face the LaRouche version of strategic ballistic missile defense based on new physical principles, and the decision to go to *perestroika*, resulted in two steps, especially in the second step—the Gorbachov step—in the self-destruction of the Soviet empire by means of *perestroika*. Such,” LaRouche concluded, “are the ironies of history. And there is a certain elegance and beauty in all that.”

Book Review

Why LaRouche is so often right

by Gerald Rose

In Defense of Common Sense

by Lyndon H. LaRouche, Jr.
Schiller Institute, Washington, D.C., 1989
110 pages, paperbound, \$5.00

One of the most startling events of 1989 was the completion of a major theoretical work by Lyndon LaRouche. What makes it most startling is that LaRouche wrote this book while he was incarcerated at the Alexandria Detention Center in Virginia, surrounded by the constant din of television and a prison population of drug-pushers.

In this work he defines the critical theoretical tools in which to define a true idea of "successful survival" for mankind. This idea is no small matter, because this is literally the issue that the leadership of the Western alliance must master, or there could be either a biological holocaust or a nuclear one in the few short years ahead.

LaRouche challenges the reader to define common sense not in the way it is usually defined as horse sense, or as he puts it, knowing enough to not pick up lint from the rug with a pitchfork. "Common Sense" is the science of mastering the process of the survival of the human species as a whole. You see throughout the rest of this magazine the remarkable forecasting capability which Lyndon LaRouche has. This is based upon the method presented in his book.

If one were to accurately describe why it is that LaRouche's enemies both hate and fear him, it is because he speaks with the force of natural law which no man, no matter how powerful, can escape. Based upon the most profound understanding of physical economy the world has ever known, LaRouche has been able to forecast within very narrowly circumscribed limits what Gorbachov and Bush would and would not be able to do years before even they knew. You might say this kind of knowledge is impossible! It is clearly not. The mastery of the science of "Common Sense" has allowed LaRouche to predict with certainty.

There is another aspect of the book which is not to be overlooked. For the true scientist LaRouche has solved an

age-old paradox first written about by Plato in his *Parmenides* dialogue. It is the most profound problem that any scientist faces. Broadly defined, it is the problem that no logical system can explain its own existence. Any attempt to explain the universe from the standpoint of an infinite series of discrete particles makes it impossible to explain where it came from. Yet just as difficult is the attempt to explain the existence of the universe as simply infinite, because it is discrete. In *Common Sense* this problem is fundamentally resolved.

Lastly, *Common Sense* defines the rigor with which the new and emergent movements for human freedom will have to come to grips, in dealing with the fundamental truth that freedom can only be achieved and maintained by a final dumping of both free-market ideologies and central planning. LaRouche locates the fundamentals of economics in the process of the creation of new technologies which provide the very basis of human existence. It is only this definition of freedom, as the freedom to discover the truth of the universe free from the tyranny of opinion and prejudice, that can allow these movements to lead their nations to a future truly worthy of being called human. It is this determination which has driven LaRouche to write such a work while in prison. It is his goal that mankind should free itself so that the beautiful in all human souls may be seen. To that purpose this book was dedicated.

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Global eco-fascist deals increase danger of war

by Mark Burdman

From the time of Mikhail Gorbachov's Dec. 7, 1988 speech to the United Nations General Assembly to the Malta summit of Dec. 2-3, 1989, the establishment of an ecological fascist world order has moved to the center of the world political and economic agenda.

Gorbachov had called for the creation of a "new world order" dedicated to the proposition that industrial and scientific progress on the traditional Western model would be rejected. He attacked the "old patterns of industrialization," and called for "restructuring the world economy" to protect the environment. In large part, the speech was an overture to the transatlantic liberal establishments. It was made soon after the U.S. presidential elections, in the transition period to the Bush administration, which rapidly proved itself to be an "environmentalist" administration and embraced the Gorbachov perspective enthusiastically.

U.S. Secretary of State James Baker III has pointed to U.S.-Soviet talks on "environmentalism" as the core of the so-called "Fifth Basket" of issues between the superpowers. From the very first moments of the new administration, when the State Department hosted Soviet spokesmen in Washington for confidential talks on "cooperation on environmental matters" in late January, to the announcement at Malta that the U.S. would sponsor a conference on "global warming" in autumn 1990, the global-ecological orientation has been clear. In mid-October, U.S. Attorney General Richard Thornburgh traveled to Moscow, and worked out accords for, among other things, cooperation on "environmental protection."

The Anglo-American Establishment emphatically went "green" during 1989. On the American side, this is seen in such developments as the strengthening of the U.S. Environmental Protection Agency. Under former World Wildlife Fund President William Reilly, the EPA has emerged as the

second institutional pillar of the rapidly developing police-state apparatus in the United States, together with Richard Thornburgh's Justice Department. Also, many leading corporations and banks financed a week-long "Globescope" conference in California, on Oct. 31-Nov. 5, where the designated keynote speaker was George Bush.

As for the "Anglos," 1989 witnessed an open embrace of paganism, ecologism, and green issues by leading British institutions, ranging from the monarchy to the vaulted vaults of the City of London. The British and Dutch monarchies spent much of the first half of 1989 competing for the honor of whose Queen could be the "greenest," as both countries' monarchs sponsored major international initiatives on "global ecologist" themes.

Perhaps the seminal policy statement on ecologism during 1989 from the Western liberal establishments, was an item published by the influential Prudential-Bache investment bank in June, unabashedly in favor of a global dictatorship to enforce "environmentalism." Its content was echoed by the influential London *Economist*. In the June 28 issue of Prudential-Bache's newsletter *Strategic Weekly*, author Mark Melcher forecast that "environmental efforts will dominate global economic and political thought and actions in the next century." A centerpiece of the emerging "sea change" in attitudes toward energy and material wealth, he forecast, would be an end to the former respect for "sovereignty of nations." The superpowers would become co-guarantors of a world order based on "heavy-handed action on the part of the international community, an undertaking virtually impossible under the conditions of Cold War rivalry that exist in the world today." Melcher also forecast a significant growth in influence of "green groups in the developed nations."

Soon thereafter, the London *Economist* expressed this "establishment consensus" in a most candid way: "What de-

fense has been to the world's leaders for the past 40 years, the environment will be for the next 40."

LaRouche warns: Eco-fascism leads to war

Complementing such propaganda, has been an increasing acceptance among Western people, largely due to the propaganda operations of the liberal media and the Soviet KGB and the widespread "Gorbymania" brainwashing, that "ecology" and "peace" are somehow inextricably linked, and that ecologists are kind, peace-loving people. The enormous positive international publicity given to the Greenpeace group has reinforced this image. But reality is completely different from the publicity image.

The immediate danger, is that the ecological-fascist movement, through the rapid growth in membership and activity of groups like Greenpeace, was able increasingly during 1989 to coopt and subvert legitimate and normal human concerns about pollution, clean air, natural parks, etc. All of this has been hijacked by a movement committed to a new feudalism, a new Dark Age, the implementation of which necessarily requires fascist measures on a global scale. Beyond this, as Lyndon LaRouche pointed out in a seminal document written in January, the eco-fascist agenda is locking the world inextricably into a pattern toward *world war*. We may be moving, rapidly, from the "Cold War" to a "Hot War."

LaRouche wrote on Jan. 9, "Soviet pseudo-science could cause World War III," which was published in *EIR* on Jan. 27, 1989, warning: "If Moscow chooses the neo-malthusian globalism featured in Gorbachov's December UNO address, the early physical breakdown of the Soviet economy is now preassured. In that variant, a general world war, or something equally awful, is virtually assured for some time in the 1990s, perhaps on the early side of the coming decade. . . . If neo-malthusian globalism is institutionalized through aid of supragovernmental powers entrusted to the U.N. Security Council . . . that globalist malthusianism will be institutionalized to the degree that it becomes impossible to shift world economic policy in ways needed to arrest the ongoing internal collapse of the Soviet economy. In that case, a spectrum of conditions and issues exists worldwide, intersecting the growing desperation inside the Soviet empire, thus making World War III or something like it inevitable at some point during the 1990s, perhaps early during the 1990s."

LaRouche proposed: "The alternative for Moscow is a switch, away from neo-malthusianism, to what used to be called 'American methods' until the U.S.'s neo-malthusian 'cultural paradigm-shift' of 20-odd years ago. Unless Moscow makes that switch, general war becomes the likely variant of the 1990s. If it switches away from neo-malthusian 'globalism,' Moscow's preferred discussion-partners in the West are Washington, Paris-Bonn, and Tokyo."

From the standpoint of adequate formulation of global policy, he stressed, "what is wanted, to make solutions politi-



Ecological fascist William K. Reilly



Ecological fascist M.S. Gorbachov

cally possible, is to scrap malthusian impulses, and to do more than merely return to the emphasis on capital-intensive modes of scientific and technological progress of 20-odd years ago. We must generalize the efficient realization of such progress on a planetary scale. . . . We must turn to the direct opposite of what the malthusians propose."

The 1989-90 "winter crises" of the economies of the Soviet Union and Eastern Europe recall LaRouche's warning. In its Dec. 4 edition, *Time* reported a threat by Soviet thinktanker Andranik Migranyan, of Moscow's IMEMO, that the U.S.S.R. was facing the choice of either "food or force." The fact that around the same time, the No. 11, 1989 edition of the U.S.S.R.'s *International Affairs* magazine was featuring a call by leading Soviet policymakers for "ecologizing" the Soviet economy, and that the Soviets are sponsoring new "global ecological" initiatives for 1990, under the banner of the state-run International Foundation for the Survival and Development of Humanity, only underscores the problem. The influence in the U.S.S.R. of "ecologizers" will make it inevitable that food can, indeed, be obtained only by force.

This points to the irony of the indicated LaRouche document. It was written only 18 days before the former presidential candidate was put in jail, following a frameup conviction in Alexandria, Virginia. The *EIR* issue in which the article appeared is dated Jan. 27, the day he entered prison. The Gorbachov speech itself was made nine days before LaRouche was convicted, and during the time the Alexandria trial was going on. Whether or not Gorbachov personally intervened to secure this conviction—and it is likely he did—the fact is, the Soviets are locking themselves into a war

AIDS in 1989

The 1980s was the decade of AIDS. The first cases were recognized in the 1979-80 period, and we now mark the tenth year of our experience with what may be mankind's terminal illness. It is singularly appropriate that AIDS is a disease of poverty, perversion, and drug addiction, since these are the hallmarks of the dawning "New Age."

It is difficult to avoid feeling like Cassandra, the Greek prophetess condemned to accurately predict the future and be ignored. In 1989 more and more of the predictions we made in the early 1980s are coming true. Policies which Lyndon LaRouche and his associates advocated four to five years ago are now being advocated by those who vehemently opposed the same policies. More and more evidence is accumulating that HIV infection can be spread by means other than sex or needles. Authorities, such as Dr. Jonathan Mann of the World Health Organization, now acknowledge that the most catastrophic predictions are the most accurate.

Certainly some incremental progress has been made. New drugs have been demonstrated to be effective against some of the infections associated with AIDS. New tests enable us to detect infection even before the development of antibodies. There is good evidence that early treatment

with AZT and other antiviral drugs can suppress the infection and probably delay the onset of disease.

Yet the overall impression of 1989 is that we are suffering from "AIDS of AIDS," as one prominent scientist put it. In spite of the apocalyptic warnings of Dr. Mann, the official line is that HIV infection is still only spread by sex and needles. The First International Conference on Oral AIDS this summer, which presented hard scientific evidence of oral transmission of HIV infection, was totally blacked out of the mainstream press. Harassment of the organizer of the conference continues to this day.

Looking at the spread of HIV infection and AIDS, we see that the epidemic appears to have peaked in the homosexual populations of New York and California. No longer a homosexual disease, AIDS is now a "heterosexual disease of poor people."

The response to this spreading plague among the minority poor is condoms and more condoms. This, in spite of more and more evidence that condoms do not stop the transmission of infection.

After ten years of AIDS and AIDS policy, it is increasingly evident that the disease, and the policies advocated to control it, are serving the end of drastic reduction of selected populations. Let's hope that the recent conference on HIV-AIDS and Global Population, held in Philadelphia on Nov. 27-29, will serve to launch an effective counterattack against this malthusian genocide.—*John Grauerholz, M.D.*

course, to the extent they ignore LaRouche's solutions for the economic crisis, and pressure the U.S. authorities to keep him in jail.

The jailing of LaRouche is otherwise directly related to the global "eco-fascist" deals. Over the past two decades, he has emerged as the most outspoken opponent in the world of "eco-fascism." A suit initiated in autumn by the Greenpeace organization in West Germany against publications associated with Lyndon and Helga LaRouche only underscores this fact.

Indeed, rivers of blood separate the LaRouche conception of political-economy and of the development of the human species from that of the "global ecologists," whether East or West. The issue: Is man made in the image of God, or not? Is man the crown of creation, or not? Does one believe in the injunction of the Book of Genesis to "multiply and subdue the earth," or not? The fact is, that the hard-core leaders of "global ecologism" are against the existence of the human race as such. They see those qualities associated with *human existence* as evil, and seek to reduce man to the level of the animal and plant kingdom. This is most clearly seen in the

emergence during 1989 of a movement called "deep ecology," which has been dubbed "eco-Nazi" by the Italian press. Its main mouthpiece, a magazine called *Earth First!* has welcomed AIDS as a population-reduction measure, chastised international agencies for stopping the spread of cholera in Africa, and expressed the hope that biological warfare could be unleashed against the human race more generally, to reduce population. "Deep ecology" *Earth First!* activists have committed numerous terrorist actions against loggers, livestock breeders, and other "oppressors of nature."

Since the LaRouche movement has taken on the eco-fascists directly, it has become a rallying point in many countries for those committed to scientific progress and technological development. Organizations associated with LaRouche have catalyzed or encouraged such anti-ecologist resistance tendencies in the United States, Brazil, Italy, Scandinavia, Australia, and among others.

From the Socialist International to Tiananmen

What will determine the battle in Eastern Europe, Ibero-America, and other parts of the world in the coming months,

Environmentalism kills

As a polite rationalization for massive food reduction and depopulation, the issue of “protecting the environment” has come to the forefront in 1989, for official USDA policy, and much of that in the European Community and elsewhere. William K. Reilly, named by George Bush to head the Environmental Protection Agency, and Agriculture Secretary Clayton Yeutter have set such issues as groundwater “purity” and wilderness protection as the leading issues of Washington policy, and the concept is promoted that “agriculture pollutes” the environment, with its runoff of manures and chemicals and their odors.

There has been a barrage of deliberate media misinformation in an attempt to eliminate or heavily regulate the use of agricultural pesticides, insecticides, growth-promoting hormones, feed additives, or medications for milk, beef, pork, and poultry production, and other food-preserving or growth-promoting technologies. The net effect will reduce food production.

Beginning in early 1989, LISA—Low-Input Sustainable Agriculture—was pushed by Washington with a vengeance. In September, the National Research Council of the National Academy of Sciences put out the book *Alternative Agriculture*, making the argument that low-input farming methods are just as productive as high-input methods, and that somehow, they are more sustainable.

But scientifically supervised multi-year studies at Iowa State University and South Dakota State University indicate that both profits and production decrease with low-input methods. Even though the LISA movement has no scientific studies that substantiate its claims, the movement is on the fast track.

The largest institutional funder of sustainable agriculture projects in the United States, the Jesse Smith Noyes Foundation, is also one of the largest funders of world population control programs. Similarly, the big funders of the *Alternative Agriculture* book project were the Rockefeller Brothers Fund and the Mellon Fund, all of whom have funded the Conservation Foundation and the major population reduction movements of this century. What better way to reduce population than by cutting off the food supply?

The sustainable agriculture philosophy replaces science with pagan superstition. The Noyes Foundation has funded such “New Age” sustainable agriculture farm groups as the Center for Rural Affairs in Walthill, Nebraska and the Land Stewardship Project in Marine, Minnesota. Literature published by the Land Stewardship Project states, “traditional Indian thinking . . . we believe will prove central to the survival of world populations. . . . It starts with the basic definition of human beings as spiritual participants in the eternal life of the Earth. It assumes the validity of the planet as our Mother Earth, our nurturer to love as we do our human mothers.” This pagan, Satanic philosophy is yet another way to manipulate farmers into voluntarily reducing food production.—Robert L. Baker

will be whether the LaRouche movement and like-minded forces prevail over the agents of the Socialist International. In June of 1989, the Socialist International met in Stockholm, to celebrate its 100th anniversary. Largely under the direction of the Swedish branch of the SI, the delegates vowed to make “environmentalism” into the “new mission” of the Socialist International in the coming historical period. A policy document prepared for the meeting fully endorsed the “international ecological security” perspective put forward by the Gorbachov team in Moscow. In October 1989, Socialist International head Willy Brandt traveled to Moscow, and concluded a deal for full-scale Soviet Communist Party-SI cooperation around the world.

The Stockholm 100th anniversary meeting occurred only days after the mid-June elections to the European Parliament in Western Europe, the so-called “Euro-elections,” in which “Green” parties did extraordinarily well, achieving, for example, 20% in Britain even though the U.K. Green Party had never run in a major election before.

One agency of the SI and the world federalists whose deleterious influence became widespread during 1989, is the World Commission on Environment and Development, better known as the Brundtland Commission, headed by the former Prime Minister of Norway, Gro Harlem Brundtland (who was voted out of office by a disgusted Norwegian electorate in October). The headquarters of the commission is now in Geneva, Switzerland, at the Center for Our Common Future. This center has become a clearinghouse and “networking” institution for ecological and environmentalist groups worldwide. On June 3, the center and the commission sponsored an extravaganza television special broadcast simultaneously around the world via satellite, showing world leaders from various countries praising the content of the Brundtland Report. One videotaped speech was made by Chinese Prime Minister Li Peng, attacking the overabundance of “polluters” in his country. At that very moment, his government was finding a final solution for many such “polluters” in Tiananmen Square.

No 'daily bread' in 1989; Food for Peace responds

by Robert L. Baker

At the second international Food for Peace conference, held in Chicago on Dec. 10-11, 1988, Lyndon LaRouche made a very powerful statement. He said, "Around the world, as most of you know, the conditions of food crisis exist, and will worsen over the coming 12 months. It is almost as if we can hear a section of the Lord's Prayer coming from the developing nations, from the poor of Eastern Europe, from the poor, the tens of millions of poor in our own country: 'Give us this day our daily bread.' "

Beginning in January of 1989, LaRouche's statement became the Food for Peace battle cry. The organization launched a flurry of international activities designed to activate an alliance of individuals around the world who would work together to expand food production, ensure an adequate food supply and fair farm prices, and defend the moral right of all to eat.

In the U.S. in January, Food for Peace representatives addressed hundreds of church congregations, civic meetings, and farm and school groups—a process that culminated in consumers and farm producers from 25 states of the United States, as well as representatives of the people of South and Central America, Western Europe, and the captive nations of Eastern Europe, and China, joining together in a major rally on Jan. 16 in Washington, D.C. Thousands of people marched down Constitution Avenue, calling for parity prices for farmers, the right of all people to eat, and freedom from the criminal frameup of the Justice Department, for Lyndon LaRouche and his six associates (see story, p. 87).

Farmers organize internationally

Also in January, rounds of exchanges of farmers from different continents took place, to spread the word on the worsening food crisis, and how to fight it together. West German Schiller Institute farm spokesman Heinrich von Bochelberg went on a Food for Peace tour in the United States and spoke at meetings in six states—California, Minnesota, Michigan, Ohio, Oklahoma, and New York—reporting on the decline in European food and farming. He toured many U.S. farms and conferred on the need for bold action on both sides of the Atlantic to resume food output. In March, upon Bochelberg's return to West Germany, a four-week followup tour of the U.S. was set in motion by German farmer Wilhelm Winter, who spoke to farmers in New York, Pennsylvania, Wisconsin, Minnesota, North Dakota, Montana, and Iowa.

Between Jan. 15 and March 1, in collaboration with the European Agricultural Commission of the Schiller Institute, Food for Peace scheduled meetings in Western Europe at which this author, an Iowa farmer, addressed over 1,800 farmers in 31 meetings in West Germany, France, and Denmark, briefing each group on the conditions of American farmers. A second European tour by California rancher Ed Anderson took place in March.

From Feb. 22 to March 12, Food for Peace conducted its first ever organizing tour of Australia, one of the world's largest grain exporters. Food for Peace organizers Al Douglas from the United States, and John Koehler from Australia spoke before 1,200 people in 15 cities, as well as in numerous newspaper, radio, and TV interviews. Australian rancher and political organizer Ian Murphy toured the United States in September and November, talking to farm groups, radio, and TV, and addressed the Nov. 10 Food for Peace conference in Chicago.

Two Food for Peace regional conferences were held in Mexico during March. Later, in November, Food for Peace organized a national tour in which *EIR* agricultural editor Marcia Merry made front-page headlines throughout Mexico by breaking the news that the U.S. was delaying the export to Mexico of badly needed milk powder because of U.S. shortages. The Food for Peace movement is rapidly expanding in Mexico and has established a Food for Peace Youth Brigade to involve young people in the effort.

The third International Food for Peace conference was held Nov. 10, 1989 in Chicago, and drew the largest turnout of the farmer-eater alliance to date, with over 700 farmers, civil rights leaders, clergymen, and other activists representing 35 U.S. states and five continents—reflecting the results of the international mobilization. Two weeks later, the fourth International Food for Peace conference was held in Voehl am Edersee, West Germany. The conference, sponsored by the European Agricultural Commission of the Schiller Institute, drew participants from five continents and 17 countries, including a delegation of 70 farmers, consumers, and clergy from the United States, and spokesmen from East German opposition groups, at the very moment the Berlin Wall was being opened.

The alliance between food-producing farmers and food-eating consumers that was successfully forged during 1989, has matured into a veteran force that has remoralized the

fighting spirit of those involved on an international scale. The Food for Peace activities in 1989 shattered the myth that farmers can't buck the system.

Inside the United States, black civil rights leaders, such as O.G. Christian from Philadelphia and Barbara Goudeaux from Chicago, led a new organizing effort to unite with rural farmers—mostly white—to demand parity prices for farmers, and a stop to the U.S. Agriculture Department dispossession of farmers who are in arrears on their loans.

World food stocks below crisis level

World food and grain supplies went down again in 1989. According to the Food and Agricultural Organization of the United Nations (FAO), total year-end world grain stocks for 1989 will drop another 25% below 1988 levels, to 305 million metric tons, and are projected to fall to 293 million metric tons by the end of 1990, for a total drop of 35% over the last three years. By next summer, world stocks of wheat as a percentage of consumption will fall to the lowest level in more than 30 years.

The United States, the world's largest grain exporter, will see a drop in 1989 ending wheat stocks of 46%, and ending coarse grain stocks of 52%, compared to 1988. A further drop in ending stocks of 30% for wheat and 11% for coarse grains is projected for 1990. U.S. wheat supplies will be 75% lower than the 1985-86 level.

The United Nations' October Global Food Warning stated, "The safety net for global food security provided by substantial stocks in earlier years is now exhausted." World output of grain will be below annual world consumption for the third year in a row. In other words, there is very little grain for our "daily bread." Now U.S. and world grain stocks are at one of the lowest per capita levels in history, while starvation and hunger are at one of the highest.

The volume of grain donated by grain-exporting nations for annual international food relief has dropped from close to 13 million tons, down to only 8.5 million tons. World milk output is also far below minimal consumption and food relief needs. The famous multimillion-pound milk powder "mountains" of the United States and the European Community of the mid-1980s are gone.

The USDA intervened in November to postpone delivery until early 1990, of 20 million pounds of nonfat dry milk to Mexico, which was contracted to be shipped by December 1989, because there are absolutely no free stocks of nonfat dry milk powder in the United States at this time, and next to none in Canada, the European Community, and New Zealand. There are no stocks of federal government milk powder and cheese for schools, the poor, and disaster relief.

Despite this world nutrition catastrophe, there are still policies in place in Washington and EC headquarters in Brussels to demand the idling of cropland for reasons of "environmental conservation" or prevention of crop "surpluses." In Western Europe, 11 of 12 member nations of the European

Community were required for the first time to begin implementing farmland "set-aside" in 1989. Although exact figures are not known, the land taken out of food production so far may total 1 million acres.

U.S. grain production during the 1980s has been drastically reduced by annually implementing a cropland set-aside plan that has totaled, as of 1989, some 400 million crop acres not farmed over the decade. This is the equivalent of having the United States produce no food at all for one year!

In addition to the annual USDA-mandated cropland set-aside, by 1990 there will be an estimated 40 million acres in the new Conservation Reserve Program. This unprecedented project was authorized in 1985, and contracts to remove farmland from food production for at least 10 years.

Figuring at a rate of seven people supported by the grain from one hectare (or 2.4 acres), taking 41 million acres out of food production in the North Atlantic nations is depriving over 115 million people a year of their "daily bread." As *EIR* has repeatedly stressed, "Set-aside is genocide."

Farmers are in trouble around the world. What is called "the most extreme form of economic liberalization in the world" is being implemented for agriculture trade, just like the free trade promoted by the old British Empire against its enemies. In the Soviet Union it is called *perestroika*. For the U.S. and its allies, it is called "free trade." High national and farm-sector debt payments and interest rates are causing havoc in agriculture and national food supplies. Look first at the traditional food-exporting nations, and then at the East bloc and China.

Since 1980, according to the General Agreement on Tariffs and Trade (GATT), the U.S. has become the world's largest importer of food. While food prices have increased over 40% since 1980, the U.S. is now the world's largest net importer of oats, beef, and pork in order to meet domestic consumption needs, and imports 15% of the durum wheat consumed domestically.

U.S. cattle numbers and per capita beef production are at the lowest level in 25 years, yet producer prices are below what is necessary to stay in business. And even though U.S. agriculture in 1989 was projected to have one of the largest net farm incomes in history, still, almost 50% of U.S. farmers will have a negative cash income, even when non-farm earnings are added in.

The U.S. farm credit policies are ruining thousands of family farms. In 1989, the USDA continued its campaign to foreclose on farmers in arrears on their Farmers Home Administration loans. In June, 60,000 FmHA threat notices were sent out to farmers, following up a batch of 80,000 sent out in the fall of 1988.

Now, federal policy is being geared to "privatizing" farm debt, through programs such as "Farmer Mac," which will tap into equity markets. The new entity "Farmer Mac" came into existence, supposedly to pool farm mortgages and provide more credit in the agriculture sector, but in reality it is

a land control operation of Metropolitan Life Insurance and others in the banking and insurance cartels. While independent family farms are disappearing, Metropolitan Life and others are buying and operating huge "farm management" companies to manage millions of acres and control food production by neo-feudalist methods.

In Western Europe, the Economic Commission of the European Community states in a report on European agriculture and structural policy, that "facing the situation on the world markets and declining food stocks of the EC, the question is whether the EC can continue the policy of reducing production. The danger is that agriculture becomes unproductive through these measures." In an emergency meeting with the Agricultural Committee of the European Parliament, EC dairy companies pleaded, "The EC is facing a shortage of milk because of the immense cuts in milk production."

The New Zealand sheep meat industry is being crippled. Lambs are being sold for \$14 per head (when \$24 is needed), and full-grown sheep are going for \$2 per head. Interest rates are 20-30%. And 40-50% of the farmers are at risk of losing their farms. Some reports suggest that as much as 10% of New Zealand's farmland has been bought by Elders Pastoral, an Australian junior member of the world grain cartel.

In Australia, though they are not yet as devastated as their New Zealand neighbors, 170,000 farmers are being crushed in the same squeeze of high 25-30% interest rates, falling farm product prices, adverse government policy, and crooked maneuvering by the cartels. Australian farmer and Food for Peace activist Ian Murphy said, "If things don't change in another 12 to 18 months, most Australian farmers will not be able to hang on."

Food catastrophe in the socialist bloc

In the U.S.S.R. and the nations of the East bloc, "our daily bread" is no longer daily for millions of people. "We have destroyed our agriculture," admitted Viktor Lishchenko, a high-ranking Soviet agricultural economist. "Our farms are disaster areas." The average Soviet cow gives only 40% as much milk as an American cow. Using 33% more grain combines than in the United States, Soviet farms harvest half as much grain, and waste about as much grain from spoilage as they import. Harvesting damages about 80% of the potatoes, and 50% spoil in storage. Yet, on private plots that make up less than 3% of Soviet farmland, peasants raise about 30% of Soviet milk, meat, eggs, and vegetables and 60% of potatoes and fruit.

This past trade year, the U.S. provided a record 21.7 million tons out of the total of 41 million tons of grain imported into the U.S.S.R. During the 1990 trade year now under way, the U.S. Department of Agriculture estimates that the Soviet Union's imports from the United States will jump to 36 million tons of wheat, corn, and soybean products, out of a total Soviet import tab of close to 50 million tons. Soviet officials estimate that drought hit about 50% of the cropland

in 1988 and about 30% this year. They are worried.

The Oct. 17 edition of the Soviet newspaper *Sovetskaya Rossiya* reported from the south of the Russian Republic that the Tostove Oblast Grain Products Directorate is receiving telegrams from towns in the area describing the desperate situation. One such report read: "No flour of any kind in warehouses, railcars not dispatched to plants for many days." However, there is little extra food to send from other areas.

V. Voloshin, chief of the transport department of this directorate, said, "This situation is becoming increasingly desperate. Judge for yourself: In September, because of the lack of rail cars, we failed to supply 28 of the regions with 122,000 tons of grain and almost 7,000 tons of flour."

In Eastern Europe, there is almost no meat on the shelves. Meat prices jumped 500% in Poland, when food subsidies were removed Aug. 1. While East bloc pork production, half of which is produced in Poland and East Germany, has hardly increased in the last 10 years, pork exports have increased over 100% in order to pay debt. The largest importer of Eastern European pork is the United States.

In China, according to the official Chinese Communist news agency Xinhua, the agricultural "reform" of the last 10 years under Deng Xiaoping has been a disaster. Grain production has fallen each year since 1984. Under the watchful eye of the International Monetary Fund-dictated austerity plan called the "rectification," 100-300 million farm workers are wandering the nation in desperate search of work.

In Mexico, 180,000 children die each year from malnutrition, according to statistics released in September by the Mexican Center for Children's Rights. The Secretariat of Health reported on a study that showed that at least 35% of pre-school children in Mexico don't receive the most basic nutritional level, as defined by the World Health Organization. Malnutrition is the leading killer of children in this age group, accounting for 25% of deaths.

Official statistics published in the Mexican press in August show that, as a result of the economic policy applied to the farm sector, the per capita harvest of basic cereals for human consumption (corn, wheat, rice) was 34.9% lower in 1988 than in 1981. Per capita Gross Domestic Product in agriculture was 16.8% below that of 1981, and per capita production of beef, pork, and milk dropped by a staggering 37.5%, 45.6%, and 32.5%, respectively. Food imports are expected to be \$3.5 billion in 1989. Mexico must import 25% of its milk.

Cartels wield food as a weapon

Armand Hammer, one of the richest Soviet agents of influence in the world, stated that "food will be the oil of the '80s," but the issue is not merely greed, it is depopulation.

In the forum of the United Nations GATT talks, 1990 is to be the year of conclusion of radical agriculture trade "reform," called the Uruguay Round, from its initiating talks

four years ago at Punta del Este, Uruguay. The megafood companies are demanding that nations give up food policy sovereignty, and the right to attempt food self-sufficiency, and instead to rely on the "world market" for food "security." This would mean that in the midst of this food scarcity, the famous-name companies controlling food trade flows decide who gets food and who doesn't—as is happening now in the mass starvation in Africa, and the growing malnutrition elsewhere.

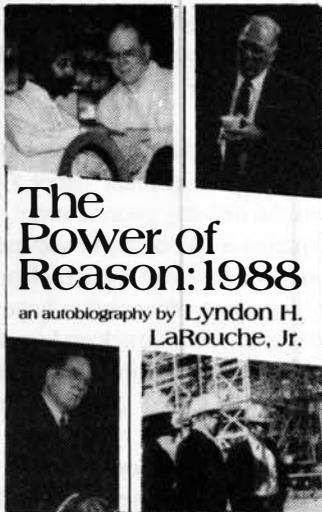
The international food trade corporations have lobbied hard in 1989 for new international rules for agricultural trade that will give all the advantages to multinational food corporations at the expense of the independent producer and processor. International food trade cartels—Cargill (Tradax), Continental Grain (Finagrain), Archer Daniels Midland-Toepler, Ferruzzi-Central Soya, and Bunge, the "proper names" that comprise the so-called "market forces" which control 90% of all grain traded in the world—want to tear down all national protective agricultural trade barriers that have prevented them from freely looting farmers and consumers around the world.

On Oct. 25, the Bush administration presented its proposals for "fundamental reform of the global trading system" to the GATT. They include: 1) convert non-monetary import tariffs to a monetary value and then phase all tariffs out over

a 10-year period, 2) phase out export subsidies and import restrictions over a five-year period, 3) phase out most domestic support measures, and 4) develop international sanitary regulations for food.

The agricultural trade "reform" proposals the U.S. wants the GATT to implement are the same "free trade" controls called for by a special 1985 Trilateral Commission report on whose task force sat the grain cartels' man, Clayton Yeutter, who is the current secretary of agriculture, was the chairman of the Chicago Mercantile Exchange and was a board member of the large grain and livestock company ConAgra.

Inside the United States, such companies are tightening their stranglehold. This past year marked the end of a decade-long scramble that has consolidated the U.S. meat-packing industry in the control of a few international grain cartels and multinational food conglomerates. The big three packer monopolies, IBP (owned by Armand Hammer's Occidental Petroleum), ConAgra, and Excel (owned by Cargill, Inc. the largest grain company in the world) control 70% of all beef processed in the U.S. and about 45% of all pork. These three also either own or have supply contracts with the four largest cattle-feeding companies in the U.S. The speed with which the livestock industry in the U.S. is being vertically integrated is unprecedented. Prior to 1980, none of the big three was even in the meat-packing industry.



LaRouche—at the center of current history

"I have been at the center of some among the leading crisis-developments affecting current history, including the Soviet and liberal establishment efforts to destroy the Strategic Defense Initiative."

—Lyndon H. LaRouche, Jr.

"Lyndon LaRouche is striving to undermine the influence of Communists and other left forces among the workers and student youth."

—Izvestia, March 12, 1984

"It's LaRouche's people. He's persecuting me."

—Henry A. Kissinger, responding to a demonstration in April 1983

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IMF endgame augurs revolution or starvation in Ibero-America

by Peter Rush

One year ago *EIR* identified 1988 as a year of greatly increased misery for most of Ibero-America, with worse to come in 1989. We reviewed how, despite the proof demonstrated in every available electoral forum that the people of the continent were fed up with the International Monetary Fund-designed “free market” economic policies being applied by their governments, the leading nations continued to seek agreements with the IMF and to impose ever harsher austerity in order to comply with those agreements.

Twelve months later, the grinding poverty has begun to spark a revolt, soon to be a revolution, that will sweep away the IMF regimes of the continent, and begin a political and economic renovation no less dramatic than that which occurred in Eastern Europe during 1989. The year saw a series of “shots across the bow” from populations seething with discontent, starting with the explosion of violence in Venezuela in late February, to violent eruptions in Argentina in the late spring, to scattered outbreaks of violence in Brazil in recent months, and signs that the Mexicans have likewise finally had enough.

Venezuela’s Pérez leads the way down

Top honors for causing a nation’s fastest plunge from mere stagnation to economic disintegration falls to the darling of the Social Democracy, Venezuela’s aspiring dictator, Carlos Andrés Pérez, elected by default at the end of 1988. After his inauguration Feb. 4, CAP, as he is generally known, moved in less than one month to sign an accord with the International Monetary Fund committing him to measures intended to depress living standards sharply and free up resources with which to pay the country’s \$32 billion foreign debt. On Feb. 16, CAP announced that price controls would soon be lifted. Basic foodstuffs disappeared overnight from grocery shelves as storeowners started hoarding to wait for the price increases.

On Feb. 27, the same day he signed the infamous IMF agreement, CAP ordered Phase I of the agreement put into effect. Bus fares doubled to one-fourth the minimum wage, and gasoline prices increased by 94%. The response was instantaneous. A looting spree against stores began that went on for five days and didn’t stop until 25-30,000 stores in

Caracas and several other cities were stripped bare. As Army troops with orders to shoot looters began entering the city on the second day of rioting, Caracas became like Beirut, as store owners, looters, and Army troops and police battled on the streets. The official count when it was all over was under 300 dead and 1,000 wounded, but independent estimates put the death toll alone at well over 1,000.

Unfazed, CAP imposed Phase II of the IMF accord on schedule on March 15, devaluing the bolivar, freeing most prices, raising electricity rates, and moving toward reducing or eliminating most tariffs. As a result, Venezuela has gone into a depression. Its Gross National Product was down 10% this past year—more than the U.S. economy declined in the first year of the Great Depression of 1929-33—and 20% of the workforce is already out of work. Hundreds of thousands more are slated to be fired early this year. Workers have lost 70% of their purchasing power in 10 months, according to labor leader Juan José Delpino. Already in April, the Central Bank said prices had risen by 187%, while wages had only been increased by 30-50%.

The Venezuelans did not passively accept these developments. On May 18, the Venezuelan Labor Confederation held a totally successful one-day general strike, heeded by at least 98% of Venezuelan workers. No newspapers appeared, and even small and middle-sized industrialists backed the strike. Since then, numerous other strikes have taken place, including 200,000 teachers who struck on June 15. The press has been filled with reports of farmers, workers, and businessmen complaining that CAP’s economic regime is destroying them and the country.

In the state gubernatorial elections Nov. 30, voters virtually boycotted the polls in protest against CAP’s policies. In a country where voting is mandatory, and in which 80% voted for President a year ago, only 32% voted, and in 9 out of 20 states, including most of the most important and populous ones, CAP’s party, the AD, was booted out of power. Most revealing was the election in Bolivar state, where a popular trade union leader from a small third party smashed both the AD and the ineffective Christian Democratic party, the COPEI.

CAP has still not gotten the message, but most observers

believe that another explosion is coming that will make the Caracas rioting of last February appear mild by comparison, as economic conditions continue to unravel.

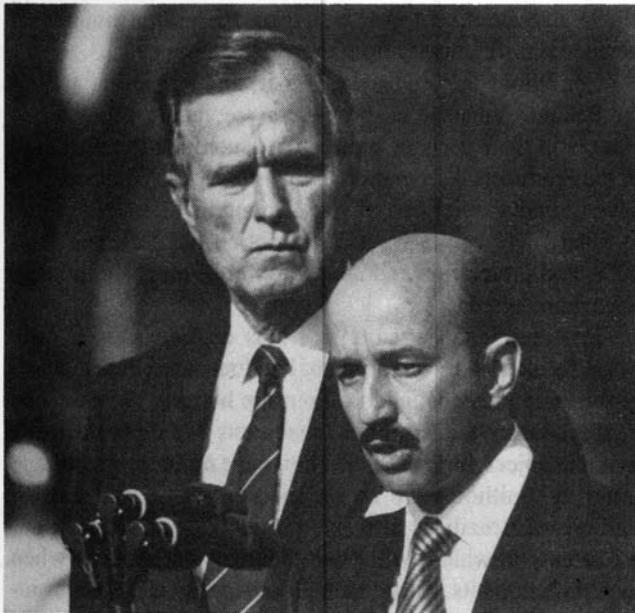
Betrayal in Argentina

Top honors for betrayal of pre-election expectations go to Argentina's putative Peronist President, Carlos Saúl Menem. After five years of hyperinflation, declining wages, and growing economic chaos under Radical Civic Union (UCR) President Raúl Alfonsín, citizens voted May 14 against the UCR candidate, Eduardo Angeloz, in favor of Menem, candidate of the Peronist Justicialista party. Menem won by a final vote of 48.5% to 37%, a spread of 5-10 points greater than forecast in the polls.

In the three months before the election, the economy had entered true hyperinflation, with inflation at greater than 50% a month, interest rates above 150% a month, and the currency at 20% of its February value in May. Wages fell 30% from December 1988 to the election. The message of the people was clear: We want new policies.

And Menem promised them just such new policies. In a March 26 article in *Clarín*, he outlined a series of infrastructure projects he wanted to implement on his election, including large irrigation projects, deep-water port construction, and hydroelectric and nuclear energy projects, among others. Menem's program also called for putting people to work in a "productive revolution" that would emphasize the physical economy at the expense of the paper financial one. He promised to stimulate the internal market by raising wages and controlling prices.

Following the election, inflation soared to 60% in May,



George Bush and Mexican President Carlos Salinas de Gortari: partners in one the year's biggest swindles, the Mexican debt "bailout."

and 130% in June. The price rises sparked supermarket looting in Córdoba on May 24, followed by much more violent looting May 30 in industrial Rosario, Argentina's second largest city, where mobs cleaned out stores and even attacked private homes. National Guardsmen were called in and arrested 1,000 people, including numbers of leftists and terrorists who had been leading and coordinating much of the looting.

By early June, Alfonsín was left with no choice but to resign six months early. He turned over power to Menem on July 8, rather than Dec. 10 as mandated by the Constitution. Menem immediately handed over the all-important finance ministry to the Bunge and Born grain cartel, in the person first of B&B executive Miguel Roig, who died after one week in office, and then of another B&B executive, Nestor Rapanelli.

The B&B program was, in fact, a classic "shock" program, based on devaluation, price increases, and wage restrictions. It is premised on free-market reforms and large-scale privatizations, most of which have yet to occur. As of this writing, the Argentine economy is a wreck again.

After several months of relative stability, the austral, pegged by Menem in July at the official rate of 650 to the dollar, collapsed in November to 1,000 on the black market. On Dec. 10, Rapanelli announced a package of measures, including a 50% devaluation of the currency, and a 40% increase in the prices of gasoline and public utility rates. Four days after announcing this package, Nestor Rapanelli resigned, a decision reflecting factional squabbling inside the Menem cabinet. Peronists inside the government opposed Rapanelli's commitment to orthodox monetary policies and their impact on a population fed up with IMF austerity.

The reality is that Menem has adopted a policy direction that has placed him in a showdown both with the Peronist-dominated labor movement, and with such important institutions as the Armed Forces. In October 1989, in an effort to ease tensions in the Army, Menem granted a pardon to Army officers charged with human rights violations and participating in rebellions against the Alfonsín government. Nationalists within the Army praised that action. But Menem subsequently allowed the high command to retire nationalist Army hero, Col. Mohamed Ali Seineldín, whose defense of the institution of the Armed Forces and the Constitution has earned him the respect and admiration of much of the officer corps. Menem's Dec. 13 confirmation of Seineldín's retirement will alienate the nationalist officers and heighten already existing tensions within that institution.

Mexico, Brazil, next in the barrel

The Mexican government of Carlos Salinas de Gortari spent 1989 playing out an enormous fraud on the Mexican people, known euphemistically as the Brady Plan "debt reduction" package, agreed on by the Mexican government and the country's creditor banks on July 23. The package

was hailed by Salinas in a nationally televised speech that same night, as meaning that Mexicans "will no longer bear the burden of excessive indebtedness."

In early December, Mexico's chief debt negotiator Angel Gurría released a statement detailing what the deal will finally mean for Mexico: Its annual interest payment outflow will decline about 8%, from \$10 billion to \$9.2 billion, and its total debt will decline less than 1%, from about \$105 billion to \$104.4 billion. Mexico's interest bill has gone up in 1989 by several times more than the interest saving in this deal, due just to rising interest rates. What is left is a balance of payments deficit of over \$5 billion, and no way to pay for it.

Meanwhile, Salinas has been busy turning the economy into a wasteland. The fundamental policy of his government is to make Mexicans pay, through taxes and other means, for the government to be able to pay the debt. Salinas has refused to permit the guaranteed price paid to the farmers to rise with inflation, such that most farmers are not being paid enough to even meet their costs of production. Agriculture output is plummeting, compounded by a severe drought, as farmers by the hundreds of thousands have drastically scaled back their plantings. More than 60% of the entire federal budget goes to pay debt service, most of it to a handful of Mexican oligarchs who "invest" in Mexican government internal debt.

Most recently, with the failure of the Brady Plan package to help meet interest payments, Salinas has proposed a whopping new tax package to soak everyone from retirees and the handicapped to the already-devastated farm sector. The measure is so outrageous, that major sections of his own PRI party have deserted him on this issue, including his own agriculture secretary, and the national president of the PRI. Almost every segment of the population is also up in arms, from labor unions to peasant federations, making outbreaks of strikes and possibly violence increasingly likely, as the daily life of most people continues to worsen with no end in sight.

In the case of Brazil, *EIR* warned exactly one year ago, that if Brazil's economic policies were not drastically changed, the country would witness rapid institutional breakdown, and "a second Nicaragua, but with Brazil's size, could emerge in Ibero-America in the short term." Brazil is reaping the results of having rejected the debt moratorium and industrialization plan of former Finance Minister Dilson Funaro in 1987, imposing instead IMF austerity and disinvestment of key sectors of the economy. In the Dec. 17 presidential runoff election, Ignacio "Lula" da Silva of the leftist Workers Party (PT) was defeated by pretty-boy oligarch Fernando Collor de Mello; both candidates came from outside the traditional party system. An outcome of political and economic upheaval is almost certain. With inflation now running at 50% a month, the highest in Brazilian history, a ferocious round of capital flight is expected which would further collapse the currency and increase inflation, in a short-term hyperinflationary spiral to disaster.

No meat, no milk, no butter, no food

The bottom line result of continuing to apply IMF austerity to service the \$400 billion foreign debt of the top four debtor countries of the continent, was the collapse of major sectors of their countries to African levels of hunger, malnutrition, and disease. In 1989, Ibero-America couldn't even supply its people with enough food to live on. From Mexico to Argentina, report after report has documented the extent of growing malnutrition, especially among children whose mental and physical development are being permanently retarded by lack of adequate nutrition.

"Hunger Threatens Mexico," was the banner headline of the Sept. 4 *El Sol de México*. Mexico produced less food in 1989 than in 1980, to feed 19 million more people. Grain imports soared to 12 million tons, the highest in Mexico's history, and fully 55% of domestic production, and 35% of total consumption, even as 24 million acres of arable land are out of production. Eighty percent of Mexican children are reported to be malnourished, and 5% die before their fifth birthday. Forty-two million Mexicans, 50% of the population, by official admission, are poor, and 30 million in rural areas live in extreme poverty. "Today . . . hunger in its most dramatic manifestations . . . threatens the nation: The malnourished 75% seem to announce that in the decade of the nineties, Mexico could go the way of Cambodia or Vietnam," said the *El Sol de México* article.

Yet the Mexican government now proposes to increase taxation of farmers, even while the budget allocation for agriculture has been cut by 83% since 1980, beef consumption per capita has fallen from 35 to 15 pounds per year, and the shortage of milk has reached a crisis following the collapse of domestic production (down 36% from 1980 to 1989) and the recent suspension of 10 million pounds of powdered milk imports from the United States.

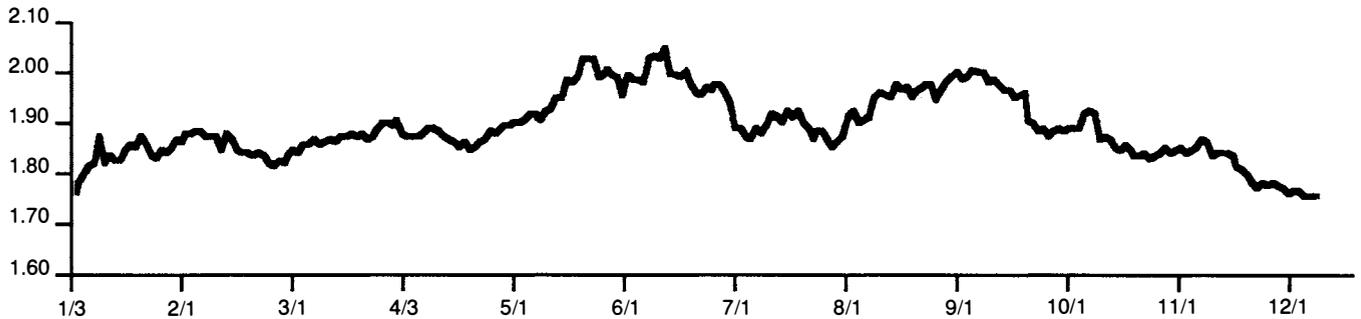
Conditions in Venezuela, Brazil, and Argentina are not far behind. Venezuelan producers are facing 20-80% increases in their costs of production, such that the president of the Producers Association of one state said, "Farmers will have to find another line of work, given that it is impossible to plant." Per capita food consumption has fallen at least 30%, and production and consumption of meat and poultry have plummeted.

In Argentina, starvation for tens of thousands is only being forestalled by government handouts and private charity-run soup kitchens, and millions are hungry. Nine million of the country's 32 million inhabitants are reported to be living in abject poverty, 14 million have no running, potable water, 17 million have no indoor sanitation. And tens of millions of Brazilians also live on the edge of catastrophe, a catastrophe which will strike them by the millions when hyperinflation hits. Either a totally new political and economic order will arise to sweep away the old, or riots and starvation will kill millions of people next year in a holocaust of unimaginable proportions.

Currency Rates

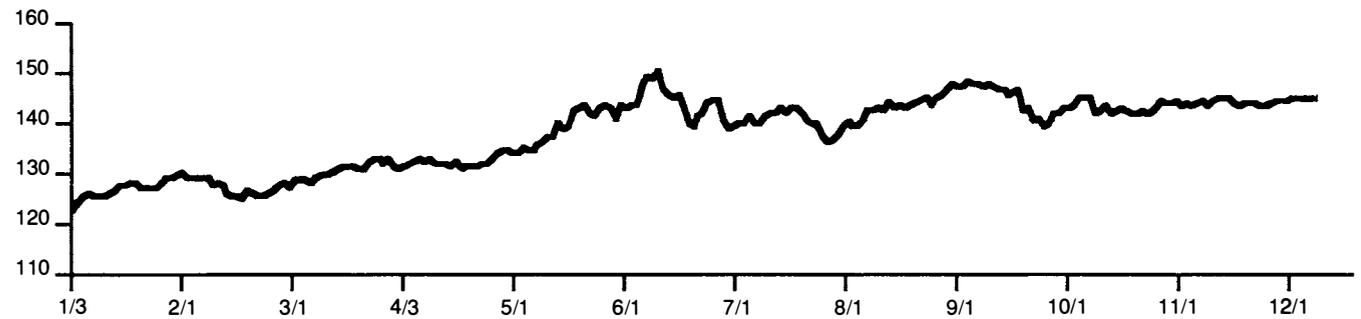
The dollar in deutschemarks

New York afternoon fixing



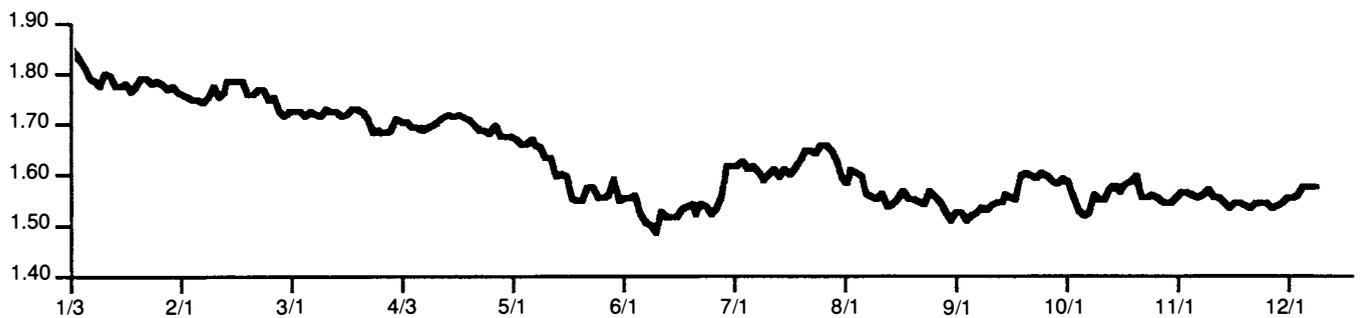
The dollar in yen

New York afternoon fixing



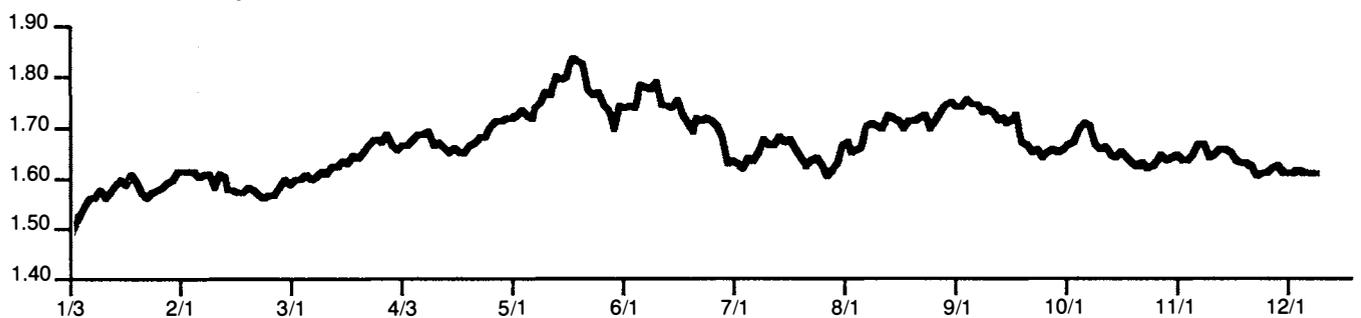
The British pound in dollars

New York afternoon fixing



The dollar in Swiss francs

New York afternoon fixing



The Great Depression is back

John Hoefle, Steve Parsons, and Anthony Wikrent survey the monetary and economic ruin of the United States after a decade of "recovery."

The U.S. economy managed to stagger to the close of the 1980s. But after a decade characterized by infusions of such poisons as junk bonds and a perverse "service industries" orientation, the economy is moribund. So is the waning political power of its Wall Street managers, who have kept it alive through an increasingly cruel impoverishment of the workforce and enforced looting of productive capacity. The decade-long orgy of speculation that characterized the Reagan-Bush "economic recovery" has destroyed the ability of the economy to overcome its parasites. The fleas have killed the dog.

Three phases of collapse

Despite the George Bush administration's hysterical denial of reality, the U.S. economy is in a desperate, worsening depression, which is leading the world into a collapse best described as a New Dark Age. The breakdown, as analyzed in summer 1989 by *EIR*'s founder, Lyndon LaRouche, has proceeded in three phases:

1) *Physical economic breakdown.* This is the fundamental process driving the depression collapse. Because of the enforced shift to a post-industrial society in the mid-1960s, the U.S. economy, as a productive enterprise, has been bankrupt since the period 1981-82. It is no longer capable of physically producing the output required to maintain break-even levels of functioning. The result has been an increasing cannibalization of society's current productive capacity and its labor force, as well as its means of future production, through a lack of replacement of infrastructure, the contraction of physical plant and equipment, and the descent into obsolescence of what remains.

2) *Financial breakdown.* The U.S. economy has been financially bankrupt since 1985-86, when earnings became insufficient to cover current costs and expenses, and cash flow was unable to cover even interest payments on a ballooning debt bubble that had all but replaced real economic growth. In significant degree, the astounding growth in debt—from under \$7 trillion in 1984, to over \$20 trillion today—is the proof. The debt has grown, not because it is being paid, but because unpaid principal has been rolled over and added to the total, thereby increasing the total outstand-

ing of interest-bearing claims. This piling of debt upon debt is the "miracle" known as the "Reagan recovery."

3) *"The run on the bank."* The economy is now decidedly in this third phase of collapse, a spiraling deflation of the nominal value of financial paper and property titles, whose prices have been run up through enormous speculation and debt monetization. At the end of the line—now not very far away—is the collapse of the banking system, when financial bankruptcy turns into actual runs on the banks, starting with the liquidation of supposed assets to generate ready cash to pay debt. If the supposed assets cannot be liquidated, or, alternately, can be, but at a fraction of their book value, then the debt instruments are not worth the paper they are printed on. Then such creatures as leveraged buyouts become leveraged blowouts, bringing down bank and other financial institutions' assets in multiples of five times and more the debt directly affected.

The deflationary spiral

LaRouche has indicated that the singular event marking the onset of the "run on the bank" deflationary spiral was the Sept. 15 debt default of the highly leveraged Campeau department store empire. This default triggered a financial shock wave, first precipitating the collapse of the \$200 billion-plus junk bond market in September, then the near-blowout of the stock and futures markets in October, and at year-end an accelerating devolution of corporate earnings and real estate values.

This acceleration of the deflationary spiral is building the shock wave into the financial equivalent of a sonic boom, which LaRouche estimates will hit the various markets full force in approximately March-April 1990, leading toward a "run on the bank" which would soon become obvious to all. If the Bush administration tries to avoid this certainty, by ordering a loosening of credit and reflation, the spiral will simply take off in the opposite direction: It will become a hyperinflationary spiral, exceeding that of Weimar Germany and its wheelbarrows full of worthless paper money, and actually increasing the destructive force of the inevitable financial blowout.

The reality is that without a change in fundamental fi-

nancial and economic policy in the direction specified by Lyndon LaRouche, there is no stability in sight. If more money is thrown at the problem, it may postpone a blowout until next spring, but the collapse at that time will be much, much worse. There will be either a hyperinflationary spiral, or a deflationary spiral, with no middle ground.

The science of economics

LaRouche's ability to identify the problem so precisely is based on his *scientific* approach, which continues the tradition of the "American System" of the first U.S. Treasury Secretary, Alexander Hamilton, of Abraham Lincoln, and of their forerunners in the European school of physical economy going back to Leibniz and the great thinkers of the Renaissance. We summarize the premises of that outlook here, to situate our analysis of the depth of the U.S. economic collapse and the threat it poses to all of mankind, if present policies are not reversed in what LaRouche last May prescribed as a "bootlegger's turn" from the past two decades' follies.

Economics is not, as the so-called "experts" would have you think, about money. The science of economics starts from the *moral perspective* that the proper role of economics is to establish an environment in which society as a whole has a constantly rising standard of living, such that each generation is increasingly more prosperous and more able to meet the challenges with which it is faced.

To accomplish this noble purpose, the economy must be organized in such a way that *scientific and technological breakthroughs* occur and are assimilated throughout society at the highest rates possible, maximizing the productive capability of the land and the productive powers of human labor. That way, not only will the amount of land required to sustain an average person be constantly reduced, but the amount of productive work done by the average person will be constantly increased. This, in turn, will permit a given land area to support more and more people, at ever higher standards of living. This *increase in potential population-density* is the standard by which the productivity of economies is measured.

The process is self-expanding and nonlinear. An advance in technological progress creates the conditions for an increase in potential population-density, fostering the conditions under which such scientific advances can be put into general use by the population. Those advances, properly applied, lead to further increases in potential population-density, and thus increase the likelihood that the speed of technological progress will increase.

Conversely, a break in the process causes the reverse effect, with a slowing of the rate of technological progress, and a resulting decrease in potential population-density, causing the standard of living to inexorably ratchet downward. This conceptual moral framework is the basis for any competent economic work, and the standpoint from which policies must be made and evaluated.

LaRouche's solution

In a statement issued Dec. 15, Lyndon LaRouche poignantly summarized the nation's economic predicament. "We're in the Great Depression of 1989-92," he said. "And the only good news would be a change in economic policies dumping the Gramm-Rudman-Gorbachov budget-balancing legislation, and dumping all of the other policies which have been built up over the past 25 years since the mid-1960s.

"What we have to do is go through a recovery program like that which got us out of the last Great Depression. We have to go back to being a nation committed to scientific and technological progress, whose tax structure and credit structure is designed to promote job creation in capital-intensive, energy-intensive, advanced technological modes. There's nothing wrong with this economy caused by our so-called competitors, Japan and Germany. We are suffering nothing except what we have done to ourselves with the stupid policies in Washington. The collapse of the S&L banks is not a result of crooked bankers; it's a result of the policies of deregulation which Washington, through the [Sen. Jake] Garn bill and other means, imposed upon the banks, including the S&L banks, in 1982.

"So let's wake up," LaRouche continued. "The Great Depression is on. Do you want a recovery, or do you want to continue with a depression? Come January through March and April, you are going to be suffering. Real estate values will be tumbling—and I mean tumbling—not a few percent off, but deep, deep collapse all across the country. Jobs will be shut down. White-collar and service employment layoffs will pyramid and escalate . . . unless we change policy, unless we decide we're tired of this old policy of Thatcherism which is ruining the United States.

"Let's get back to what we were in the early 1960s: a nation committed to space; a nation committed to scientific and technological progress; schools geared to scientific and technological progress; capital-intensive investments supported by investment tax credits and low-cost credit for good purposes; a nation rebuilding its infrastructure; water rebuilding; rebuilding our forests where needed; recovering and restoring land where needed; rebuilding our transportation system, our highways, our railroads; rebuilding our power production and power distribution system so we can continue to exist without blackouts and brownouts; rebuilding our sanitation systems; rebuilding our schools; rebuilding our health-care delivery systems.

"If we do those things and provide tax incentives to investment in agriculture and manufacturing, and to an industry such as machine tools and related service industries, and if we apply cheap credit selectively to these kinds of investments in infrastructure, in agriculture, in manufacturing, we're going to find that everything else works just fine."

In the pages that follow, we survey each major facet of the crisis.

The collapse of the U.S. physical economy

By the end of 1989, the year-long ballyhoo over the continuation of the Great Recovery and prosperity of the U.S. economy had given way to a barrage of dismal economic news. The raucous celebration of the wonders of free-market economics had turned into hollow arguments that the onrushing economic collapse of such vital sectors as auto and the real estate market were only “isolated problems” that need not affect the rest of the “fundamentally sound” economy.

But now it is no longer possible to cover up the stark reality that major sectors of the economy are in the advanced stages of collapse.

Auto

The Big Three automakers—General Motors, Ford, and Chrysler—struggled all year to prop up sales with huge incentives, which resulted in an ocean of red ink throughout their core North American manufacturing operations in the third quarter, when \$8 billion was spent on sales incentives and rebates. As soon as the auto makers tried to restore their profit margins by ending rebate programs, sales collapsed and inventories swelled (see **Figure 1**). The problem only became worse in the fourth quarter, with double-digit rates of collapse reported week by week. GM is expected to end the year with over 100 days’ worth of unsold new cars, as opposed to a normal 60-day inventory level.

With \$240 billion in annual sales, auto manufacturing remains the linchpin of the U.S. economy; directly and indirectly, it involves 58% of all non-defense capital spending. Chrysler Chairman Lee Iacocca, who declined to run for President in 1988 by explaining that he did not know what to do about the anticipated economic blowout, said on July 27, “The car and truck business in the U.S. is undergoing a dramatic and permanent transformation that puts enormous pressures on all manufacturers to get their programs and costs in line.” He announced that Chrysler would lay off 2,300 white-collar workers—8% of the total salaried staff—then made a lame attempt to maintain the “recovery” veneer by adding, “This is not simply a reaction to the current sales environment.”

The first indication of what Iacocca meant about getting “costs in line” had actually come a few weeks before, when

Ford initiated its first inventory-reduction factory closings in six years by temporarily closing two U.S. assembly plants, as well as various plants in Canada and Mexico. The action followed the announcement of Ford’s first earnings decline in 12 quarters. GM’s announcement in September that it was “indefinitely” closing its plant in Lakewood, Georgia, putting 3,200 people out of work, especially riled the United Auto Workers leadership, who angrily reminded GM that its contract with the UAW prohibited any permanent plant closings.

By October and November, there were regular weekly announcements of one- to three-week layoffs at Big Three plants all around the country. In November, Chrysler announced a wave of permanent factory closings, including the Detroit Jefferson Avenue plant. Leaders of the UAW union were so incensed, that Iacocca decided not to appear at an annual UAW meeting he had been warmly welcomed at in previous years.

The collapse of the market hit GM the hardest, with its market share plummeting from 46% in 1980 to 41% in 1986, and then to just 31.8% in November, the lowest in 60 years. With its corporate structure set to handle about a 40% share, GM is in big trouble. On Nov. 21, GM announced that it would eliminate 25% of its 101,000 white collar workers, and it is entering 1990 with plans to idle 22 of its 27 assembly plants in the United States.

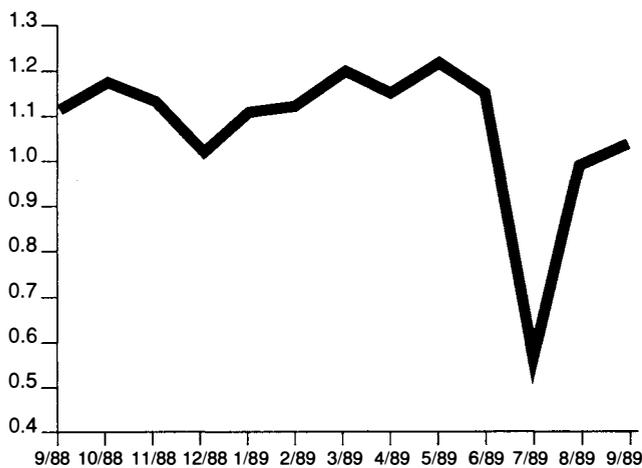
With at least another eight assorted Ford and Chrysler plants temporarily idled, besides the 22 GM plants, over 100,000 U.S. auto workers with no paychecks coming will have little to celebrate this holiday season. And, the wave of layoffs in the supplier companies was just beginning, and will steadily get worse.

The collapse in heavy truck manufacturing was evident at the very beginning of the year, when Peterbilt Motors Co. announced it was laying off about 22% of its employees at its two plants in Denton, Texas and Nashville, Tennessee—its first layoffs in nine years. The chairman of Mack Truck was forced to resign, after Mack posted losses in the second and third quarters of over \$68 million. Mack halved production and eliminated 21% of its work force, but still ended the year in technical violation of its loan agreements. Navistar

FIGURE 1

Motor vehicle factory sales from U.S. and Canadian plants

(millions)



International lost \$13 million in its fourth quarter, which ended in October.

Computers/electronics

More “firsts” indicating the extent of the economic collapse were recorded in the computer and electronics industries, where more people are now employed than in auto and truck manufacturing. Here, the story was similar to auto, with waves of layoffs and financial losses sweeping the industry. The legendary Cray Research, Inc., which produces the biggest and fastest supercomputers in the world, announced the first layoffs in its 17-year history—fully 18% of its manufacturing personnel.

Particularly hard hit was New England, where Wang Laboratories eliminated 20% of its work force; Data General announced that it was selling off four plants and eliminating 2,200 jobs; and Digital Equipment offered voluntary severance to 700 employees. The third-largest computer maker, Unisys, eliminated 8,000 workers around the country after losing \$25.1 million in the first half of the year. The costs of eliminating that many jobs forced Unisys to post a staggering \$648.2 million loss in the third quarter.

But by far the most significant indication of the depression in the once-vaunted U.S. computer electronics industry was the December announcement by International Business Machines that it was reducing its staff of 223,000 by as many as 40,000. American Telephone & Telegraph was also rapidly “down-sizing,” eliminating 25,000 jobs in 1989, and planning to cut another 8,500 in 1990.

Steel

U.S. steel companies are getting hit hard. After several years in which they were actually able to report a profit on vastly reduced operations—total industry capacity is now 116.8 million net tons, down 24% from 1980 capacity of 153.7 net tons—U.S. steelmakers were battered anew by the economic collapse.

Through the first four months of 1989, the steel industry operated at over 90% of capacity, producing slightly over two million tons of raw steel almost every week. This worked out to a per-capita production rate of about 0.41 to 0.44 tons, about the same level reached during the 1920s, just before the Great Depression.

During the spring and summer, the steelmakers began reducing their production. By August, they were making less than 1.8 million tons of raw steel a week, and capacity utilization had fallen below 80%. By late November, production had slid under 1.7 million tons per week, with year-to-date production a full one percent below that of 1988. At 0.34 to 0.35 tons, per-capita steel production in the first week of December was 12% below that of the same period in 1988, and was even under the 0.3623 of 1930, when the Great Depression was in full swing.

In November, the chairman of the third largest steelmaker, Armco, understated that a “recession” was in progress.

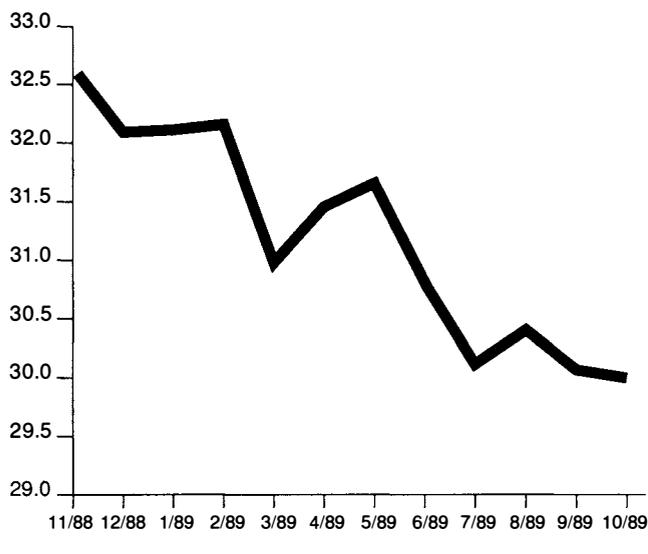
Petroleum

1989 marked a dubious milestone for the U.S. oil industry: Production had been so decimated, that for the first time in nearly two decades, the United States was importing more oil each week than it produced. Absolute production of 7.469 million barrels per day average in October was 7.1% below that of November 1988, while per-capita production was down 7.4%. These figures may seem small, but they represent the difference between the U.S. moving towards energy self-sufficiency, and increased dependence on imported oil.

A series of incidents on Shell and Exxon platforms in the North Sea, combined with the 1988 fire on Armand Hammer’s Piper Alpha Occidental platform, wiped out 26% of North Sea production. Then, the Exxon Valdez accident and spill in Alaska, and the huge cost of the cleanup, caused insurance premiums for crude carriers to skyrocket. Major shippers are now making noises about pulling out of the business altogether, because of the prohibitive cost of insurance.

In October, the Independent Petroleum Association warned that the 1990s would see the largest decline in U.S. crude oil production in the last half-century (Figure 2). The IPA’s announcement was based on the collapse of exploration and drilling activity. In 1989, there were less than 200 seismic crews in the field, compared to 681 in 1981, or 588 in 1982. The average operating rig count was just slightly over 800, compared to 3,970 in 1981, or 3,105 in 1982. In addition, gas well completions will end up at about 7,500,

FIGURE 2
Daily U.S. crude oil production, per 1,000 population
 (barrels)



less than 40% of the 19,910 completions recorded in 1981.

Despite the urgency of increasing expenditures for exploration and production, U.S. oil companies were busy making plans to do just the opposite. In October, Mobil announced that it was cutting its work force by 15-20%, almost entirely from its exploration and production division. Occidental announced in September that it would eliminate 20% of its U.S. work force.

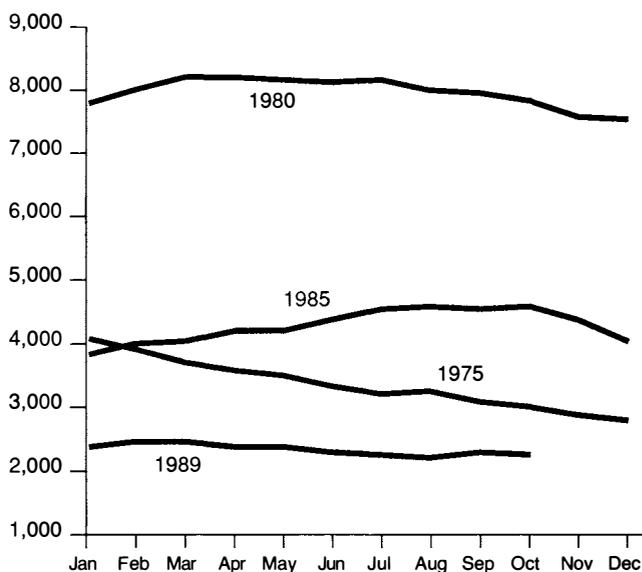
Housing and construction

1989 was the year in which the various gimmicks used to prop up home sales and new housing starts began to fail so badly, that home prices abruptly turned downward, after marching relentlessly upward for over a decade. The adjusted annual rate of housing starts in February dropped 12.7% from January's 1.678 million units, which was the peak reached since March 1987. Housing starts declined another 4.4% in March, 4.7% in April, and 2.5% in May, before rising again in June and July. But, they fell back again in August, dropping 5% to an annualized rate of 1.35 million. Year-to-date new home construction at that point was already 11% below the same period of 1988, which in turn was 10% below the same period of 1987. In October, housing starts fell to the lowest level since October 1982, while sales of existing homes dropped 4% under the figure for October 1988.

Machine tool industry

As a physical economist, Lyndon LaRouche has always emphasized the central role of the machine tool industry to

FIGURE 3
Unfilled orders of metalworking machinery and machine tools



the economy. Machine tools are the foundation for manufacturing and for all future economic growth, since it is machine tools that fabricate the production equipment used to transform raw materials into usable objects. For two decades, in the drift toward a post-industrial society, this absolutely crucial sector of the economy has undergone such disastrous capital disinvestment that it is now a mere shell of its former preeminence. Not only has this resulted in a lopsided balance of trade deficit from skyrocketing imports of foreign-made machine tools and manufactured goods; with a decimated machine tool industry, the United States has become incapable of providing sufficient industrial machines and producing enough goods to meet the basic needs of its population.

Especially since 1979, when the U.S. became a net importer of machine tools, the U.S. machine tool industry has been in rapid decline. That the decline continued unabated in 1989 is easily seen by looking at unfilled orders for machine tools (Figure 3). Because almost all machine tools are "built to order" to meet the specifications of the purchaser, the size of the backlog of unfilled orders, of machines still being fabricated and therefore not yet shipped, denotes the health of the industry. Throughout 1989, the backlog of unfilled orders never approached in any one month \$2.5 billion—an amount that, even in inflated current dollars, is less than that for 1975, and less than one-third that for 1980. In terms of the volume of production, the industry is now operating only at approximately one-fifth the level it was in 1980, and one third the level of 1975.

\$20 trillion debt set to blow in 1990

The monetarist economic policy followed by the United States government has nourished a cancer of usury and debt, which is sucking the lifeblood out of the goods-producing economy. While academic economists babble that too much liquidity causes inflation, the fact of the matter is that speculative investment, fueled by tax and credit policies that direct funds *away* from productive investment, has created an enormous balloon of debt—\$20 trillion in the United States alone.

The more wealth that the debt cancer pulls out of the system, the faster the speculation grows, which generates even more debt to loot ever-increasing amounts of real wealth from the productive sector.

Parameters of the crisis

By the middle of 1989, total U.S. indebtedness—including local, state, and federal government, financial and non-financial corporations, and households—amounted to \$12.3 trillion. Piled on top of this is more than \$8 trillion of income-bearing paper, including \$3 trillion of “off-balance-sheet liabilities” of commercial banks, which represent a variety of speculative scams and schemes (**Figure 1**).

Together, all of this amounts to over \$20 trillion of debt and speculative paper, which must be rolled over or serviced. Of this amount, an estimated \$4.5 to \$5 trillion must be rolled over or serviced every year, or \$1 to \$1.5 trillion per quarter. That is a conservative estimate; the figure would be even larger if the full book value of offshore claims against the dollar were added in.

Since 1981-82, the physical economy of the United States has been functioning at around half the level required for breakeven, defined as the level at which investment in the physical economy equals depreciation or normal wear and tear of goods and physical capital. Breakeven is a useful measurement of the growth or collapse of an economy. We can measure the shortfall from breakeven, as defined relative to the per capita and per hectare market basket standards of the late 1960s, in the collapsing goods content of wage and salary income, the accumulated \$350 billion per annum deficit in spending on basic infrastructure, the collapse of educational and health services, and the goods content of the trade deficit.

Since 1983, total U.S. public and private debt has been growing by about \$1 trillion per year (see **Figure 2**), with speculative activity growing at a similar rate—while the pro-

ductive capacity to service that growing debt has collapsed. Indeed, annual service charges and claims by debt and speculation nearly exceed the already highly inflated and erroneous measure of economic activity known as the Gross National Product, which is running at about \$5 trillion a year. The GNP counters allocate just under \$2 trillion to the productive side of the economy—less than half of what is required for the \$4.5 to \$5 trillion annual service of debt and speculation.

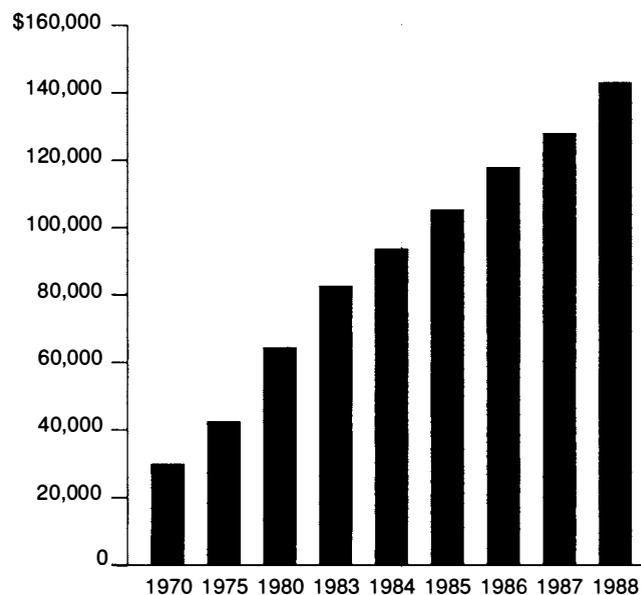
Even if virtually all of the \$5 trillion in the GNP were used for annual debt payments, the entire system would break down—as it is now doing—because the machinery, the qualified labor, and the infrastructure to support the expanded activity would be completely starved of resources. With all the money in the world, you still can't buy what isn't being produced.

Looting the productive economy

Some comparisons illustrate this insanity. In 1967, actual U.S. economic production supported a monetary structure priced at more than twice the value of that production. It also supported a total debt that was priced at more than triple the value of real production.

By 1989, real U.S. economic production, in terms of the 1967 standard of living at which it supported society, had been cut in half. That is, the actual goods produced—including infrastructure, capital, and durable and non-durable goods—provide just half the real economic needs that 1967

FIGURE 1
Total U.S. public and private debt
per household



Source: EIR

production provided.

But real production today is now supporting a monetary structure priced nearly five times as high as 1967's production, and a debt priced nearly *nine* times higher than production in 1967.

This means that real U.S. economic production in 1989, since it provides only half as much of society's requirements

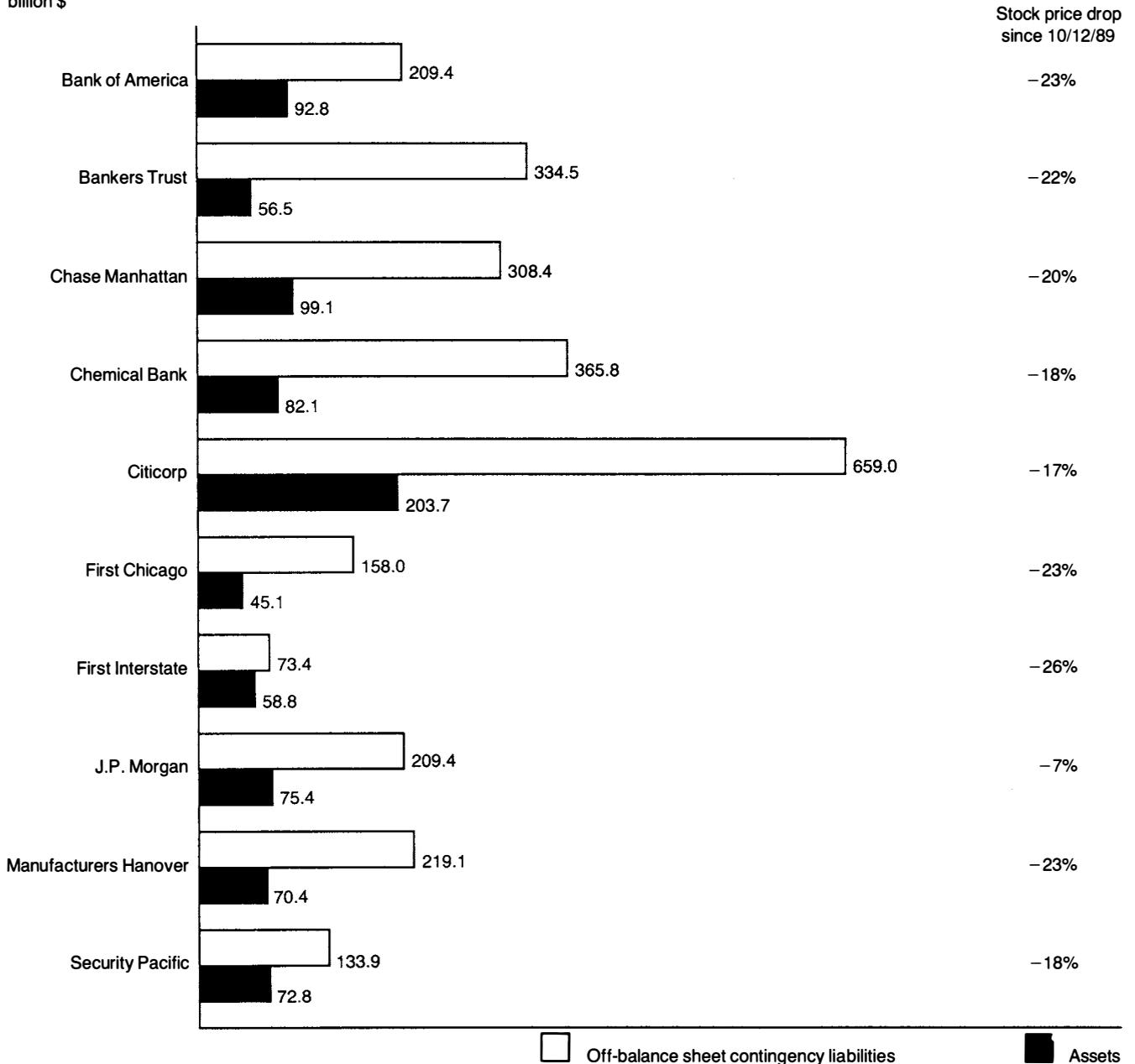
as it did in 1967, actually supports a monetary system priced at *10* times its own worth, and a debt superstructure *18* times its own value. And that is a process that cannot continue.

The 25-year slide into depression

The U.S. economy and financial system have been sliding into bankruptcy since the 1963-67 period, when President

FIGURE 2
Assets, off-balance sheet contingency liabilities, and stock prices of selected U.S. banks

billion \$



Source: EIR; Salomon Bros. "Status of Global Risk-Based Bank Capital Adequacy Guidelines," June 1988.

Lyndon Johnson initiated his so-called Great Society program. Johnson's program emphasized consumerism over production, thus undermining the productive economy required to meet real consumer needs over the long term. Then, between 1967 and 1971, U.S. high-technology capabilities, as embodied in the Apollo Moon program, were shut down, and the dollar was driven into international bankruptcy, leading to the August 1971 abandonment of the gold standard.

U.S. economic capacity was further ravaged between 1972 and 1979 by the combined effects of floating exchange-rate policies, and by the oil shocks of 1973 and 1979. The effect of both was to accumulate an offshore bubble of holdings of stateless dollars, recycled into lending secured primarily against developing-country raw materials assets. Fed chairman Paul Volcker's high-interest-rate regime of 1979-81 then plunged the world economy as a whole into bankruptcy and genocidal austerity, laying the basis for the financial and economic obscurities that have developed since.

The much-touted "87 straight months of recovery" which began in September 1982, was in fact built on the biggest speculative bubble since John Law's South Sea Company of the early 18th century. Between 1967 and 1979, a speculative real estate bonanza was created inside the United States, a binge which is ultimately secured against the faith and credit of the U.S. government, and therefore the U.S. taxpayers. The speculative structures associated with that bonanza began to come apart over the summer of 1987, leading to Black Monday on Oct. 19 of that year.

The two years since then have seen remarkable parallels to the interval between the October 1929 stock market crash and the collapse of the entire world economy in 1931. This spring may well see the dissolution of everything that has been accumulated on the accounts of usurious debt and speculation. Each of the potential triggers for the extinction of the mass of \$20 trillion of indebtedness and speculation, corresponds to the swindling financial means by which the phony "great recovery" has been perpetrated.

Three triggers to the debt bomb

There are three principal triggers on this mass of indebtedness.

First, the approximately \$200 billion of funds accumulated in the "junk-bond" component of so-called leveraged buyouts (LBOs). For each dollar of debt contracted in junk-bond financing, at least \$4 more have been borrowed to complete the packaging. Thus, approximately \$1 trillion in paper is riding on the junk-bond market.

Second, the international trade in securitized paper and dirty drug-contaminated funds known politely as the "off-balance-sheet liabilities" of commercial banks. This market comprises more than \$3 trillion of the total \$8 trillion in speculative paper. This paper is not officially counted as debt; much of it is mostly insurance-like guarantees which generate interest and fee income to the issuer and a debt

liability only in the event of other defaults or disasters. Ratios of bank equity to the combination of on- and off-balance-sheet liabilities are such that the country's major banks barely have one cent of equity coverage for each dollar of liability outstanding.

Third, the debt secured off-budget by U.S. government-sponsored agencies and mortgage pools, like the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and so forth, which burgeoned in support of the speculative residential real estate market that funded the mythical "recovery." In this case, the financial charges associated with real estate speculation were assumed largely by the U.S. government, as an inducement to maintain the pace of such speculation. Now, after the passage of the FIRREA savings and loan reorganization bill, this paper is being sold off, into a collapsing domestic real estate market.

Added to the volatilities associated with these three markets, especially under conditions of declining values for underlying real estate collateral for lending, is the overall corrosive influence of the deregulation of the financial markets and the double-digit prime interest rate policy, which has been only slightly modified since it was initiated 10 years ago.

Each of these markets is now beginning to unravel.

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Junk bond collapse triggers leveraged blowout of financial system

History will mark Friday, Sept. 15, as the day the U.S. financial system descended into a spiral of deflationary collapse. On that date, the Campeau Corp. finally defaulted on \$450 million of interest payments due the investment house First Boston, and brought down the junk bond market.

The Campeau empire of retail stores had been built on a string of highly leveraged corporate acquisitions, in which enormous amounts of debt were contracted to finance the buyouts. One of the primary means of financing came from the issuance of what the media has dubbed “junk bonds”—below-investment-grade debt obligations that pay premium interest several points above market rates.

The linchpins of the acquisitions were two chains, the Allied and Federated Department Stores, purchased for a total of \$10 billion in 1986 and 1988, and including such stellar names as Bloomingdale's, Abraham and Strauss, and Jordan Marsh. These stores, as well as Campeau itself, were saddled with so much debt, that neither the sales of assets, nor the cash flow and profits, were sufficient to service the payment obligations.

The result was the inevitable default that occurred on Sept. 15, a default that sealed the doom of the estimated \$220 billion junk bond market. The devalued junk paper is now bringing down to its own level the face value of all interest-bearing paper, and highlights what happens when money is used, through usurious debt, to strangle mankind's capacity to ensure his own survival.

The junk disease's reversed leverage

As with the stock market collapse in October 1987, the unraveling of the junk bond market took the form of a panicked effort to dump that kind of paper, based on the fear that other victims of buyouts would rapidly go the way of Campeau. Set into motion was a deflationary collapse of a significant portion of the approximately \$20 trillion worth of claims of debt and instruments of financial speculation accumulated against the U.S. economy, in particular, during the course of the so-called Reagan Recovery of 1982-89. That spiral is plunging us into the century's worst economic depression.

The end of the junk bond boom meant the end of the speculative era of leveraged buyouts (LBOs)—the “creative financing” technique where exorbitant amounts of money are borrowed to merge and purchase corporations. These companies are then stripped of their assets, which are sold for cash to repay the debt. The cash flow from what remains of normal operations is increasingly diverted for more debt payments, and the company can meet neither its usual operating expenses nor its debt obligations.

In the process, the assets of these debt-ridden firms have been valued at many times greater than their actual worth, and almost invariably have been the collateral for further loans for bigger ventures. Throughout the so-called Great Recovery, and especially since 1987, this has fueled, and has reciprocally been fueled by, the continual upward motion of the Dow Jones index, promising vast rewards if new, higher stock values could be cashed in on by selling off companies with lower book values than their stock or other assets.

This has contaminated all financial values. With the collapse of the market in junk debt, all other paper outstanding has effectively been collapsed to the discount already reached in the junk markets. Rather quickly, the deflationary shock wave triggered by the Campeau affair began reverberating throughout the financial system.

Within days, reverse leverage started unraveling the rest of the financial system. The collapse of junk bonds and LBOs began to hit the mutual funds market, at the same time that collapsing real estate prices were driving highly leveraged real estate ventures and partnerships into insolvency. All of this intersected falling sales in the retail sector of the economy, as the debt-strapped consumer had simply been reaching the limit on his ability to purchase goods. It was only a matter of time—in fact four weeks—before the stock market was hit by the expanding shock wave.

Black Friday the 13th

It was the collapse of the United Airlines LBO deal that triggered the near-crash of the stock market on Friday, Oct. 13. When the UAL buyout group announced that it could not

arrange \$6.75 billion in financing for the deal, a stampede out of the market erupted. The Dow Jones nosedived 190 points in under two hours, as panic set in over the collapse of LBOs and junk bonds. "There were so many difficulties in financing so many of these deals, and this appeared to be the best of the bunch," said one trader.

Several junk bond issues took big losses. One \$500 million junk issue of Southland, for example, lost 25% of its value, even though it was not even traded. Billions of dollars of unsold bonds piled up in the vaults of investment banks that were forced to swallow them, with billions of dollars more in junk unable to be issued.

A stock market crash was averted only through frantic and concerted efforts over that weekend to rig the New York and Chicago exchanges. Strongarming from banking and exchange officials, and from federal authorities, including the FBI, plus emergency cash infusions from the Federal Reserve and money center banks, all combined to force traders to bid stock and futures prices back up nearly to previous inflated levels.

While such tactics have managed to forestall an immediate collapse of the stock market, the fortunes of LBOs and junk bonds have gone into an irrevocable tailspin—despite Wall Street's insistence that the market has stratified into "quality junk" and lesser junk. Financing for mergers and acquisitions is harder and harder to come by, and new junk issues have sharply contracted. More and more leveraged buyout companies are facing insolvency through escalating losses, led by such stars as Resorts International, which has already filed for bankruptcy, Integrated Resources, and Campeau itself, which is on the verge of liquidating its stores at bargain-basement prices.

Rather than accept the irrevocable devaluation of their speculative paper, the Wall Street Olympians are pouring gasoline onto the fire. Since Oct. 13, for example, corporate officers, directors, and primary shareholders have increasingly been kiting their own companies' stocks, in a throwback to the pre-crash days of 1929. In the 12 trading days following the 190-point drop on Oct. 13, the number of such insiders buying their own company stocks tripled. Not surprisingly, stock prices have gone up. But this time, insiders have been unable to unload these stocks—because if they move to "take profits" and sell the stocks, the fragile market could go into a tailspin again.

How the banking system is affected

The junk bond/LBO debacle is threatening far more than these paper values. At extreme risk is the weakened heart of the financial system, the banks and investment houses, and their biggest financial underpinning: the real estate market. The financing for the takeovers and deals represented by the LBOs has been extended by the major banks. Generally, for each such takeover, the ratio is in the range of one part junk bonds to four parts other debt. Bank direct lending

now accounts for two of the four parts, and indirect lending, through intermediaries such as specially formed limited partnerships, for the rest.

For each dollar of junk debt that collapses, at least four dollars' worth of associated financing comes down too. This is minimally \$1 trillion, given the \$200+ billion junk bond market. This is about the same magnitude as the amount of stock that was liquidated during the Oct. 19, 1987 panic.

Paine Webber estimates the exposure of banks that have committed more than \$1 billion to junk bond financing at about \$40 billion. Other estimates, like that of *Financial Times* columnist Anatole Kaletsky, put the exposure at approximately \$150 billion. On the low estimate, all banks with more than \$1 billion of loans, with the possible exception of Citicorp, NCNB, PNC Financial, and J.P. Morgan, face losses in excess of their paid-in equity from the collapse of the junk bond market, and the collapse of the non-junk paper associated with that paper. On the higher figure, all, with the possible exception of J.P. Morgan, face such losses. Among them are Manufacturers Hanover (bankrupt five times over), Mellon Bank, Bankers Trust, Wells Fargo, Bank of Boston, Chase Manhattan, and Bank of America (bankrupt twice over), First Chicago, Chemical Bank, and Security Pacific (bankrupt once).

The financial pundits say, don't worry. After all, LBO exposure is only about 15% of the total new bank lending of \$1 trillion since 1979, and only about 7% relative to all bank lending. Bankers Trust reports that if it has to give up buyout lending it would lose the source of 30% of its earnings over the last years. Bankers Trust does not report what would happen if it had to write off its LBO debt, or face the cost of the devaluation of the paper.

The junk bond market is primarily handled by the large investment houses, among them Drexel Burnham, CS First Boston, Merrill Lynch, Morgan Stanley, and Goldman Sachs. These houses have been left holding not only the devalued paper from the September panic; they are also stuck with billions of dollars in unpayable "bridge loans" which they extended as supposedly interim financing until junk bonds were sold! On top of that, the decline in volume of mergers and acquisitions, and of LBOs and junk bonds, threaten to drastically curtail the lucrative fees that have comprised an increasingly critical margin of income for these houses.

The big blowout: real estate

But the biggest deflationary blowout of all is occurring in the real estate market, with the commercial property sector alone estimated to be at least 100 times the size of the junk bond market. During the 1980s, the rising paper value of U.S. real estate was the bedrock of the vaunted Reagan recovery, and the primary collateral for the myriad "creative financing" innovations. Nominal property values soared, with median home prices, as well as those of commercial proper-

ties, doubling and tripling in most parts of the country.

In the last two years, however, real estate markets throughout the nation have softened; and this year, prices began to fall, at a pace which in many areas is precipitous. Most realtors blame this on overbuilding and speculative "demand-push." Half-heartedly, they maintain that things will eventually turn around as they always have. But real estate and construction downturns in the recent past have primarily been caused by credit crunches. The current downturn is due to the fact that prices and rents are outstripping the ability of debt-ridden consumers and businesses to pay.

The speculative real estate boom in the 1980s was fueled by tax breaks engineered to keep going the 1970s inflation in property values. In 1981, the Economic Recovery Tax Act enabled every speculator, from wealthy investors to banks to fly-by-night land syndicates, to buy into real estate and deduct \$4 for every \$1 invested, while capital gains taxes were lowered.

The deregulated S&Ls jumped onto the magic real estate carpet, as did the usually more conservative insurance companies and pension funds. Commercial properties in particular were overbuilt; investors paid attention to the tax breaks and price run-ups, with little regard to future income generation of the properties.

From 1980 to 1985, the amount of money put into real estate limited partnerships, to cite just one type of investment operation, increased sixfold, from about \$2 billion in 1980 to \$12.7 billion in 1985. But for the last year or so, vacancy rates are way up, rents are down, and the bottom is dropping out.

Standard and Poor's Rating Group says that a whopping 40-60% of these partnerships are in trouble. The only reason that these syndicates and their properties haven't completely blown yet is that the general partners of such ventures—those who proposed and managed them—have been paying expenses out of their own pockets, hoping for a turnaround. Now, they are nearly out of money.

Over the edge

On Sept. 1, the Dallas-based Lomas Financial Corp., which until last spring had been the largest mortgage banker in the United States, defaulted on \$145 million in notes, immediately triggering a cross-default on \$1.45 billion of senior debt. Lomas finally filed for bankruptcy on Sept. 25, suspending indefinitely payments on \$2.1 billion in debt held by 47 unsecured lenders, led by Chase Manhattan and the Bank of New York.

The Lomas debacle coincided with three major New York banks writing off \$4 billion in bad Third World debt. Lomas's chief creditor, Chase Manhattan, already battered by Texas real estate losses, is starting to write off non-performing Arizona real estate investments.

Until the end of this year, conventional wisdom held that the real estate collapse in Texas and other Sun Belt states was

the "isolated" exception caused by regional factors, like the sharp fall in oil prices or bad investment decisions; other areas with soft markets were also "isolated" exceptions. Now, all that remains is for the hot air to blow away the pile of paper debt and overvalued property titles. But as of year end, most banks and mortgage companies, trying to delay the inevitable, have written off only the tiniest percentage of the bad real estate debt that is about to drown their books in red ink.

The bellwether home real estate market in metropolitan New York is indicative of what lies ahead in 1990. From 1982 to 1988, the market went through a stupendous speculative price surge. The median sales price increased 160%, from \$70,500 to \$183,500. A two-bedroom Manhattan condominium has gone from \$220,200 to \$476,000. Now, this housing is beyond the reach of even yuppies, let alone most families. On Long Island, homes listed for sale are up 30% over last year, while actual sales are down 15%. Sellers throughout the region are already taking 10-20% cuts in their prices. "The New York area is simply tapped out in terms of income and buying power," said one regional economist.

A recent study by Lomas and Nettleton showed that homebuilding in each of the past 11 quarters has been lower than in the same quarter of the preceding year, with the decline in the second quarter of this year occurring despite lower mortgage rates.

One of the most ominous signs for commercial real estate is that leveraged purchases of New York City office buildings are blowing out. One firm, Broadway Management Co., has lost control of about a dozen properties because it is unable to meet debt payments, because vacancies are rising and property values falling. Broadway is one of a number of highly leveraged companies that bought everything in sight at a time when prices were soaring, and are now getting hit with huge debt payments amid falling cash flow.

All of this sets the stage for what could be the next deflationary shock: the collapse of the \$400-500 billion market in mortgage-backed securities, dominated by banks like Citicorp and investment houses like Salomon Brothers. The Federal Housing Administration, Federal National Mortgage Association, and Federal Home Loan Mortgage Association, the agencies which in theory guarantee mortgages and mortgage-backed securities, have nowhere near the assets to handle the real estate crisis, even on paper. As an example, on Sept. 27, the General Accounting Office told Congress that the Federal Housing Administration insurance fund lost a record \$4.2 billion in 1988. When the real estate tidal wave hits, the federal insurance programs will be instantly swept away.

The Wall Street junkies are both financially unable and politically unwilling to take the hit of a half-trillion dollar real estate blowout. As usual, they will do all they can to make sure that the average American taxpayer, rather than Wall Street, gets stuck with the bill.

As real estate falls, the bank run is on

The speculative boom which fueled the spectacular growth of the nation's banking system during the 1980s is over, and the paper profits which propped up the banking system are relentlessly vanishing. The run is on.

This paper collapse takes many forms, but underlying it all is the biggest financial time bomb: The real estate market blowout has begun all across the nation, devastating the financial institutions in its path.

Banking collapse

The stock market crash of Friday, Oct. 13, 1989, was a singular point in the collapse of commercial banking. Since that day, the stocks of the major U.S. banks have been plummeting, with New England banks leading the way. From the close of business Oct. 12 to the close of business Dec. 15, the stock of the Bank of New England, the second-largest in the region, dropped an astounding 53%; the largest, the Bank of Boston, dropped 30%; and Shawmut National dropped 23%. The driving force behind the collapse of the region's banking system is the collapse of real estate values. These banks are holding billions of dollars in non-performing real estate loans on their books, which are in many cases no longer worth the money owed. What the financial community used to call the "Texas disease," is now referred to as the "New England disease."

Yet, the nation's biggest banks have *all* taken significant stock hits since Oct. 12. Citicorp, the largest, is down 19%; Bank of America is down 25%; Chase Manhattan is down 24%; Chemical Bank is down 21%; Manufacturers Hanover is down 24%; Security Pacific is down 23%; Bankers Trust is down 25%; First Chicago is down 24%; and First Interstate is down 23%. J.P. Morgan, the pride of Anglo-American finance, is down 7%.

True, most of these banks still have higher stock prices than they had going into this year, but such linear comparisons miss the point. With a banking crash under way, the highly inflated bubbles are collapsing in an increasingly non-linear way.

Thrift 'bailout'

The commercial banks have at least managed to keep up the pretence of solvency. The thrift institutions have not, and are rapidly disappearing. The much-touted \$166 billion savings and loan "bailout" bill signed into law by President Bush Aug. 9, was not a bailout at all, but rather a federally

subsidized gift to Wall Street, designed to force the \$1.2 trillion in deposits currently held by thrifts into the hands of the commercial banks and their allies.

The bill, known as the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), restructured both the thrift industry itself, and the network of government agencies which regulate it. The thrust of the bill was to make it harder for the S&Ls to stay in business, and make it easier for the banks to take them over. The bill abolished the Federal Home Loan Bank Board, which had previously regulated the thrifts, and turned them over to the new Office of Thrift Supervision, a unit of the Treasury, and to the Federal Deposit Insurance Corporation. The fox is now in charge of the chicken coop.

To dispose of the hundreds of billions of dollars of assets from the failed thrifts, the bill created the Resolution Trust Corporation, and also created a Resolution Funding Corporation to sell bonds to fund Resolution Trust. The Federal Savings and Loan Insurance Corporation was replaced by the Savings Association Insurance Fund (SAIF), under the auspices of the FDIC. The FDIC's own insurance fund was renamed the Bank Insurance Fund (BIF). Together, SAIF and BIF form the Deposit Insurance Fund (DIF). (Only STIFF, which is what will be left of the S&L industry, has been omitted.)

The bill allows, for the first time, commercial banks to take over healthy S&Ls, and to integrate such acquisitions into existing branch operations. It also allows S&Ls to convert to bank charters; thrifts that convert will still have to pay the higher S&L insurance premiums for five years, however.

FIRREA established new loan guidelines for thrifts, forcing them to keep nearly 70% of their assets in mortgage-related investments, and prohibited them from buying junk bonds and other speculative practices. The restrictions on the thrifts' loan portfolios will prevent them from regaining their health, forcing them into failure or takeovers.

The bill established new capital requirements for S&Ls. The new standards, which took effect Dec. 7, call for a minimum of 3% core capital—including 1.5% in tangible capital—and an additional capital reserve based upon a risk analysis of assets. As of that date, some 800 thrifts, which hold some 45% of the total \$1.3 trillion in thrift assets, failed to meet the capital requirements by about \$20 billion. They will have until Feb. 5 to file plans with the agency detailing how they intend to bring their capital-to-assets ratios up to the required level.

There are two ways thrifts can increase their capital-to-assets ratio. The best way is to increase the amount of equity capital in the thrift, either by putting profits back into the institution, or by attracting additional funds from investors. Since the thrifts are losing money at an alarming rate, there are few profits to reinvest, and investors are hard to find. The second way is for thrifts to reduce assets by selling them off, and by reducing the level of deposits. This self-cannibaliza-

tion goes by the name “downsizing,” and is considered clever in some circles.

The thrift business is, in fact, downsizing just as fast as it can. James Barth, the chief economist for the OTS, told the annual meeting of the U.S. Savings and Loan League in Chicago Nov. 4-5, that preliminary OTS data show the thrifts reduced their assets by nearly \$30 billion in August and September, and reduced their assets by nearly \$15 billion during that period. Even with this fire sale of assets, the thrifts still lost \$2.5 billion in the third quarter, giving them a loss of \$9.7 billion through the first nine months of 1989.

Texas as the model

The collapse of the Texas financial system is a harbinger for the nation as a whole. Over the past two years, several hundred Texas banks and S&Ls have failed. In 1988, according to FDIC figures, 118 Texas banks failed. In 1989, with two weeks left to go, 133 Texas banks have failed. Both years set records for the most failures in a state since the Great Depression of the 1930s. Texas also leads the nation in failed thrifts for the period. How this came to be, has national implications.

The oil boom pumped billions of dollars into the Texas economy, feeding the real estate boom already in progress. All those oil companies and their employees needed places to work and live, and their prosperity brought in many more service businesses, each with the same needs. Real estate loans seemed like a sure thing to short-sighted bankers. Since real estate values were skyrocketing, even poor businessmen were making money hand over fist, and even if the loan defaulted, the bankers figured, they would always have the property. What could go wrong? During the 1982-86 period, nearly one out of every two dollars lent by the big Texas banks was for some sort of real estate transaction.

This pattern of increased real estate lending has been repeated across the country. FDIC chairman William Seidman recently warned that real estate loans, which account for almost two-thirds of all bank loans made over the past several years, now make up about 35% of all commercial bank loans in the country, and about half of all non-performing bank loans.

In their zeal to maintain profits, the Texas banks overlooked the obvious—that the collapse of energy would detonate a much larger blowout in the real estate market. Energy loans weakened the banks, but real estate loans killed them.

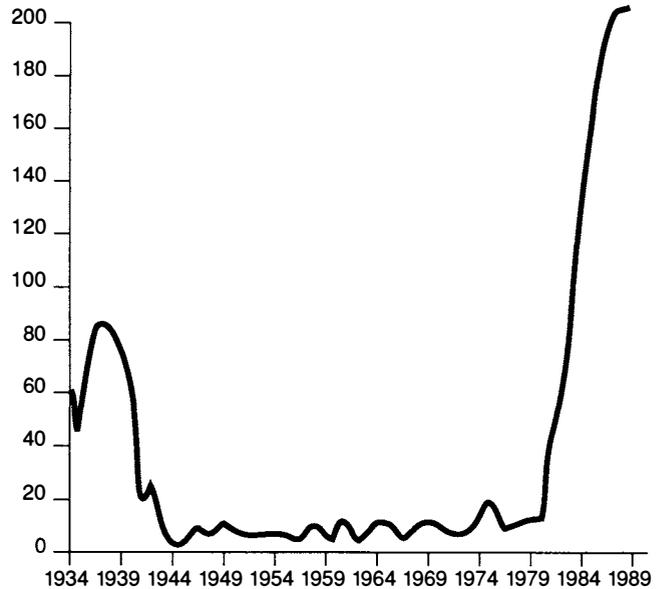
Save the banking system

In February 1989, Lyndon LaRouche issued a set of proposals to save the nation’s savings and loan system from what he described as “a catastrophe as bad as or worse than that of the 1931-34 period.” LaRouche proposed that the following measures be taken immediately to rescue the nation’s banking system:

“1) *Federal Reserve reform establishing a two-tier credit*

FIGURE 1

Number of U.S. bank failures 1934–1989*



Source: FDIC.*

*Figure for 1989 is as of Dec. 7

system. The Fed would be prohibited from creating fiat money, and forced to issue low interest credit for through the banking system for mortgages, agriculture, new capital investment, production, transportation, and other productive ventures. Non-productive loans would be made at higher rates. Banks and thrifts which loan at least 80% of their assets for productive purposes would be allowed lower reserve standards than their more speculative brethren, giving market advantage to traditional S&L mortgage lenders and industrial and agricultural bankers.

“2) *Tax reform.* Remove all tax liability up to annual incomes of \$30,000. Under this proposal a great many savers would pay no tax on S&L deposit income, encouraging deposits. For depositors with higher income, provide savings incentives with exemption of 50%, or \$1,000, whichever is higher, on interest income on deposits in those S&Ls and banks whose asset bases meet the productive loan targets. This would make interest income on large deposits competitive with tax-free bonds.

“3) *Tax financial institutions with a certain level of business in the Eurodollar market at a much higher relative rate.* Revenue to replenish the FSLIC and make up for the family-formation tax cut by increasing tax schedules on income and capital gains on non-productive investment, especially commercial real estate. This would include financial institutions with a significant proportion of assets and deposits in the Eurodollar market.

“4) *Reinforce and strengthen the Glass-Steagall Act of 1933.*”

U.S. banking to get a new face—fascism

Major steps were taken during 1989 to reorganize and consolidate the U.S. banking and financial systems along outright fascist lines, in which the very largest banks, insurance companies, and investment houses would get a political and financial stranglehold over the economy. Set into motion were the elimination of savings and loans as viable institutions through the FIRREA thrift “bailout” bill, thus allowing Wall Street to begin plundering their \$1.2 trillion in deposits; the virtual FBI takeover of the Chicago commodity exchanges, as a base from which manipulations could be run to prevent the New York Stock Exchange from crashing; and the elimination of the Glass-Steagall Act of 1933, which set up a regulatory barrier between banks and investment houses. Standing behind this conglomeration would be the Federal Reserve, ready to pump in countless trillions of taxpayers’ money to keep these houses afloat.

The goal of this conspiracy, economist Lyndon LaRouche warned in February, “is to place the world under the control of a handful of international financier cartels, who enrich themselves by looting the industries, farms, infrastructure, and populations of North America and Western Europe in the same way they are looting the nations of Africa and Central and South America.”

Police state

The first step in implementing such a plan is to remove from the scene any independent political forces capable of resistance. That job was assigned to the Department of Justice, which has already railroaded LaRouche and several of his associates, for daring to expose the plot and propose measures to defeat it. The Justice Department, through carefully orchestrated press attacks and illegal threats, also silenced any potential congressional opposition by forcing the resignation of House Speaker Jim Wright and targeting the so-called “Keating Five” U.S. senators, sending a clear message to Congress that the police state will not tolerate interference from mere politicians. At the same time, this American “Gestapo” has targeted for frameup thousands of former savings and loan officials, whose only “crime” was to try to do business in the deregulated environment established by the financial elite for the very purpose of furthering consolidation.

The FBI raids and sting operations against the Chicago

commodities markets were of the same stripe. Whatever actual corruption may have existed there, is not only incidental to the FBI’s actions, but is dwarfed by the criminality of the FBI itself. The FBI, on behalf of Wall Street, virtually seized control of the Chicago markets in order to run them top-down. It is well known that relatively small manipulations of the Chicago market indices can have significant impact on the New York Stock Exchange, including halting and preventing catastrophic crashes. Such tactics stopped the 1987 crash from spreading, and thanks to the FBI, kept the 1989 crash much smaller.

The Glass-Steagall Act, passed after the last depression to curb criminal activity by Wall Street, is being jettisoned just as LaRouche forecast. In December 1989, the Securities Industry Association board, in a move engineered by Morgan Stanley, Goldman Sachs, and CS First Boston, offered to drop its decades-long support for Glass-Steagall. The SIA proposal boils down to this: We’ll let the banks sell securities if the Federal Reserve will agree to bail us out, just like the big banks. The proposal also paves the way for the big commercial banks to buy up the investment houses—which are rapidly going broke—as part of the consolidation process.

The insurance companies are also scheming to get a lifeline to the federal Treasury, through their plan for mandatory national earthquake insurance, and a federally run earthquake insurance fund similar to bank deposit insurance. Furthermore, proposals have been circulating to let the Federal Reserve step in to buy securities, to keep the market stabilized, as a buyer of last resort. The idea behind these proposals is simple: Use the taxpayers’ money to prop up the financial corpse of Wall Street, no matter what the cost.

Mussolini revisited

Henry Kaufman, whom some have called the Henry Kissinger of Wall Street, gave the overview of the process in an opinion column in the Nov. 21 *Journal of Commerce*. Kaufman called for “a slow process of change” in the United States, into a “social” democracy that is “corporatist in character.” This corporatism is the “inevitable consequence” of deregulation, he admits.

Those who remember Il Duce, the Fascist dictator of Italy, Benito Mussolini, have an idea of the nasty reality behind Kaufman’s academic facade. In Mussolini-style corporatism, Wall Street and big government work hand in hand to control the country top-down, with no dissent allowed. This is precisely what Lyndon LaRouche has been warning of for 30 years.

Kaufman brags that in his fascist state, “Large financial institutions and business organizations dominate. . . . In the field of finance, corporatism is readily evident in the close interconnections that have long existed between government and the large banks. The universal bank, essentially a European institution, will be fully in place by the end of the 1990s in the United States. It already exists here de facto to a degree.”

Cold fusion sparks a revolution in science

The Fleischmann-Pons work called into question some fundamental concepts of nuclear physics and chemistry; new thinking was demanded. Marjorie Mazel Hecht reports.

The announcement of Professors Martin Fleischmann and B. Stanley Pons on March 23 that they had discovered a room-temperature fusion process using an electrolytic cell with a palladium cathode was like a shot heard around the world. The University of Utah press conference made headlines internationally, and enterprising researchers raced to try and replicate the seemingly simple experiment that produced excess heat from heavy water.

The promise of virtually inexhaustible amounts of energy from thermonuclear fusion was not new. Forty years of laboratory experiments trying to capture the process of the Sun—the fusion of hydrogen atoms and the release of large amounts of energy—has brought the process of “hot” fusion near to commercialization. But conventional fusion requires the heating and confining of ionized hydrogen gas (plasma) at temperatures of millions of degrees in large-scale reactors. In contrast, Fleischmann and Pons were talking about a room-temperature solid-state process on a small scale—bathtub size.

The Fleischmann-Pons work called into question some fundamental concepts of nuclear physics and chemistry; new thinking was demanded. Therefore, it was not surprising that the scientific community, the press, the government, and the public soon began taking sides, believers vs. nonbelievers, as one scientist labeled the battle.

The naysayers doubted that Fleischmann and Pons had discovered anything new; they attributed the reported results to mismeasurement, sloppiness, or, as a *New York Times Magazine* article by two Brookhaven National Laboratory authors alleged, “pathological science.” At one scientific meeting (the American Physical Society May 2 in Baltimore), the naysaying scientists were downright nasty and insulting to the supporters of cold fusion. Another line of

attack came from the zero-growth environmentalists—Jeremy Rifkin, Barry Commoner, John Holdren, Paul Erlich, et al.—terrified that cold fusion might work and make possible an inexhaustible energy source that would lead to more population growth. As Rifkin complained, such a cheap source of energy would be “the worst thing that could happen to our planet.” But as early as mid-April, announcements began to be made by other researchers and laboratories around the world who had replicated the experiment and produced excess heat. And even earlier than that, Dr. Steven Jones, a fusion scientist at Brigham Young University in Provo, Utah, documented his independent work (going back to 1986) with electrolytic fusion in a variety of materials, producing minute amounts of fusion (rates of about 100 trillion times less than those reported by Fleischmann and Pons). Among the U.S. laboratories announcing positive results were Prof. John Bockris’s group at Texas A&M, Prof. Robert Huggins at Stanford University, the University of Washington, and Case Western Reserve.

Fleischmann, Pons, and University of Utah representatives testified before the House Science, Space, and Technology Committee on April 26 to make the case for a U.S. investment in cold fusion research and development, making it clear that they thought that both cold fusion and “hot” fusion—as the conventional fusion program had come to be known—should be funded. Fleischmann told the congressmen that, while hot fusion would supply electricity on the industrial scale, cold fusion applications would probably be smaller scale. The Utah spokesmen suggested funding of \$25 million, and said that the state had approved putting \$5 million into the effort.

The U.S. Department of Energy sponsored a workshop on cold fusion at Santa Fe, New Mexico May 23-25, with

many papers presented supporting the Fleischmann-Pons results and many presenting both negative results and the theoretical impossibility of cold fusion. A subsequent panel set up by the DoE advised that cold fusion merited further study, but established a go-slow policy, in part dictated by the fears of the conventional fusion researchers that their funding would be cut.

But as much as the naysayers escalated their disparaging reports that cold fusion was a mistake, reports of successful and innovative cold fusion experiments—producing excess heat, neutron bursts, and tritium—continued. As one Texas A&M scientist put it, it was in the “Third World” universities—including in the U.S.—that researchers were able to replicate Fleischmann and Pons’s experiments, and they would have to work twice as hard to prove to the Ivy League establishment scientists that they were right. The situation became so sharply polarized, however, that many successful experiments were not discussed publicly, for fear that the researchers and institutions would come under attack from the press and the scientific establishment! In some cases, the particulars of the research were being kept under wraps at the advice of the patent lawyers.

With a \$5 million budget allocated by the state, the National Cold Fusion Institute opened at the University of Utah in August and began a series of experiments, pulling in researchers from around the country. By late summer, both India and Japan had teams of researchers experimenting with varieties of cold fusion, and India had announced its intention to push for commercializing the technology, because the early results indicated that the process could be scaled up to produce electricity at competitive rates.

A closed Washington, D.C. meeting sponsored by the National Science Foundation and the Electric Power Research Institute Oct. 16-18 and attended by 50 scientists, including Edward Teller and Paul Chu (the discoverer of high-temperature superconductivity), put forward a more positive “consensus” statement on the state of the research. The meeting established that, while the process was not understood, the fact that *something* was happening to produce excess heat, neutrons, and tritium was indisputable.

What will the future bring?

The researchers who have successfully produced results with a Fleischmann-Pons type of apparatus are convinced that cold fusion will fulfill its promise—if they have adequate funding to continue their research. Hal Fox of the Fusion Information Center, a private corporation established to promote cold fusion development, is organizing private investment now to develop cold fusion applications in the near future. As Fox pointed out (*EIR*, Dec. 1, 1989), the Japanese have perfected this kind of rapid technology transfer, and now the United States should learn from their success.

The latest cold fusion presentations at the annual meeting of the American Society of Mechanical Engineers in San

Francisco Dec. 12 were positive enough to cause any respectable naysayer to start eating his hat. A team from Oak Ridge National Laboratory reported its success and noted, “Cold fusion is a fact; there is no way to deny it.”

Also impressive were the results announced by Stanford’s Robert Huggins. Huggins, who founded the solid-state ionics laboratory at Stanford, specializes in the motion of species in metal lattices. He reported on results from a second round of experiments, where a closed cell is producing net power on the order of 36 megajoules over a period of two weeks. In an interview to be published in *21st Century* magazine, Huggins stated that by spring 1990, there would be enough of the experimental details published from his and other experiments in technical papers so that any laboratory should be able to set up an experiment to produce net energy from cold fusion.

New starts for space science

by Marsha Freeman

On July 20, 1989 President George Bush announced that his administration would set the United States back on the path to frontier manned exploration in space. The detailed plans to accomplish the colonization of the Moon and Mars at the beginning of the 21st century are currently being formulated. Their implementation will revitalize the U.S. technology base and restore a sorely needed spirit of adventure and optimism.

The year also saw the end of an era in space exploration and the start of a new one. After a 12-year journey, the Voyager II spacecraft made its final planetary encounter at Neptune, and the Space Shuttle deployed the Magellan and Galileo spacecraft to Venus and Jupiter. These will be the first applications of 1980s technology to the mysteries of the Earth’s neighbors in the solar system, and will provide us with a greatly enhanced look at the planets.

The Soviet space program suffered one of its most embarrassing and disappointing failures this year, with the loss of *both* of its Phobos spacecraft on their way to Mars. In addition, manned flights to the Mir space station were suspended as the Soviets surprised the international space community by announcing that budget constraints would not allow the station to be manned on a continuous basis. Enthusiasm for international space cooperation with the Russians was dampened somewhat by these failures and difficulties.

Completing the mission of Apollo

In early November, the National Aeronautics and Space Administration (NASA) submitted a study to the National

Space Council headed by Vice President Dan Quayle, for the human exploration of the Moon and Mars. The reference approach outlined puts man back on the Moon in the year 2001, and on Mars in 2016.

In the 15 years between the two milestones, the technology to live, work, and experiment outside the Earth would be developed, tested, and refined. Man would learn to create and sustain a life-supporting biosphere on the Moon, grow his food, protect himself from deadly radiation, develop and use nuclear power for life support and industrial production, and establish scientific observatories.

Back on Earth and on Space Station Freedom, new propulsion technologies using nuclear fission would be under development. Though not included in the NASA plan, more advanced nuclear fusion should also be developed to take human crews to Mars in a matter of weeks, rather than months. NASA makes clear in its report that to meet the timetable in its reference approach, the schedule for completing Freedom would have to be accelerated. The Space Station would have to be fully operational by 1997, shaving two years off the current schedule. Severe budget cuts since the start of the project in 1984 have pushed the station nearly five years behind schedule, and have degraded the original design and capability of this crucial space infrastructure.

The development of a series of heavy-lift expendable launch vehicles, similar to the Soviet Energiya, is also a prerequisite for the Moon/Mars mission. The current fleet of Space Shuttle orbiters can carry only about 20 tons of cargo to Earth orbit on each mission. A first-generation heavy lift vehicle should have a 60-ton capability. Later designs would carry double that. NASA estimates that, to carry the spacecraft bound to the Moon filled with supplies and equipment to Space Station Freedom, will require a doubling of the tonnage of payload taken to orbit over what is now possible. The manned missions to Mars will double the payload delivery requirements once again.

By the turn of the century, a new fleet of reusable Space Shuttle-type passenger vehicles will have to be in the pipeline to go to the Space Station, as well as specialized spacecraft to ferry people to the Moon.

A series of robotic scientific precursor missions to both the Moon and Mars will be required before people can be sent to either place to live. In addition, the application of new 1980s technology in electronics, computer techniques, and remote sensing instrumentation to the unmanned exploration of planets where man can not easily go himself, will revolutionize our understanding of Earth's neighborhood.

This past year, Space Shuttle crews launched into Earth orbit the Magellan spacecraft to Venus, and Galileo to Jupiter, for the start of their journeys to these planets. Shrouded in clouds, Venus will be revealed anew by the advanced imaging radar system Magellan is carrying.

Galileo is the first in a series of spacecraft which will not simply fly by, but will orbit one of the giant planets, provid-

ing moving pictures rather than just snapshots of the atmospheres, moons, and rings of these fantastic small solar systems.

The highlight of this past year's accomplishments in space was undoubtedly the unimagined beauty and complexity that Voyager revealed at Neptune. This giant planet, nearly 2 billion miles from the Sun, was thought to be a cold, bland, Uranus-type planet where little of interest would be going on. Instead, Voyager found that Neptune is a fast-changing planetary system, with the highest-speed jet stream winds in the solar system. Its Great Dark Spot and other violent storm systems are constantly changing, and the remarkable tilt of the axis of its magnetic field keeps particles swirling around its set of moons. Neptune has a series of tenuous rings, which were not fully imaged from Earth, and only a few small moons, which had not been seen before. But the largest moon, Triton, was found to be the second body in the solar system, outside the Earth, with erupting volcanoes. It appears that under the stress of cracks or fissures in its frozen nitrogen surface, liquid nitrogen geysers spew material from under its crust, kilometers above the surface. Voyager showed scientists black plumes rising from the moon's surface, trailing through an atmosphere containing methane.

Voyager, launched in 1977, provided such a bounty of detailed data on the outer planets, that it helped give birth to the new science of comparative planetology. The two sturdy Voyager spacecraft showed mankind a ring around Jupiter, its dozens of moons, and fantastic atmospheric storms; a set of seemingly infinite rings around Saturn, which twist, change, and contain structures within them; a quiet, interesting, Uranus, which lies on its side in relation to the plane of the ecliptic; and a furthest giant planet, Neptune, with dynamic systems which cannot be explained by the conventional theories of planetary atmospherics, or magnetics.

During the course of 1990, the Bush administration must make real the President's July initiative and present at least the outlines of how the Moon/Mars mission will be carried out. Although additional detailed technical studies should be done to ensure that the broadest technology base is considered, the most immediate requirement is to get started.

In 1989 the question was posed: If the nation is committed to sending people back to the Moon by 2001, the budget madness of these past nine Republican years will have to be bypassed, in order to build Space Station Freedom and new launch vehicles, and to do the prerequisite life sciences research and technology development.

To have a Moon/Mars mission, this government will have to start to put its money where its mouth is. In the closing days of this year, the additional cuts for FY90 as a result of the Gramm-Rudman law, sliced \$155.2 million out of the NASA budget. Before then, \$893 million had already been cut from the administration's request of \$1.3 billion for fiscal year 1990.

How EIR blew out the hot air hoax

by Rogelio Maduro

The 1988 drought, punctuated by testimony before the U.S. Congress by climatologist James Hansen to the effect that he was 99% certain the disaster was the result of the “greenhouse effect,” plus followup news on the sudden “discovery” of an “ozone hole” over Antarctica, created the conditions for the spread of two of the most patent scientific hoaxes ever perpetrated: the greenhouse effect hoax, and the ozone layer depletion scare.

A case study of media hype

The news media spread one story of catastrophe after another. In January 1989, *Time* magazine published an issue with a cover story dedicated to Mother Earth as its “Man of the Year”; and so it went. Virtually every other popular science or news magazine, including *Scientific American*, rushed to proclaim that man, through his technological development and industrialization, was in danger of dooming his own future through the release of industrial pollution into the atmosphere.

At the end of November 1989, however, the major media started a turnaround, releasing the scientific evidence that these dire predictions may just be quite fraudulent. *Newsweek* suddenly printed an article titled, “Is It All Hot Air?” And on Dec. 13, the leading story of the *New York Times* was titled, “Skeptics Are Challenging Dire ‘Greenhouse’ Views.” The Dec. 25 issue of *Forbes* magazine ran its cover story on “The Global Warming Panic.”

What were these new findings? Clearly, the proposed tax of hundreds of billions of dollars on the economies of the world appeared to be too high a price to pay to certain quarters, for whom the dual realities of the deepening U.S. depression and the Soviet crisis were beginning to sink in.

The agitation around the so-called greenhouse effect was a political device, whose stated purpose was to increase pressure upon the United States and other Western nations to disarm and deindustrialize. The hysterical effort to counteract the greenhouse effect would divert investment from defense budgets and from investment in the productive economy.

The hoax exposed

While many scientists were on record challenging the false scientific assumptions underlying the scare propagand-

da, only *EIR* documented this aspect of the scandal, first in January 1989, and in a series of reports that followed. In the same week that *Time* magazine released its super-doomsday cover story on the dying planet, *EIR* published a cover story titled “‘Greenhouse Effect’ hoaxsters seek world dictatorship.” That story, and followup coverage in our Jan. 20 issue, featured the scientific evidence debunking the fraud that has suddenly now been “discovered” by other leading publications. *EIR* featured interviews with Patrick Michaels from the University of Virginia, Jerome Namias from Scripps Institute of Oceanography, Kevin Trenberth from the National Center for Atmospheric Research, and Fred Wood from the congressional Office of Technology Assessment.

This coverage documented statements by environmentalist spokesmen such as Stephen Schneider, explaining how, without scientific evidence, they had been able to achieve a shift in public policy in the environmentalist direction. Such spokesmen bragged that, thanks to their efforts, Western policy was being brought into line with policy pronouncements by Mikhail Gorbachov and other Soviet leaders, who at that very moment were urging that a supranational global enforcement capability—an environmentalist police force—be put into position to force adherence to stringent environmentalist standards, limiting the emission of various effluents into the environment.

Three months later, *EIR* published a devastating 170-page Special Report titled “The ‘greenhouse effect’ hoax: a world federalist plot.” The report warned that the leaders of the American Eastern Establishment and President George Bush had decided to rule the world with the Soviets through a one-worldist eco-fascist regime, as proposed by Mikhail Gorbachov in his Dec. 7, 1988 address to the United Nations. That warning has been fully vindicated by the events of the last three months of 1989, whereby “ecology” has suddenly become the leading international issue through which the U.S. and the U.S.S.R. are dictating policy to Third World countries.

In September, syndicated columnist Warren Brookes started a series of columns exposing the greenhouse warming fraud. Brookes is the author of the above-mentioned cover story in *Forbes* magazine. Leading scientists such as Michaels, Namias, Hugh Ellsaesser, Kenneth Watt, Reid Bryson, Lee Anderson Smith and Richard Lindzen testified before Congress, and challenged the greenhouse hoaxsters in scientific forums and debates.

The cumulative impact of these efforts to get out the truth, is now seen in the reversal of the media in this country, whose lies are now exposed for all to see. The next issue that will have to receive the same scrutiny is the “ozone depletion” hoax, which *EIR* likewise exposed in a series of three articles. And most important, the role of the Soviets in pushing all these environmental hoaxes as part of their war preparations against the West.

Glasnost, perestroika dead: agony of the Russian empire

by Webster G. Tarpley

“Simpleton: Gush forth, gush forth, bitter tears!/ Weep, weep, Orthodox soul!/ Soon the enemy will come and darkness will fall!/ Black darkness, unfathomable!/ Woe, woe to Russia!/ Weep, weep, Russian people, starving people!”—Modest Mussorgsky, *Boris Godunov*, Act IV, Scene iii.

“Not often—only once in 15 or 20 years—is such cold weather repeated in the center of Russia. Low temperatures in the Center, North and Volga-Vyatka regions will be 13 below zero (F) and highs 5 above.”—*Izvestia* weather report, Nov. 28, 1989.

On Dec. 13, 1989 in the Kremlin, M.S. Gorbachov was forced to preside over the session of the Congress of People’s Deputies in which the reform policy he had championed, known as *perestroika* (trans-building, or restructuring) was officially liquidated in a cold coup d’état led by the Soviet military-industrial complex. The sharp anti-perestroika turn fulfilled a prediction offered from a Minnesota federal prison by political prisoner Lyndon H. LaRouche some three weeks earlier: that the Soviet empire was approaching a point of no return under Gorbachov’s disastrously failed policies, and that an anti-perestroika turn, possibly accompanied by a military crackdown, was likely for the period between Dec. 15 and Epiphany (Jan. 6).

In a landmark speech, technocratic Prime Minister Nikolai Ryzhkov, a representative of the Soviet military-industrial complex from the Urals region, reasserted traditional communist ideas of state property of the means of agricultural and industrial production, centralized planning and the five-year plan, and summarily rejected reform proposals of massive price increases by removing state subsidies on a series of

consumer and producers’ goods, legalizing private property, selling off state enterprises to foreign capitalists, and giving more autonomy to individual firms. Ryzhkov said his plan of “rigid directive measures” was designed “to carry the economy out of the crisis.” Workers in state enterprises will no longer elect their managers. The epitaph for five years of perestroika was pronounced by Ryzhkov as follows: “If, contrary to objective reason, we should try to introduce full-fledged market relations by 1991, it would bring us to serious socio-economic upheaval, a new stage in galloping inflation, falling production, mass unemployment and aggravation of social tensions.” As every delegate in the hall knew, Gorbachov’s perestroika has already brought all that and more, creating an unmitigated disaster for the Soviet economy. Perestroika was thus being dumped in favor of a reversion to the Stalinist command economy, with vague promises of consumer goods. Ryzhkov called for draconian secret police measures to curb the black market.

Yuri Maslyukov, the Chairman of the State Planning Commission (Gosplan), an agency that Gorbachov’s followers had talked of abolishing, shared in Ryzhkov’s triumph. Maslyukov is another military-industrial stalwart who has made a full Politburo member last Sept. 20. He ruled out material incentives to get workers to work harder. Instead, improved technology and better political morale would suffice. It was announced that the Eastern European satellite countries would henceforth have to pay for their oil and raw materials with hard Western currency, since they were rooking Holy Mother Russia under existing arrangements. Flanking Ryzhkov was also Communist Party agricultural boss Yegor Ligachov, who announced that “small peasant holdings” were out and that collective and state farms were

in. The reform ideas of Gorbachov's right-hand man for economics, Deputy Prime Minister Leonid Abalkin, were all repudiated. Liberal reformers like Gavriil Popov of the Interregional caucus and Pavel Bunich were left lamenting that *pyatiletka* (five year plan) had vanquished perestroika.

In the previous day's session, Gorbachov had cracked the whip like a circus ringmaster in a frenzy of aggressive desperation, cutting off speakers like Yevgeni Yevtushenko, browbeating the opposition, and shouting down Dr. Andrei Sakharov when he tried to argue for inclusion on the agenda of the question of whether to abrogate Article 6 of the Soviet Constitution, which guarantees the primacy of the Communist Party. Article 6 was an innovation of the stagnant Leonid Brezhnev, but Gorbachov ruthlessly ruled the question out of order, arguing that next year's Communist Party Congress would have to decide it. When the votes were counted, Gorbachov had imposed his will by a very narrow margin—only 1,138 for him, and 839 against, with 56 abstentions.

Dramatic signs of Gorbachov's weakness

During the Soviet Communist Party Central Committee Plenum that preceded the deputies' session, Gorbachov had provided dramatic evidence of his political and psychological weakness. At one point Gorbachov and the Politburo came under direct personal attack from delegate Aleksandr Melnikov of the Kemerovo Oblast (Province) in the Kuzbass coal region, who accused Gorbachov of bowing and scraping before Western capitalists and the Pope in Rome. If the capitalists and the Pope are praising us, said Melnikov, we must be doing something wrong. There was also criticism that the main ideas of perestroika had been imported from the West. At that point Gorbachov exploded that he had devoted his life to these ideas, but that he was not clinging to his post. He threatened to resign his posts. This episode, although denied by Radio Moscow and other official media, was confirmed to the *Frankfurter Allgemeine Zeitung* by Gorbachov's hand-picked *Pravda* editor, Ivan Frolov, who commented that Gorbachov had simply jumped out of his skin during the debate, but that it was mainly rhetorical. From the standpoint of Russian history and Russian mentality, this is an astounding episode. There is no record of J.V. Stalin ever threatening to resign. This episode is by itself the proof of Gorbachov's terminal weakness.

In a gesture to the rising tide of Great Russian chauvinism, the Central Committee reestablished a Russian Bureau, in effect a Politburo for the Communist Party of the R.S.F.S.R. The earlier Russian Bureau had fallen to one of Brezhnev's power plays. Vitali Vorotnikov, A.V. Vlasov, Maslyukov, and Lev Zaikov had all pointed to the neglect of the R.S.F.S.R. under the perestroika regime. Members of the new bureau will include Boris Gidasov, a rocket and aerospace designer who recently turned up as the anti-Gorbachov Leningrad party boss, R.S.F.S.R. President Vorotnikov, R.S.F.S.R. Prime Minister Vlasov, and Valentin Chik-

in, editor of the newspaper *Sovetskaya Rossiya*, a principal speaking tube for the aspirations of the Great Russian race.

Military declares war on perestroika

The stage had been set for the final defeat of perestroika by an exceptional event which occurred on Dec. 7: It was the convening in Moscow of the first post-1917 session of the Officers' Assembly of the Armed Forces. This was a momentous gathering of the entire top military leadership and over 1000 officers from all service branches. The principal speakers were Defense Minister Dmitri Yazov and Gen. A. D. Lizichev of the Main Political Directorate, the chief political commissar of the Red Army. The Politburo member present was Lev Zaikov, who had been promoted to the key post of Deputy Chairman of the U.S.S.R. Defense Council (the government organ which is superior to the Politburo) on Nov. 21. Yazov elaborated the glorious traditions of the Red Army, and denounced the hostility to the Armed Forces expressed by the population and the mass media, which have led to defections by young officers. There were bitter complaints about the 175,000 student draftees who have been allowed to return to their studies by Gorbachov. Lizichev detailed that in Lithuania, Estonia, the Transcaucasus, and Moldavia, officers have been insulted and physically assaulted. For these reasons, and perhaps most of all because of the inglorious flight of the Red Army from Afghanistan last February, where huge amounts of valuable heavy equipment were left behind, the Red Army has been increasingly hostile to Gorbachov's rule.

The other signal event that prepared the termination of perestroika was the anti-Gorbachov demonstration held on Nov. 22 in Leningrad under the direction of party boss Boris Gidasov. This demonstration demanded that Gorbachov defend the party. It called attention to the crisis of the nation and the party, and demanded the "Leninist" solution of an emergency party congress to be held in the first months of 1990. It demanded the resignation of the entire CPSU Politburo and Central Committee, including Gorbachov himself. It also called for the end of media terror against the party, which has been a card played by Gorbachov against his bureaucratic opposition.

The dominant figure of the *nomenklatura* (party apparatus) at year's end appears to be Lev Zaikov of the Politburo, the Central Committee Secretariat, the all-important Supreme Defense Council (Sovet Oborony), and the Defense Ministry Kollegium. Zaikov has spent 40 years in the defense industries (VPK). Zaikov's simultaneous tenure of all these posts marks him as a matchless powerhouse of the Soviet bureaucracy, with more real power than Gorbachov possesses at this point. His declared policy is the upgrading of Soviet military institutions and power. He was a protégé and close associate of former Defense Minister Dmitri Ustinov, and is a friend of the premier Soviet military planner, retired Marshal Nikolai Ogarkov.

A second rising star is the deputy chief of the General

Staff, General of the Army Makhmud Gareyev, whose promotion to his current rank was announced by the Defense Ministry's daily *Krasnaya Zvezda* on Nov. 16. Gareyev is a protégé and doctrinal apostle of Marshal Ogarkov.

Another recent winner is Gen. Igor Rodionov, who has been made the commandant of the Voroshilov Military Academy, which is the de facto planning staff of the Red Army.

Gorbachov appears as a vestigial figurehead who is being kept around for the edification of gullible foreigners like George Bush, who declared his all-out support for perestroika Thanksgiving eve

Rodionov was the Afghan war veteran who directed the massacre of protesters in Tbilisi, the capital of Georgia, on April 9. On this occasion, 8,000 Georgian nationalists were assaulted with poison gas, and sharpened spades were employed to hack the front ranks of the demonstrators to death. Tanks drove the demonstrators together, surrounded them, and deliberately crushed them. Hundreds were killed, and Tbilisi was placed under martial law. On the next morning, Red Army tanks rolled through the streets of Kiev and other Ukrainian cities at dawn in an intimidating show of force. The appointment of the war criminal Rodionov is heavy with symbolism.

At this point, Gorbachov appears as a vestigial figurehead who is being kept around for the edification of gullible foreigners like George Bush, who declared his all-out support for perestroika from Camp David on Thanksgiving eve, just when that doctrine was about to be liquidated in Moscow. By late 1989, Gorbachov was a leader who appealed to foreigners, but who had come to be hated by the majority of the nomenklatura and the quasi-totality of the Soviet people. Now the Soviet system needs a powerful and brutal leader who can be effective on the inside, in terms defined by Stalin. This would confirm the forecast of experts like Gen. Paul Albert Scherer of the Federal Republic of Germany, who have predicted that Gorbachov will be formally liquidated by the late spring or early summer of 1990.

Buying time

Ironically, a review of recent events shows that it was Gorbachov himself who initiated that return to *porядok* (order) which has found its interim culmination in the policy announced by Ryzhkov. Now it is clear that this reaction against glasnost and perestroika have overtaken their architect and will now destroy him.

By the spring of 1989, the policy of the Gorbachov group was to "gain time." This was summed up in the Lenin Day speech given last April by Vadim Medvedev: He compared Gorbachov to the Lenin of the Peace of Brest-Litovsk in early 1918, sacrificing dogma and assets to buy time and survive, while ideologues and purists protested. But three crises—the ethnic nationalities of the U.S.S.R., the mass strikes among Russian and other workers breaking out in the summer, and finally the East German and Czech revolutions beginning in October-November, fatally undermined the Gorbachov combination.

1) The Russian empire, the prison house of peoples, is experiencing a revolt of the subject nationalities that has already become a shooting civil war in some areas. The revolt comprehends the three principal nations of the Transcaucasus, Georgia, Armenia, and Azerbaijan. It is far advanced among the Uzbeks, Kazakhs, and other components of the Muslim and Turkic peoples stretching into central Asia. The Romanians of Moldavia and the Lithuanians, Latvians, and Estonians of the Baltic are demanding autonomy which they intend to lead to full national independence. Ukraine and White Russia (Belorussia) are not far behind. Armenia, Azerbaijan, Uzbekistan, and Moldavia are under martial law. The Azeris have cut rail links to Armenia. The Great Russians are threatened by a replay of the 1918-20 civil war, in which Great Russian Bolshevik territory was cut down to a huge, virtually landlocked island centered on Moscow and surrounded by 8,000 kilometers of fronts where Trotsky's Red Army fought against generals Kornilov, Denikin, Kolchak, Wrangel, and against the Don, Orenburg, and Ural Cossacks, and their foreign sponsors, including a Japanese-controlled "Far Eastern Republic" at the Pacific. A successful bid for freedom by the 50 million Ukrainians, in particular, would doom the superpower ambitions of the Great Russians.

On Aug. 23, two million citizens of the Baltic republics staged the largest demonstration against Communist rule since 1917 by forming a human chain that stretched from Tallinn through Riga to Vilnius. They were protesting the Molotov-Ribbentrop Pact of 1939, under whose provisions they had been absorbed into the U.S.S.R. On Aug. 26, the Soviet Central Committee issued a genocidal threat which compared the peaceful protesters to the Nazis: "A serious danger threatens the fate of the Baltic peoples. The people must know the nature of the abyss into which they are being pushed by the nationalist leaders. The consequences for the peoples could be disastrous if the nationalists should succeed in reaching their goals. Their very existence could end up in question."

2) In 1989, the U.S.S.R. was swept by the largest wave of mass strikes since the Russian Revolution. On July 10, strikes broke out in the town of Mezhdurechensk in the Kuzbass coalfields, where workers raised demands for soap, coffee, provisions, and basic consumer goods which were all but unavailable to them, despite their monthly earnings of

500 rubles, more than twice the national average. Soon the strikes spread to the Donbass coalfields in eastern Ukraine and to central and western Ukraine (Lvov) as well. Strikes also occurred at Karaganda, in central Asia. Strike committees created a dual power situation in many areas. Prime Minister Ryzhkov was obliged to receive the Ukraine strike committee at his office in Moscow to get the workers to return to their jobs. On July 18, with at least 500,000 workers on strike, Gorbachov told members of the Central Committee that the U.S.S.R. would import 10 billion rubles worth of food, soap, and other goods. He also called for a thorough purge of the party to provide "new blood."

Although they sought to create the impression that the miners were striking for more perestroika, the Gorbachov group was terrified by the nationwide railroad strike that had been called for Aug. 1: This conjured up memories of the 1905 Revolution, when the country was paralyzed by a railroad strike. From July on, there were constant wildcats and slowdowns in rail, mining, industry, and other sectors, causing severe shortages of coal, oil, and other goods. This included stoppages in the Baltic and Moldavia. In late October, strikes, by now illegal, flared up again in the Kuzbass and in the coal-mining center of Vorkuta, north of the Arctic circle. This time the strikes were explicitly political, demanding the fulfillment of the summer agreements, but adding demands for the repeal of Article 6 and direct election of the President and the People's Deputies.

With 5 million work-days officially lost to strikes by October, Gorbachov demanded on Oct. 2 that the Supreme Soviet ban all strikes for 15 months to avoid "loss of control" and "anarchy." Significantly, the Supreme Soviet stalled more than a day before delivering a strike ban in transport, energy, raw-materials processing and manufacturing, and energy. An end to the ethnic-inspired railway blockades was also ordered. Both these bans have been continuously flouted ever since they were enacted, increasing the view of Gorbachov as an impotent blusterer.

3) The revolutions in East Germany and Czechoslovakia threaten the loss of the satellite empire. Back in February, Oleg Bogomolov had suggested "a neutral Hungary" under a "bourgeois democratic system," but within the confines of the Warsaw Pact. By August, Moscow forced Poland's Solidarnosc to enter the Warsaw government, but with defense, interior, and finance ministries still in Communist hands. The October-November developments in the German Democratic Republic (G.D.R.) and Czechoslovakia have swept away the communist parties, radically altered the state apparatus, eroded the secret police, and paralyzed conscript military units for the moment, but Moscow retains 380,000 troops in the G.D.R., 80,000 in Czechoslovakia, 62,000 in Hungary, and 40,000 in Poland.

Despite Gennadi Gerasimov's "Frank Sinatra doctrine" of national autonomy, the Brezhnev doctrine is clearly still in force, with satellite membership in the Warsaw Pact as the

red line. The Soviets regard Berlin, Prague, Warsaw, and Budapest as the prizes for which they lost 20 million dead in World War II. They wish to hold the "Elbe line" at all costs, as December's troop alerts in the G.D.R. indicate. The G.D.R. and Czechoslovakia are their only modern production sectors, besides furnishing their strategic glacis. These assets will not be surrendered without a fight. But here conflict is inevitable, since governments produced by free elections during 1990 will surely make demands that Moscow will refuse to grant.

As for glasnost, that policy was jettisoned by Gorbachov himself in an Oct. 13 tirade in which he accused Boris Yeltsin, Gavriil Popov, historian Yuri Afanasyev, and economist Nikolai Shmelyov of constituting a "power-seeking fascist clique." The editor of the weekly *Ogonyok*, Vitali Korotych, was accused of "ultra-radical demands" in violation of party discipline. Gorbachov then launched a campaign to oust Vladislav Starkov, the editor of *Argumenty i Fakty*, a weekly

The nationalist ferment among the subject peoples of the empire has elicited a monstrous upsurge in Great Russian racist chauvinism.

which has acquired one of the largest circulations in the country, because Starkov had published a poll unfavorable to Gorbachov. *Komsomolskaya Pravda* was berated for printing "incomprehensible rubbish." By August, it was already clear that the Soviet media were suppressing vital news, especially on the strike front, and there were reports of renewed jamming of foreign broadcasts. By November, Gorbachov had written one of his few theoretical articles, a long-winded defense of the power monopoly of the Communist Party, which was published in *Pravda*.

The Soviet crisis has produced a radicalized re-emergence of the Orthodox-Byzantine cultural paradigm of the Russian people. This is the idea of the superiority of the Great Russian Master Race, much wronged but nevertheless destined to vindicate itself by conquest. It is the idea of Moscow the Third Rome, whose task it is to exalt irrationalist spirituality against the rationalist, materialist excesses of hostile and putrid Latin-Germanic Western Europe and its American offshoots. The nationalist ferment among the subject peoples of the empire has elicited a monstrous upsurge in Great Russian racist chauvinism, which is now the salient political fact of life among Russians. The center of this ferment is the Pamyat (Memory) Society, a fascist, Slavophile group which preaches the imperial mission of the Great Russians against their alleged Jewish and Western enemies.

Continued on page 48

January

- 1 Mexican oilworkers leader Joaquín Hernández Galicia says Mexico must suspend payments on its foreign debt for one year.
- 23 U.S. Federal Reserve chairman Alan Greenspan says that his top priority is the fight against inflation, and that he might have to raise interest rates—against the desires of the Bush administration.
- 25 U.S. Senate Agriculture Committee postpones confirmation hearings for Clayton Yeutter for agriculture secretary, pending the outcome of FBI investigation of Chicago Mercantile Exchange and Board of Trade.
- 30 U.S. State Department holds an international ecological conference, with Soviet officials attending.

February

- 6 President Bush announces "bailout" plan for savings and loans.
- 10 U.N. FAO reports declining world food stocks, inadequate production.
- 13 Judicial proceedings launched against two Mexican brokerage houses.
- 16 Brazilian President Sarney says Brazil cannot meet its debt service payments for March.
- 22 U.S. Treasury Secretary Nicholas Brady outlines S&L bailout plan: Thrift managers will be scapegoated for the breakdown of the economy.
- 24 U.S. Federal Reserve raises discount rate from 6.5% to 7%.
- 27 Venezuela signs Letter of Intent with IMF, committing it to new austerity measures and foreign takeover of assets.

March

- 3 Venezuelan President Carlos Andrés Pérez suspends payment of principal and interest on foreign debt.
- 3 Eastern Airlines employees go on strike.
- 10 U.S. Treasury Secretary Brady presents "Brady Plan" for Third World debt reduction—with strings attached.
- 15-26 Venezuela's President Pérez floats the national currency and lifts price controls, doubling food prices.
- 20 China's National People's Congress meets in Beijing; Prime Minister Li Peng calls for economic "retrenchment."
- 23 Martin Fleischmann and Stanley Pons announce achievement of nuclear fusion at room temperature.
- 24 Oil tanker *Exxon Valdez* runs aground off Alaska's Port Valdez.

- 5 Dogfight between American and Libyan jetfighters ends in shootdown of two Libyan MiG jets.
- 9 Mexican President Salinas launches frameup against powerful oilworkers union, arresting union leader Joaquín Hernández Galicia and 51 others.
- 17 Inter-American Dialogue issues report advocating drug legalization and cooperation with narcotics traffickers.
- 18 Henry Kissinger in Moscow as representative of Trilateral Commission, meets Gorbachov and gives him a letter from President Bush.
- 19-20 Founding in Rome of the International Martin Luther King Tribunal on Crimes Against Humanity. Tribunal vows to reverse the political frameup of Lyndon LaRouche and associates.
- 28 Kissinger meets at White House with Bush and Secretary of State Baker, reportedly discussed Kissinger's plan for a "U.S.-Soviet compact."
- 29 In West Berlin municipal election, the national bolshevist Republikaner party scores 7.5% of the vote, qualifying it for participation in the city government.

- Colombian government signs pact with M-19 guerrillas, including a pardon for terrorists who seized Justice Palace.
- 2 Inauguration of Venezuelan President Carlos Andrés Pérez, with over 20 heads of state in attendance.
- 10 Brazilian President Sarney rejects foreign schemes to strip Brazilian sovereignty over Amazon.
- 11-12 Edgar Bronfman heads delegation of 100 Jewish leaders to Moscow.
- 12 Ten thousand people in Islamabad, Pakistan riot against publication of Salman Rushdie's *The Satanic Verses*, which has been banned in Pakistan.
- 15 Deadline for Russian troop withdrawal from Afghanistan.
- 25-26 International Martin Luther King Tribunal on Crimes Against Humanity meets in Crystal City, Virginia, demands freedom for political prisoner LaRouche.
- 27 Riots erupt in 17 Venezuelan cities in protest against austerity program imposed on orders from the IMF by President Pérez. Over one thousand people are killed.
- 28 More than 1 million Serbs demonstrate in Belgrade, Yugoslavia, under leadership of Slobodan Milosevic.

- Demonstrations and strikes in Soviet Georgia, including clashes between Georgians and Abkhazians.
- South Africa's ruling Nationalist Party ousts President P.W. Botha and replaces him with party chairman Frederik W. de Klerk.
- 8-11 Meeting at the Vatican of Pope John Paul II, Cardinal Ratzinger, and leaders of the American Catholic Church.
- 13 Delegation from Jimmy Carter's Council of Freely Elected Heads of Government arrives in Panama.
- 14 Lebanon's Gen. Michel Aoun launches first attack against Syrian armed forces in Lebanon.
- 16 Coalition government formed in West Berlin between Social Democrats and the "green" Alternative List.
- 20 U.S. Deputy Secretary of State Lawrence Eagleburger says Syrian troops should not be withdrawn from Lebanon.
- 21-31 Syrian terror bombing of Christian East Beirut.
- 23-30 Armed clashes in Kosovo, Yugoslavia between separatists and police.
- 26 Elections to new Soviet Congress of People's Deputies. Many regional Communist Party leaders are ousted.

- 5 Secretary of Defense Frank Carlucci approves plan to realign or close 145 military installations.
- 6 Justice Department issues first indictments in "Ill Wind" Pentagon probe.
- 12 CIA director Webster says that Soviets are no longer backing terrorism.
- 16 Food for Peace march in Washington demands a pardon for LaRouche.
- 20 Inauguration of President Bush.
- 23 Trial starts of Rochelle Ascher, the first of the Virginia "LaRouche cases."
- 27 Federal Judge Albert V. Bryan sentences LaRouche to 15 years in prison.

- Ron Brown is elected chairman of the Democratic National Committee.
- 2 Ronald M. Fino, former president of Buffalo Laborers Union Local 210, admits infiltrating LaRouche organization for the CIA.
- 5 National Security Adviser Brent Scowcroft reported to have participated in a report calling for dropping the idea of a "Star Wars shield."
- 21 Energy scientists testify that Bush administration's proposed fusion budget is totally inadequate.

- 2 Federal judge grants government motion to dismiss Boston case against LaRouche, over LaRouche's objection.
- 2 Philadelphia federal appeals court rules that anti-abortion demonstrators can be found liable under RICO statutes.
- 9 Senate rejects former Sen. John Tower to become secretary of defense.
- 16 Senate Foreign Relations Committee clears nomination of Lawrence Eagleburger as deputy secretary of state.
- 27 Secretary of State Baker praises Kissinger's plan for validating Soviet control over Eastern Europe.

April

- 1-2 Interim Committee of IMF meets in Washington; participants less than enthusiastic over Brady Plan.
- 7-11 GATT meetings in Geneva ratify "market-oriented system of agricultural trade," in which nations that try to protect their farming and food supplies will be "disciplined."
- 11 Mexico signs new Letter of Intent with the IMF, as food crisis deepens.
- 20 San Francisco AIDS Foundation, in a reversal of its position, calls for testing of high-risk people for HIV virus. When Lyndon LaRouche proposed this in 1985, he was denounced by the health establishment.
- 28 U.S. Special Trade Representative Carla Hills releases report outlining "Super 301" trade war against U.S. allies.

- 2-5 Gorbachov in Cuba, tells Castro he opposes "export of revolution."
- 6 Leading Panamanian opposition figure Carlos Elea Almarán is arrested in Macon, Georgia, for importing cocaine.
- 8 Bush administration refuses to sign agreement with Japan to co-produce the FSX fighter plane; Bush says he wants "qualifications" in the deal.
- 8 Japanese Prime Minister Takeshita admits his political campaign had taken funds from Recruit Cosmos company.
- 8-10 Trilateral Commission meets in Paris, charts liberalization of Western trade ties with the Soviets.
- 9 Soviet Army and Interior Forces crush demonstration in Tbilisi, Georgia. Tbilisi is placed under military rule.
- 11 Death of Chinese Communist reformer Hu Yaobang triggers demonstrations.
- 11 Discovery of a dozen mutilated bodies in Matamoros, Mexico—victims of satanic murders.
- 24 Japanese Prime Minister Takeshita resigns over Recruit Cosmos scandal.
- 25 Soviet Communist Party Central Committee Plenum purges 110 people from the party's three highest bodies.

- 5 Rochelle Ascher is convicted in Virginia "LaRouche case" and sentenced to 86 years.
- 6 Document released during Oliver North trial shows that Bush in 1985 offered Honduran President aid in exchange for helping the Contras.
- 10 Secretary of Housing and Urban Development Jack Kemp, Attorney General Richard Thornburgh, and drug czar William Bennett announce program to combat drugs in Washington, D.C.
- 25 Defense Secretary Cheney's new defense budget includes \$10 billion in reductions in forces and weapons systems.

May

- 2 U.N. conference in Finland calls for ban on chlorofluorocarbons by the year 2000.
- 3 Mexican strike wave builds against government austerity policy.
- 4 U.S. launches spacecraft *Magellan* on 15-month journey to Venus.
- 7 Amazon Pact nations back Brazil in its fight against efforts to "internationalize the Amazon."
- 15-17 Meeting of the U.S.-U.S.S.R. Trade and Economic Council: Soviets are irritated at slow pace of growth in East-West trade. Meeting plans drive to repeal Jackson-Vanik Amendment.
- 18 General strike in Venezuela.
- 25 U.S. criticizes Brazil, Japan, and India for "unfair" trade practices, under "Super 301" provision of 1988 Omnibus Trade Bill.

- One hundred Ibero-American congressmen sign and circulate a statement demanding freedom for LaRouche.
- 1 Street riots in West Berlin by leftwing groups leave 320 injured.
- 7 Elections in Panama. Government annuls them three days later because of fraud by U.S.-backed operatives.
- 14 Peronist candidate Carlos Saúl Menem wins Argentine presidential election, in vote against IMF austerity.
- 15-18 Gorbachov goes to Beijing, but is swept aside by demonstrations.
- 17 Organization of American States (OAS) bows to U.S. pressure and calls for ouster of Noriega.
- 19 Prime Minister Li Peng imposes martial law in People's Republic of China, as protest movement builds.
- 24 Peru's President Alan García meets in Colombia with three leaders of the terrorist M-19, calls for dialogue with Shining Path.
- 25 Soviet Congress of People's Deputies begins meeting; Boris Yeltsin elected, as chauvinist current surfaces.
- 29 Swedish authorities indict Christer Pettersson as assassin of Prime Minister Olof Palme.

- 3 Opening of New York fraud trial against four associates of LaRouche.
- 4 Oliver North convicted on three counts for role in Iran-Contra affair.
- 12 Bush announces reversal of U.S. strategic doctrine, to "welcome the Soviet Union back into the world order."
- 25 LaRouche appeal filed in Richmond, Va., accompanied by *amicus curiae* briefs signed by 150 U.S. attorneys and international notables.
- 31 Speaker of the House Jim Wright resigns, after lengthy scandal over alleged ethics violations.

June

- 3 Explosion of Soviet natural gas pipeline kills 800 people, worsens energy crisis.
- 15 Panic selling of the dollar, prompted by central bankers demanding that the U.S. reduce its trade deficit.
- 16 Soviet economists Leonid Abalkin and Vladimir Tikhonov warn of famine.
- 24-25 Meeting of Food for Peace movement in Bangkok, Thailand.
- 27 European Community summit in Madrid endorses full participation of all 12 national currencies in European Monetary System by July 1, 1990.
- 28 French economist Maurice Allais warns that the world debt crisis is reaching the point of catastrophe.
- 30 Brazil suspends interest payments to foreign commercial bank creditors.

- 2 Israeli Science Minister Ezer Weizman meets senior PLO official—first cabinet minister to do so.
- 3 Iran's Ayatollah Khomeini dies. President Ali Khamenei is named successor.
- 3-5 Massacre of demonstrators at Beijing's Tiananmen Square.
- 4 Massive defeat for Poland's ruling communists in parliamentary elections; Solidarnosc emerges as decisive force.
- 10 Soviet Premier Nikolai Ryzhkov announces government reorganization and purges.
- 12 Gorbachov visit to West Germany; "Gorbymania" reigns supreme.
- 14 *Washington Times* reports U.S. has put out \$5 million contract for murder of Panama's General Noriega.
- 15 Helga Zepp-LaRouche of the Patriots for Germany party broadcasts TV spot in European Parliament election campaign, denouncing Gorbachov.
- 15 European Parliament elections show strengthening of neutralist parties of both left and right.
- 17-18 Conference of Latin American Parliamentarians for Panama in Panama City opposes U.S. drive to oust Noriega.

- 1 Justice Department names trustees to take over the Teamsters union.
- 2 *EIR* reports how John Markham, the prosecutor in Boston and Alexandria trials of LaRouche, was closely tied to the satanic Process Church.
- 7 FBI and Environmental Protection Agency agents raid Rocky Flats nuclear facility in Colorado.
- 19 Political prisoner LaRouche announces campaign for Congress from Virginia's 10th District.
- 28 Secretary of Housing and Urban Development Kemp forms strike force to ferret out corruption at HUD.

July

August

September

Economics

- 6-8** Henry Kissinger on tour in Ibero-America to discuss how to keep debt payments coming to the banks. Visits Venezuela, Argentina.
- 13** Summit of Third World leaders hosted by French President Mitterrand, on the debt crisis.
- 14** "Bastille Day" summit of Group of Seven in Paris, rejects Mitterrand's efforts to deal with Third World debt.
- 25** U.S. Senate Agriculture Committee votes to approve \$955 million in aid to farmers hit by the drought.
- 27** Summit meeting of the Organization of African Unity calls for international conference on the continent's debt crisis.
- 28** U.S. Senate passes piddling \$330 million budget for magnetic fusion research.

- 1** Polish government ends food price subsidies, leading to 500% price rises.
- 3** Forty-six traders and brokers indicted at Chicago Board of Trade on charges of fraud, tax evasion, and price fixing.
- 4** U.S. House and Senate pass S&L bailout bill, allocating \$50 billion over next 3 years, and \$166 billion over 10 years.
- 6** Minnesota Agriculture Commissioner says U.S. faces absolute shortage of soybeans.
- 23** AFL-CIO President Lane Kirkland, United Mine Workers President Donald Trumka, and other union leaders are arrested for a sit-in for supporting miners striking against Pittston Coal.
- 24** *Voyager 2* spacecraft passes within a little more than 3,000 miles of Neptune.

- 7** U.S. court convicts LBS Bank of laundering funds for underworld figures. Deputy Secretary of State Lawrence Eagleburger was on the board of the bank when the money-laundering took place.
- 11** Assembly in Moscow of leaders of coal miners' strikes in Ukraine and Siberia.
- 7-15** Speculator Robert Campeau defaults on \$450 million debt service payment for Federated Department Stores, triggering collapse of "junk bond" market. LaRouche issues statement on Campeau bankruptcy: "The new Great Depression is on."
- 26-28** Acrimonious IMF meeting in Washington, D.C., as officials clash over Brady debt plan, central bankers' drive to bring down the inflated dollar.

International

- Strikes in principal Soviet mining regions.
- 8** Inauguration of Argentine President Menem.
- 10-12** Bush to Poland and Hungary, fails to pledge any significant aid.
- 18** Gorbachov calls for sweeping purge at all levels of Soviet leadership.
- 20** Soviet Marshal Sergei Akhromeyev addresses U.S. House Armed Services Committee, attacks SDI and calls for further disarmament measures.
- 20** Ibero-American foreign ministers reverse previous OAS position, and call on Panama to solve its own problems without foreign interference.
- 25** Christer Pettersson convicted by Swedish court of the murder of Prime Minister Olof Palme.
- 28** Israel kidnaps Hezbollah leader Sheikh Obeid in Lebanon; subsequently U.S. hostage Col. William Higgins is reportedly executed by Hezbollah.
- 29** Kissinger writes syndicated column condoning Tiananmen Square massacre and calling for U.S. to maintain ties with Beijing.

- Bloody clashes in the Soviet Union between Armenians and Azeris; demonstrations in Lvov and Kiev, Ukraine, demanding freedom for the Uniate Church.
- 7** Central American Presidents agree to disband the Contras.
- 20** New Iranian government formed under President Rafsanjani.
- 23** France sends aircraft carrier to prevent total Syrian blockade of Lebanese forces of Gen. Michel Aoun.
- 23** Anniversary of Hitler-Stalin Pact. Demonstrators in the three Baltic states link arms in a human chain, in protest against Soviet occupation.
- 24** Swedish intelligence circles leak to the press the information that the Soviet KGB knew in advance of the planned assassination of Olof Palme.
- 24** Election of Poland's first non-communist prime minister in 45 years, Tadeusz Mazowiecki of Solidarnosc.
- 25** Following the assassination of Luis Carlos Galán, Colombian President Virgilio Barco declares war on drug mafia.
- 30** Helga Zepp-LaRouche addresses parliamentarians in Brazil in the case of her husband, Lyndon LaRouche.

- Exodus of East Germans to the West, which has been building since the spring, now picks up steam.
- 2** General strike in Soviet Azerbaijan. Soviet troops are deployed to "keep order."
- 4-8** Lech Walesa of Solidarnosc visits West Germany seeking economic aid.
- 6** U.S. State Department closes embassy in Beirut, following peaceful sit-in by Christians opposed to Syrian occupation.
- 8** Founding of new Ukrainian mass national movement, the Narodni Rukh.
- 9** Boris Yeltsin, leader of "ultra-reformist" Soviet faction, tours U.S.
- 20** Soviet Communist Party Central Committee Plenum strengthens hand of KGB in leadership shakeup.
- 20-23** Meeting between U.S. Secretary of State Baker and Soviet Foreign Minister Shevardnadze in Wyoming, to prepare the way for a presidential summit. Soviets seemingly agree to "decouple" START agreement from SDI limitation. Hoped-for trade deals not yet forthcoming.
- 25** Gorbachov ultimatum to Azerbaijan to end blockade of Armenia is ignored.
- 27** Vietnamese complete their withdrawal from Cambodia.

National

- 5** Oliver North given token sentence, without prison time.
- 21** "Kissinger Rider" to State Dept. Appropriations Bill passed by Senate, obliging members of the President's Foreign Intelligence Advisory Board to reveal their financial holdings.
- 22** Scandal erupts over alleged Soviet spy Felix Bloch, a senior State Department official. No indictments are issued, however.
- 25** House cuts proposed budget for SDI by more than one-third, reducing administration's \$4.9 billion request for SDI research to \$3.1 billion.

- Scientist Dr. Martin Welt, a pioneer in the field of food irradiation, is jailed on trumped-up charges.
- 10** FBI stringer and anti-LaRouche operative Mordechai Levy is arrested and charged with attempted murder.
- 11** LaRouche testifies for the defense in New York trial of associates.
- 17** Indictments issued in Illinois, against three political organizers associated with LaRouche.
- 31** New York "LaRouche" trial delivers split verdict, acquitting one defendant and convicting three.

- 5** President Bush unveils "war on drugs" plan.
- 11-15** LaRouche subjected to gross mistreatment in prison during surgery.
- 12** Senate clears nomination of Donald Gregg as ambassador to South Korea.
- 13** Senate fails to override Bush's veto of restrictions on U.S.-Japanese FSX deal, allowing deal to go through.
- 13** Over 800 U.S. lawyers have now signed *amicus curiae* brief supporting LaRouche's appeal.
- 19** CIA director Webster says allies, not Soviets, are primary threat.

October

- 3 Strike begins at Boeing Corp.
- 5 West German Bundesbank raises its primary lendings rates by 1%; French and British central banks follow suit. Intent is to deliver a shock to U.S. on threat of financial collapse.
- 7-11 Federal Reserve chairman Greenspan goes to Moscow.
- 13 Friday the 13th Wall Street stock market crash.
- 16 Massive earthquake hits California's San Francisco Bay area.
- 27 Britain's Chancellor of the Exchequer Nigel Lawson resigns over policy toward European Monetary System.
- 31 U.S. Congress and administration reach compromise on minimum wage bill, providing for first increase since 1980.

November

- 4-5 Conference of Food for Peace in Chicago, on the world food shortage and the anti-bolshevik resistance.
- 15 LaRouche proposes economic development policy for Poland and East Germany, emphasizing restoring and modernizing rail lines from Paris to Warsaw.
- 19 Boeing strike settled, on corporatist model.
- 22 U.S. Federal Reserve drops interest rates, as retail sales crisis looms.
- 27 General strike by 7 million Czechoslovak workers.
- 29 Assassination of Alfred Herrhausen, chairman of West Germany's Deutsche Bank, by Red Army Faction. Was working with Chancellor Kohl to lay economic basis for reunification of Germany.

December

- 4 Conference in New York of U.S. business leaders on "The Opening of the Soviet Market: Implications of Perestroika for Global Business."
- 7 U.S. Attorney General Richard Thornburgh announces escalation against "fraud" by S&L managers.
- 11 Date set by Andrei Sakharov for general strike in Soviet Union to back elimination of constitutional provision on "leading role" of Communist Party. Strike has limited impact.

- 2 Gorbachov calls on Supreme Soviet to ban strikes for 15 months; instead, strikes are banned in key sectors.
- 3 U.S.-backed coup plot against Panama's General Noriega fails.
- 3 Colombian Supreme Court rules in favor of extradition of drug traffickers to U.S. and other countries.
- 6 Argentine President Menem pardons military officers accused of rebellion against previous regime.
- 9-15 French President Mitterrand tours Venezuela, Ecuador, Colombia, discussing war on drugs, economic development.
- 12 Swedish appeals court reverses conviction of Christer Pettersson for Palme assassination.
- 13 Gorbachov meets with party and mass media leaders, denouncing media criticism of regime.
- 18 Egon Krenz named successor to Erich Honecker as head of East Germany's Socialist Unity Party.
- 24 Arab League meets with Lebanese parliamentarians in Taif, Saudi Arabia, agree on plan to neutralize opposition to Syrian occupation.

- 4 René Moawad named new President of Lebanon, by pro-Syrian parliamentarians.
- 4 One million demonstrate against communist regime in East Berlin.
- 7-8 Reshuffle of East German party and government leadership.
- 8 West German Chancellor Kohl gives State of the German Nation speech, pledges economic assistance in return for political reform.
- 9 East Germany lifts restrictions on emigration by its citizens, after hundreds of thousands have fled to the West. Some border crossings are opened, including part of the Berlin Wall.
- 9 West German Chancellor Kohl in Poland, pledges political reconciliation and economic aid.
- 11 Fidel Castro backs "final offensive" by El Salvador's FMLN guerrillas.
- 15 Murder of six Jesuit priests in El Salvador.
- 22 Assassination of Lebanese President René Moawad; Elilas Hrawai is named to replace him.
- 28 West German Chancellor Kohl outlines 10-point program for German reunification.

- 1 Coup attempt against Philippines President Corazon Aquino. With U.S. air cover, the revolt is put down.
- 1 Gorbachov meets with Pope John Paul II at the Vatican.
- 2 Second Indian non-Congress party central government since 1947 takes shape under Prime Minister V.P. Singh.
- 2 Ruling Kuomintang party in the Republic of China on Taiwan loses ground in national elections.
- 2-3 Malta summit between Bush and Gorbachov. Bush offers 18 arms control proposals, but little in the way of concrete economic help for Gorbachov.
- 3 Resignation of East German party Politburo, including chairman Egon Krenz; three days later, Krenz also resigns his government posts.
- 6 Deposed East German leader Erich Honecker and others are put under house arrest, charged with embezzlement.
- 6 Bomb destroys headquarters of Colombia's security police, kills 52 people and injures 1,000 more.
- 7 Supreme Soviet of Lithuania votes to abolish supreme authority of Communist Party.

- 6 Ramsey Clark argues appeal of Lyndon LaRouche and six associates.
- 9 Supreme Court upholds use of RICO statute against anti-abortion group.
- 14-18 Attorney General Thornburgh to U.S.S.R.
- 24 LaRouche associate Michael Billington convicted, sentenced to 77 years.
- 25 Federal bankruptcy Judge Martin Bossetter throws out 1987 involuntary bankruptcy action by government against companies associated with LaRouche, citing government "bad faith."

- 2 Rep. James Traficant calls for investigation into bombing of Pan Am 103, citing evidence of treachery by CIA.
- 7 Elections result in defeat for most important gubernatorial and mayoral candidates supported by Bush.
- 17 Senate sends to President a bill imposing more economic sanctions on China.
- 18 Defense Secretary Cheney says he has asked armed services to propose \$180 billion more in defense cuts.
- 29 Secretary of State Baker indicates U.S. would condone a Soviet crackdown against dissent "under certain circumstances."

- 1 Virginia judge upholds 77-year prison sentence against LaRouche associate Michael Billington.

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Pamyat is a state-sponsored outgrowth of the Rossiya Society, which was founded by Red Army Marshal Vasili Chuikov, to preserve Russian cultural treasures. Pamyat "intellectuals" include the anti-Semitic theorist V. Yemelyanov and Dmitri Vasilyev. Groups like Apollon Kuzim's military-chauvinist Otechestvo (Fatherland) in Sverdlovsk, and Spaseniye (Salvation) in Leningrad are allied to Pamyat.

There is the Yedinstvo (Unity) International Movement of Nina Andreyeva, the Leningrad chemistry teacher whose March 1988 pro-Stalin article caused a sensation. Great Russian chauvinist publications include *Moskva*, *Molodaya Gvardiya*, *Nash Sovremennik*, and *Roman Gazeta*, with *Sovetskaya Rossiya* not far behind. Pamyat co-thinkers regularly get space in the army daily *Krasnaya Zvezda* (*Red Star*). The Pamyat line is that Gorbachov and his group are actually Western capitalist moles, crypto-Zionists and "rootless cosmopolitans" seeking to sell out Holy Mother Russia to her imperialist enemies. Abel Aganbegyan, who was one of Gorbachov's economic advisers, is really the Jew and Freemason "Hoffman," they claim. Also targeted are Shmelyov, Korotych, Abalkin, and other Gorbachov allies or former allies. Aleksandr Yakovlev is attacked as a representative of the "new bourgeoisie" on the Politburo who wishes to "destroy Russian ideology."

Under the impact of anti-Russian ferment in Moldavia and the Baltic, Pamyat-linked interfronts, united fronts, and intermovements have emerged among Russians in many areas, and on Sept. 8-9 the United Front of the Workers of Russia (UFWR) was founded in Sverdlovsk with Veniamin Yarin as co-chairman to fight against privately owned cooperative businesses, which are widely accused of stealing state property and sucking the blood of Mother Russia. Yarin says many People's Deputies embody a "new bourgeoisie scrambling for power." Marxist terminology, precisely because it is anti-Western, is more honored in the UFWR than in the CPSU. In September there also emerged a United Council of Russia, with many of the groups mentioned plus the artist Ilya Glazunov. In October and November, party and trade union officials supported huge UFWR rallies in the sports stadiums of Moscow and Leningrad. As the violent vanguard of the neo-Dostoevskian wave, fascist youth gangs (*fashiki*) and a Russian National Socialist Workers' Party and similar groups have appeared.

Götterdämmerung of cosmopolitans

The December attacks against Gorbachov as a stooge of Western capitalists and the Roman Pope, plus reports that the Russian intelligentsia now opposed him because he has turned his back on Russian history, culture, and traditions, illustrate why Gorbachov will not be able to fill the role of the new Stalin whose time has come. There are two schools of Russian politics: One is the cosmopolitan, pro-Trust school, including Bukharin, Khrushchov, Andropov—and Gorba-

chov and his group. Their *modus operandi* is to secure concessions from the West, but to attain these they must also grant what look like sweeping concessions to the paranoid Great Russian racists. To these latter, Gorbachov, Dobrynin (with 20 years spent in Washington), and Yakovlev (over 15 years spent abroad) seem *nouveaux riches* "straightening their ties in front of exotic foreign mirrors," as Deputy Kalinin of Rostov put it. Gorbachov has visited Britain, France, Italy, the Vatican, Germany, China, Finland, and Malta in 1989, and was often lionized, but he is virulently hated in Russia. And, despite urgent calls delivered by Gen. Yazov, Marshal Sergei Akhromeyev, Gen. V.N. Lobov, Gen. Mikhail Moiseyev, and even the alcoholic Boris Yeltsin during the summer, the United States and the West have not coughed up an airlift of toothpaste and pantyhose to save Gorbachov.

The other school is that of Ivan Grozny ("the Terrible") and Stalin, to which the empire tends to revert in a crisis. Here the interests of Moscow the Third Rome are uncompromisingly asserted, with bloody discipline and state-imposed order. By millennial cultural paradigm, Russian Byzantine society must tend to be a totalitarian, military autocracy with an apocalyptic program of world conquest, ruled over by an all-powerful, quasi-divine *vozhd*. Just as in the late 1920s, the crisis of the capitalist world and the crisis of the Soviet economy must accelerate the emergence of that *vozhd*. And the mission of the messianic *vozhd* can only be one, the eternal mission of the Byzantine Empire and its successors: the merciless extirpation of the "Franks," the Western heretics, the tormentors of Holy Russia.

The Russians may soon turn to military action to defend their Elbe line. Even if the departure of the Soviets from their European satellites can be peacefully secured, the prospects for indigenous development of Russia are extremely grim and threatening. A Russian imperial core shorn of satellites and some subject nationalities, plunged into exacerbated poverty, and undergoing the most acute national humiliation, would still possess abundant thermonuclear means for visiting its revanchist furors on the world. It is under such conditions that a "who lost the empire" rage psychosis would be turned outwards in the hope of seizing back food and industry. At that point, the West will wish that LaRouche's Strategic Defense Initiative had been built. Deterrence may fail: Russian *raskolniki*, after all, exhibit a well-established tendency towards mass suicide when there is no other way to assert their concept of orthodox behavior.

The only path to war-avoidance lies in LaRouche's two-part policy: Bar the path of the Muscovite to war with Western military superiority and strategic defense, but at the same time make him a generous offer of economic development, conditional on freeing the enslaved peoples, including the Russians themselves. Bush is doing the opposite: He weakens Western defense while he refuses to bail out the Russians economically, since to do so would bust his budget. The Russian crisis thus means that the danger of war is increasing.

The martyrs of Tiananmen detonated world revolution against tyranny

by Webster G. Tarpley

In one of the pre-Confucian Chinese classics, we find the story of the Duke of Chou, who lived in the 12th century B.C. At that time the long-reigning Shang dynasty had been conquered by warriors from western China led by a family known as the Chou. The Duke of Chou, who was acting as regent, realized that although the Chou forces had conquered the Shang population by force, they had to win their good will in order to create a stable government. The problem was that the Shang had ruled for more than six centuries, and that the new power seemed illegitimate, inviting frequent rebellions. The Duke of Chou created a new doctrine, according to which the principal Chinese deity, called Heaven, had brought the Shang regime to an end, because of the misdeeds of these rulers. The Duke of Chou argued that Heaven had transferred legitimacy from the Shang to the Chou: The Chou had thus received the Mandate of Heaven to rule China. The concept of the Mandate of Heaven has played a central role ever since in Chinese, and especially Confucian, political thought.

After the events of 1989, there can be no doubt that the Mandate of Heaven has been withdrawn from the Communist Chinese regime of Deng Xiaoping and his clique of butchers. No amount of bloody repression, and no amount of support from George Bush and Henry Kissinger, can change this basic fact. It is likely that urban mass strikes will begin in China during 1990, perhaps accompanied by peasant revolts in the countryside. The emergence of regional warlords, as in the 1920s, cannot be ruled out, especially if the death of Deng Xiaoping leads to splits in the ruling group of Yang Shangkun, Li Peng, Qiao Shi, and Jiang Zemin. No matter how monolithic the Beijing regime may appear on the surface, it is only a month or two away from total collapse at any given point in time when the mass strikes begin to break out. Therefore, the imperative task for Chinese revolutionaries is to prepare themselves to be competent rulers and builders of their great country, and thus worthy of receiving the Mandate of Heaven, perhaps during 1990.

While it is certain that the Communist regime is not long for this world, it is equally certain that the greatness of the Tiananmen student and worker martyrs will be immortal. Their sacrifice has imparted to our epoch, to the closing years of the 20th century, its character of being a time of nationalist revolutions to throw off Communist and other forms of tyranny. The invincible spirit of Tiananmen has already animated

Berlin, Prague, and the ancient cities of Europe. It will be felt in Ibero-America, and will begin to invigorate, within the next 12 months, these United States as well. The Tiananmen students have ushered in a new springtime of nations, and their memory will remain fragrant for the next ten thousand years. The students have given new honor to the name of China's great revolutionary leader, Dr. Sun Yat-sen, and to the tradition of the blue-clad working people of China.

A cataclysmic economic crisis

This magazine has had the merit of predicting the crisis of Chinese communism. During summer 1988, Lyndon LaRouche warned that the Beijing government was contemplating the sacrifice of 200 million persons in the eventuality of severe famine. In our issue of Nov. 11, 1988, *EIR* stated: "The Beijing regime is even more desperate, even more crisis-ridden than the Soviet Empire itself. Deng's 10-year-old economic reform program has now reduced the Chinese economy to utter chaos, and this final failure of the Beijing regime has torn away its last shred of political legitimacy. The facts point to a cataclysmic political-economic crisis in mainland China during the years immediately ahead, with the potential of sweeping away the post-1949 order in the world's biggest country." In *EIR* of Jan. 6, 1989, after noting that some 20 million Chinese were starving to death during the winter of 1988-89, we stated: "Despite the recent flailing attempts of the Beijing leadership to avoid catastrophe, mainland China is now in the throes of a breakdown crisis so severe as to rend the very fabric of civilization, perhaps setting the stage for a breakdown in central authority and the emergence of a new warlord era similar to the 'Warring States' epoch of Chinese history between 403 and 221 B.C., or to the chaos that prevailed in the country during and after the First World War. . . . Mainland China is the country where the full fury of the world food crisis is being felt most."

It was this economic breakdown crisis which set the stage, following the funeral of Hu Yao-bang, for the occupation of Tiananmen Square during April, May, and June. The students chose Beethoven's Ninth Symphony, Schiller's Ode to Joy, and the Statue of Liberty as their symbols. The red fascists Deng, Yang, and Li answered with martial law troops who killed many tens of thousands in all of Beijing during the first week of June. The full scope of the butchery was

revealed by Deng himself when he commented: "One million victims is a small price to pay in a country as large as China." This is the butchery endorsed by Bush, Kissinger, Brent Scowcroft, and Lawrence Eagleburger with the December 1989 visit of a high-level U.S. delegation.

Bush is now finding that his embrace of the mass murderer Deng is playing a key role in the withdrawal of the Mandate of Heaven from the current Washington regime. For Kissinger, his cynical press apologia for Deng was also a turning point, leading to a growing barrage of public criticism that will finally put him out of business. The racist Eastern Liberal Establishment that rules the United States does have the merit of consistency in its infamy: From Marshall and Truman who installed Mao in the first place, through Nixon and Kissinger, Carter and Brzezinski, to today's Bushmen, the Red Chinese have been the indispensable geopolitical ally.

The Deng regime has also provided the centerpiece of the reactionary Communist dictators' axis that comprehends Fidel Castro, Nicolae Ceausescu of Romania, Kim Il Sung of North Korea, Hafez al-Assad of Syria, and the Rafsanjani terrorists of Iran. It was Deng who asserted this alliance in the weeks after Tiananmen. Egon Krenz of East Germany sought to join this club: He visited Deng in Beijing, and endorsed the crushing of the Chinese "counterrevolution"; this was later a cause for his downfall. These dictators repudiate the folly of *glasnost* and *perestroika*, although they want the U.S.S.R. on their side in a renewed attempt at world communist revolution. They will not enter the garbage can of history to join Erich Honecker, Willy Stoph, Milos Jakes, Gustav Husak, Todor Zhivkov, and the rest without a bitter final struggle.

At the moment, Deng's line is providing the model for the post-*perestroika* military-industrial technocrats emerging in Moscow. In a secret meeting of the Chinese Communist Central Committee held in early November, the P.R.C. had decreed an all-out return to the Stalinist-Maoist central planning of the 1950s. One million rural enterprises have been shut down during 1988, and 2.1 million private or family unit enterprises have been closed during the first nine months of this year. This is clearly the model for the Zaikov-Ryzhkov-Ligachov dumping of *perestroika* on Dec. 13 (see article, page 00). Indeed, one sign that the Russian shift back toward centralism was imminent came through favorable reporting of the month-old Chinese decisions in the Moscow media.

The Italian daily *Corriere della Sera* reported from Beijing on Nov. 17 that the retrenchment measures have broken the back of the Chinese economy, with starkly negative economic growth reported for October, and with losses by firms in the public sector up by 120% during the first half of 1989. Plants are shutting down, and workers still employed are being denied bonuses formerly paid for exceeding production targets. Paychecks are looted by forced loans in the form of obligatory state bonds. Fired workers no longer

have the option of returning to farm in the countryside, since rural conditions are also abysmal. Debt service payments are increasingly falling due on \$42 billion in foreign debt, increasing austerity pressures. The resulting mixture, according to *Corriere*, points toward "urban insurrections" in the period ahead. The reaction of the regime has been indicated by Premier Li Peng, who told the West German daily *Die Welt* of Nov. 16, "The Chinese state power is founded on guns. You are right, power comes from guns. Therefore we call the Army the 'Iron Wall of China.'" This means bloody repression, but also a regime that will be vulnerable to a political challenge. Resistance to Beijing centralism is visible in Guangdong and Sichuan provinces.

The tasks ahead

The revolutionary crisis is coming. Who will be able to seize power and keep power in post-Communist China? For that, as Gen. Teng Chieh of Taipei points out, China will require the "east wind"—a revolutionary political leadership. Former CIA operative Ray Cline, who was responsible for the wrecking operations against China Spring earlier this year, is well aware of the importance of this question of leadership. The U.S. administration and the CIA, as part of their support for Deng, are committed to corrupting and destroying Chinese students who show leadership potential. China will require patriots who have seriously prepared themselves to face the responsibilities of governing. Republic of China forces around General Teng and Gen. Wego Chiang, who may be elected to the R.O.C. vice presidency this coming spring, have a vital contribution to make. Demands for democracy and human rights, although essential, will not be enough. The ability to solve the economic collapse that is bringing on the revolutionary crisis will be required, and that means an alternative to the two bankrupt poles of Marxist collectivism and Anglo-American liberal free-market looting. It means an assimilation of the LaRouche method of economics, American System dirigism.

Among the tasks of 1990 will be:

1) A concentrated effort to lobby the U.S. Congress to override Bush's veto of visas for Chinese political refugees during late January, to prevent more Chinese students from being sent to their deaths.

2) The imposition of comprehensive economic sanctions in the military, high-technology, and financial areas against Beijing by the United States, the European Community, and Japan, with exceptions for food and medical supplies. This must proceed from the awareness that without the help of Trust financiers, communist regimes cannot survive. Another Bush veto will most probably have to be overridden here.

3) The completion of ongoing efforts to draw up a comprehensive program for the economic reconstruction and development of China, in the spirit of Dr. Sun's classic 1922 program, *The International Development of China*.

The hope and great danger facing Poland

by Susan Welsh

When Poland formed its first non-communist government since World War II, on Aug. 24, 1989, under Solidarnosc leader Tadeusz Mazowiecki, *EIR* published an evaluation by Lyndon LaRouche of the prospects facing that brave nation, and what it would take to save Poland from otherwise certain disaster. The success of Solidarnosc, LaRouche wrote, depends upon the ability of the new coalition government to address effectively the economic crisis. The possibility of doing that, in turn, depends upon the approach taken by forces in Poland themselves, and also upon the kind of cooperation received internationally—especially from the United States and the United Kingdom. Unless the Bush administration abandons its condominium deal with the Soviet Union, Poland will be sacrificed to that corrupt *realpolitik*, just as it was in the Yalta agreement of 1945.

When the Mazowiecki government took power, its spokesmen warned on every possible occasion that time was of the essence. Six months to a year was the most that the new regime had to demonstrate its viability to a desperate and deprived citizenry. The communists, knowing that and betting that the gamble would fail and play back into their hands, lifted food price subsidies three weeks before the new government was formed, leading to 500% price increases.

Today, four months after the formation of the Solidarnosc-led government, the challenge posed by LaRouche is still hanging in the balance. The revolutionary developments occurring throughout Eastern Europe drew their inspiration from the courageous fight in Poland. The intervention of Pope John Paul II, in particular, kindled that hope among Poles which made the current experiment possible. The Federal Republic of Germany and France are making laudable efforts to generate the aid and trade agreements to Poland and East Germany that could help to prevent a politically disastrous economic collapse. Plans are moving forward to construct high-speed rail links from Paris to Berlin to Warsaw, providing the essential underpinning for European integration. Talks are under way for joint ventures between Polish and West German firms to produce 200 freight cars for the high-speed trains, and for Poland to build the locomotives.

But these measures are far from adequate. The economic crisis, far from being on the way to being solved, has come under the control of the International Monetary Fund (IMF) and its deadly austerity programs. The United States and Britain, far from supporting an “American System” approach to reviving Polish industry and agriculture, as LaRouche insisted they must, have stuck by the failed recipes of Adam Smith and Hitler’s economics minister, Hjalmar Schacht. President Bush visited Poland in August, but no significant aid has been forthcoming—just a few hundred million divided between Poland and Hungary, spread over the next several years. Instead, Poland was provided with the good services of such as Harvard economist Jeffrey Sachs to advise the Solidarnosc officials—the same Sachs who turned the bankrupt Bolivian economy into a plantation for the cocaine cartels, as *EIR* has documented. Even the spokesman for the West German chancellor’s office pointed out that Poland would be better served by receiving concrete help, than so many economists to advise it on what to cut.

And now, time is running out. The economists of the Anglo-American establishment are puffing on their pipes and observing that the Polish experiment will probably fail, as winter sets in without adequate food and fuel. Alan Stoga, the chief international economist for the consulting firm Kissinger Associates, Inc., was quoted in the *Los Angeles Times* on Dec. 6 saying the problem “is not how you convert a socialist economy to a market economy, it’s how you convert a *collapsed* socialist economy. I’m pretty pessimistic.” And Eugenio Lari, the top Polish expert for the World Bank, said: “This government has a limited life. They must provide positive results, or they will be pushed out.”

A Schachtian policy

As the New Year begins, teams from the IMF are making the trek to Poland (IMF director Michel Camdessus went there himself on Dec. 9), negotiating how to chop off the “pound of flesh” that will make the country “credible” to the international financial community. According to a report in the London *Financial Times* from Warsaw, the essential points of the IMF’s program include: a 25% drop in real incomes during 1990; a *fivefold* rise in coal prices; a doubling of consumer prices in the first quarter of 1990; a sharp devaluation of the national currency, the zloty; a fall of industrial output by at least 5%; and an increase in the foreign debt burden by almost 10%. Another report from Warsaw is that 400,000 jobs will be lost during the coming year.

At a conference on Dec. 13 at the London School of Economics, Prof. Stanislaw Gomulka, an adviser to chief Solidarity economist Tadeusz Balczerowicz, predicted that the immediate effects of the IMF austerity package, if it is accepted, would be a rise in inflation in Poland between 50% and 60% *per month*, until it would level off at some point in the spring. He said that nominal interest rates could rise to 130% a month, starting in January.

Speaking before a meeting of the “Group of 24” on Dec. 13 that was discussing aid to Poland and Hungary, Polish Foreign Minister Skubiszewski said, “Unemployment is about to return to Poland.” The highest priority for the country must be food aid, he emphasized, and added that the European Community food-aid package for Poland was being poorly coordinated. Despite the reality of acute food shortages, Skubiszewski said that Poland would continue to export lamb and other meat products, because the country requires foreign currency to repay loans.

The London *Independent* reported on Dec. 14 that queues for meat have disappeared, since no one can afford meat anyway.

Demands for emergency action

Although the Bush and Thatcher governments are fully committed to the IMF program, this desperate economic situation has received some increasing recognition in Great Britain, following a visit there by Lech Walesa at the end of November 1989. Conservative Member of Parliament Sir Bernard Braine called in Parliament on Dec. 1 for an emergency airlift of food and medical supplies to Poland, saying that the European Community must act immediately to prevent *starvation* there. “Britain owes a very special debt of honor to Poland, which so far has not been repaid,” he said. “At the end of our common struggle in war against unspeakable tyranny, Poland was betrayed. Now by their own efforts the Poles are throwing off 45 years of Soviet occupation and communist government. The opportunity is there for Britain to repay that debt. I hope we shall not fail to rise to the occasion and do it quickly.”

Conservative MP Timothy Boswell rose and said, “It is no good being a free Pole this winter if one is also a dead Pole.”

In a debate in the House of Lords on Dec. 13, Baroness Cox reported that the problems there were catastrophic and required urgent help—on the scale of the Marshall Plan—from Britain. Having recently visited a hospital in Poland, she said Polish parents and nurses are seeing children dying before their eyes, who could be saved if basic supplies were available. “These months are critical to democratic change,” she said. “Unless the Polish people can be helped as a matter of urgency, people who are at the end of their tether may give up the struggle for reform and sink back into darkness and despair. Massive and appropriately directed aid is needed for the pump priming of the Polish economy.”

When Lech Walesa addressed a joint session of the U.S. Congress in November 1989, he noted that there has been an abundance of rhetoric in support of Poland coming from the Western countries, but that the market value of fine words is falling, since action has not followed them. There is precious little time in which the United States and its allies can still act to shore up the most significant setback to world communism since the Bolshevik Revolution.

Gorbachov's red star fell in East Germany

by Rainer Apel

For more than four decades, Soviet rule over Eastern Europe was secured by a crucial element of power: the existence of the Stalinist one-party state of the Socialist Unity Party (SED) in the eastern part of Germany, the state with the misleading name “German Democratic Republic” (G.D.R.). Without the staunch pro-Moscow ally in East Berlin, the Soviets would not have been able to keep intact the Iron Curtain dividing Europe since 1945.

Moreover, postwar Soviet policy toward the West was based on the one fundamental assumption that of all the satellite states Moscow controlled in Eastern Europe, the SED state was, and would always be, the most reliable one. It simply had to be reliable, because no fewer than 400,000 soldiers of the so-called “Western Group of Soviet Armed Forces,” to a large extent elite units, depended on East Germany as their main bridgehead for an eventual invasion of Western Europe.

Stability of Soviet rule in the G.D.R. also was the main precondition for the “Gorbymania” hoax targeting the minds of the West German population. And, as the outbursts of mass-based “Gorbymania” during Gorbachov’s visit to West Germany in mid-June 1989 seemed to indicate, Gorbachov’s public relations ploy was a success story. What was overlooked by most Soviet Union experts then, was the fact that Gorbachov had very few fans in East Germany—and it was from there, that the Soviet leader’s star began to fall.

Tiananmen was the trigger

It began with the bloody massacre in Beijing’s Tiananmen Square in June; this was the trigger for everything that has developed since July-August in East Germany. The refugee wave of way over 200,000 East Germans, mostly aged 18 to 25, could not be explained but by the fear that a Tiananmen-style crackdown was also possible in East Germany. After all, SED party leaders like Egon Krenz had openly supported the bloody crackdown on the Chinese students.

This, and the immediate result of the summer refugee wave—namely, a loss of 2-5% of the work force, mostly young workers, in critical sectors of the economy—unleashed public mass protest in the East German population. With so many people leaving the G.D.R., most of them through the newly opened Hungarian borders with Austria after Sept. 11, the days of the SED state were evidently numbered. The ghastly perspective of an entire population

Did the KGB kill Palme?

1989 was the year of utter failure of Sweden's political establishment in attempting to finally close the Olof Palme murder case. It was also the year of vindication of Lyndon H. LaRouche, Jr. and his associates' warnings of possible Soviet authorship of the assassination of the Swedish prime minister. While early efforts to pin the blame for the 1986 Palme murder on the associates of LaRouche failed miserably from a purely legal standpoint, the massive campaign of villification of and disinformation about, LaRouche contributed significantly to shaping the political preconditions for LaRouche to be framed up and railroaded in Judge Bryan's infamous rocket-docket in Alexandria, Virginia.

After failing to link LaRouche's Swedish associates to the Palme murder, a grand attempt was staged to close further embarrassing investigations into the case by sending an alleged lone assassin, a common criminal, to life-long imprisonment. On July 27, 1989, Christer Pettersson was convicted on the basis of testimony given by Palme's widow Lisbet. Within less than a month, on Aug. 24, Sweden's largest-circulation daily, *Expressen*, spear-headed revelations that the Soviet Union under Mikhail Gorbachov had foreknowledge of, and probably itself instigated, the assassination. The exposé was based on the Swedish Security Police's electronic bugging of a Soviet diplomat and intelligence agent stationed in Stockholm at the time of the murder.

After little more than another month, on Oct. 12, unanimous Stockholm Court of Appeals summarily ordered Pettersson released, for lack of evidence. While reviewing the evidence of Soviet involvement in the Palme murder was not the task of the appeals court, blunt demands issued publicly by Moscow's Ambassador Boris Pankin, repeatedly challenging the Swedish government to officially apologize for the press exposés of Moscow's role, did have an effect in blocking further pursuit of the Soviet track in the murder investigation.

Although not going so far as to officially apologize for the press revelations, the Swedish government reached a new all-time low in submissiveness to Moscow's imperial policy. During a November visit in the U.S.S.R., Foreign Minister Sten Andersson caused a furor at home, as well as in the Baltic states, by insisting that Estonia, Latvia, and Lithuania are not occupied by Moscow. Visiting Prague on Nov. 24 to award the Olof Palme Prize to Vaclav Havel—barring another heavy-handed Soviet intervention, the likely next President of Czechoslovakia—Andersson during the awarding ceremony was treated to the following passage of Havel's address:

"I thank you for coming to me. During these dramatic days, when our history is being determined, I could not, even for an hour, leave my people. We are after all de facto, if not de jure, an occupied country—as well as Estonia, Latvia, and Lithuania." An irony, that so many years after Palme's famous denunciation of Husak's post-Dubcek puppet regime as "the creatures of dictatorship," Sweden's foreign minister had to be rebuffed by the foremost representative of Czech democracy.

deserting its state, was becoming more and more realistic.

The SED had to collapse under such conditions, despite stubborn tactical resistance and playing for time. One of the developments that accelerated the decline of the SED, was the loss of one-third of its membership of 2.3 million between late September and early December. Mostly workers returned their party cards in protest of the SED's policy.

Workers in numerous industrial combines of the G.D.R. threatened a labor walk-out, forcing the SED to disarm the 400,000 Kampfgruppen militia in the factories. Leaving arms in the hands of ever-less reliable workers' militias, seemed too risky for the SED: Who would guarantee that they wouldn't turn these arms against the party in a broad social-political conflict? Unlike June 1953, when several million unarmed workers rose up against the SED regime and were gunned down by Soviet tanks, the threat of a labor strike in October-November 1989 was far more lethal to the regime.

The collapse of the communist regime in neighboring Czechoslovakia, under a well-organized, countrywide warning labor strike in late November, was the handwriting on the wall for the SED in East Germany.

In tandem with the increasing mass protest in the streets of basically every single East German city, the big ones as well as the small, warning strikes of calcium-mine and transport workers, the threat of strike in the utility sectors of the southeastern region of the Lausitz, the entire SED system was forced into disintegration.

On Oct. 18, SED leader Erich Honecker was replaced by Egon Krenz with the perspective of "straightening things out" in a matter of a few weeks. A new Politburo was formed, but only a week later, one-third of the Politburo was forced out through mass protests. The SED-led government had to be dumped; a new government was hastily put together under longtime SED Central Committee member Hans Modrow,

Why Germany must be reunified

From an open letter to all Germans, issued by Helga Zepp-LaRouche, chairman of the Patriots for Germany party.

. . . People in the German Democratic Republic can be tremendously proud that they, through their peaceful revolution, have overthrown one of the world's seemingly most unyielding repressive regimes. They have given the entire world the ideal that the question of freedom is a principle worth fighting for. And they have, through their courageous and simultaneously admirably disciplined course of action, gained an incredible opportunity for German history, namely, the right to self-determination for the entire German people. . . .

West German Chancellor Helmut Kohl also deserves recognition for his 10-point program [announced on Nov. 28 in Bonn] for gradual reunification that offers a practical proposal for overcoming the unnatural division of Germany. How right Kohl was not to discuss this step, either with the allies or with [Foreign Minister] Hans-Dietrich Genscher, was powerfully underscored by the reactions from abroad, which have ranged from open threats to outrageous abuse. . . .

In light of this hysteria, it is necessary to set the facts straight again: There is no real danger either in West or in East Germany, and no one here is preparing for war. The fact is, the Federal Republic of Germany can boast a 40-year history of democracy, and the people of East Germany are now likewise powerfully mobilizing for democracy. They simply don't want to be gypped out of their lives anymore; and who can blame them if they're distrustful toward the twists and turns of the new wry-necks?*

They have simply had enough of being spied on by this unconstitutional state, and of working long and hard and ending up with nothing. . . .

The Patriots for Germany have demanded as the highest priority the construction of a railroad network from Paris through Berlin to Warsaw, along with other urgently needed infrastructural projects and, above all, fostering the formation of a productive *Mittelstand*.** That the West German government has now begun something in this regard is certainly a step in the right direction. But as long as discussion of economic aid is tied to the barbaric conditions of the International Monetary Fund and its murderous demands for austerity, the overall reform movement in the East bloc will still be in danger. It is highly probable that repression, and then probably civil war will follow the economic chaos.

* The wryneck, known in German as *Wendehals* (turn-neck), is a European woodpecker which is able to rotate its head a full 180 degrees, and so has come to be a label for those who, like some East German communists, are now trying to pass themselves off as part of the democratic opposition.

** Small and medium-sized industry.

who was as hastily made a member of the new Politburo. The media had spared no efforts over several weeks, to build up Modrow's image as a "reformer."

It turned out that Modrow was not acceptable as long as people like Egon Krenz, who had hailed the Tiananmen massacre in June, occupied leadership posts. Six weeks after his overthrow of Honecker, Krenz had to go as well, like most of the senior officers of the *Stasi* (the state security apparatus) and the police, and all the heads of the 15 SED party districts. The borders with West Germany, the Berlin Wall, were made transparent, and 15 of the 16.7 million East Germans got traveling visas for the first time in 28 years. The entire SED Politburo and Central committee resigned; a new transition leadership and a crisis roundtable between the SED and seven opposition groups were installed, early elections for parliament were conceded for May 1990 (instead of May 1991)—but none of these rearguard operations helped to contain the mass protest in the streets.

Even without Krenz at the top, Modrow is not acceptable

to the East German people. Through several weeks of mass protest, they have outgrown the ideology of socialism, of the separate socialist state of the G.D.R., and have begun to call for a reunified Germany.

This, the certain feeling of being part of something that is larger than the SED state, gives additional strength to the mass movement in East Germany. It turns more insistent in its political demands. Another reshuffle of the Modrow government is being called for already, as well as a referendum on the East German constitution to take place even before the projected early elections in May 1990.

It is not to be ruled out that this referendum will toll the final bell for Moscow's SED puppet regime in East Germany. Even if the referendum is not the formal beginning of German unity, the removal of this crucial cornerstone of Soviet rule over all of Eastern Europe will mark the end of the system of Yalta that kept Europe divided over 44 years. The revolutionary process in East Germany is the catalyst for the collapse of the entire system of Soviet control in Eastern Europe.

Romanian crisis could threaten world peace

by Konstantin George

The Dec. 16 eruption of a Romanian popular revolt and an ensuing three-day bloodbath ordered by Communist despot Nicolae Ceausescu, butchering at least 2,000 men, women, and children in the city of Timisoara, marks the onset of a crisis in the powderkeg of Europe, the Balkans. Given the climate of revolutionary ferment throughout Eastern Europe, mass protests against one of the most vicious Stalinist dictatorships in the world were inevitable, despite the enormous risks and penalties.

The people of Romania, now going through their third winter of starving and freezing under Ceausescu, have nothing to lose. This is proven by the fact that the Timisoara massacre failed to stop mass protests from spreading, by Dec. 19, to other large Romanian cities: Protests have been held in the Carpathian industrial center of Brasov, the Transylvanian city of Cluj, and in the Banat cities of Arad and Kurtos, near Timisoara. In Timisoara itself, protests of 50,000 people, in defiance of tanks and troops in the streets, were continuing as *EIR* went to press.

More blood will flow in Romania. Ceausescu will stop at nothing to maintain his rule, and this was made clear in a speech he delivered in Bucharest Dec. 20, after his return from Iran. He declared that Hungary and other unnamed "foreign powers" were responsible for the trouble in the country, and that Romania would take "all necessary measures" to crush the protests.

More bloodbaths will occur, but Ceausescu's days in power are numbered. His speech, which internationalized the Romanian crisis into an affair of the Warsaw Pact as a whole, ensures his near-future doom, almost certainly before this winter has ended. Two decisive factors guarantee this:

- 1) The popular revolt and its accompanying visible cracks in the power institutions, above all in the Army, that have enabled him to rule.

- 2) Moscow, for its own nefarious reasons, has apparently decided to shape its own version of a post-Ceausescu Romania, as a stepping-stone to extending Soviet power to the Adriatic, by the political acquisition of most of crisis-racked Yugoslavia.

The likelihood of just such a Balkan crisis centered on Romania and Yugoslavia, creating the pretext for Soviet troops to enter Romania as anti-Ceausescu "liberators," was forecast by Lyndon LaRouche more than one year ago, in an Oct. 31, 1988 national television broadcast during the

presidential election campaign.

The Soviet media of Dec. 18 clearly documented a shift to a post-Ceausescu policy. Soviet radio and TV, including Romanian-language broadcasts from across the border in Romanian-speaking Soviet Moldavia, played up the "anti-regime" protests in Timisoara as "demonstrations for democracy and the rights of ethnic Hungarians and ethnic Germans," as well as broadcasting the news and the casualty figures of the massacres committed by troops and security forces (giving far higher totals at the time than Western radio was reporting). Until very recently, the same Soviet media had gone out of its way to praise Ceausescu's brutal austerity policy as a success story, whereby all foreign debt to the West had been eliminated.

The media of Bulgaria, Moscow's core satellite in the Balkans, made the same instant "anti-Ceausescu" turn on Dec. 18. Radio Sofia announced that Romania had shut all its borders, including that with Bulgaria, and had closed the Danube River, a treaty-defined international waterway, to all shipping. Yugoslavia's Radio Belgrade confirmed this, adding that the borders and the Danube would be closed into the New Year.

The closing of the Danube alone provides enough reason for a Soviet and/or Warsaw Pact military intervention into Romania. The Soviet Union, together with Czechoslovakia, Hungary, and Bulgaria—all on the Danube and all heavily dependent on the Danube for trade flows among them—can point to Romania's violation of international treaties as having gravely injured the economic national security of the Warsaw Pact members, as grounds for intervention.

The Yugoslav factor

Romania's closure of the Danube, combined with the ethnic tinderbox quality of the protests in the Banat region (a region with three ethnic minorities—Hungarians, Germans, and Serbs) has drawn Yugoslavia, where the Serbs run the Army, into the vortex. For reasons involving the Danube and the oppression of the Serbian minority in the Banat, Moscow can count on Serbian support, should it decide to move into Romania.

On the same weekend that Timisoara erupted, the Yugoslav government unveiled a new austerity program dictated by the International Monetary Fund—the most vicious ever. It envisages across-the-board elimination of subsidies for industrial enterprises, which will most heavily hit the more backward industries found in Yugoslavia's eastern half—Serbia, Montenegro, and Macedonia. Starting Dec. 18, a tidal wave of mass strike protests swept these republics, demanding the ouster of Prime Minister Ante Markovic. A Yugoslav internal confrontation, leading to fragmentation along East-West lines, with the Serb-dominated east pitted against the western republics of Slovenia and Croatia, is unfolding in tandem with the Romanian crisis. This is the kind of explosive combination of which world wars are made.

Patriots give new meaning to 'Europe'

Muriel Mirak-Weissbach recounts how the Patriots for Germany party led by Helga Zepp-LaRouche catalyzed a movement for a Europe of patriots.

In summer of 1989, the question of what "Europe" means or should mean in history was at the center of an election campaign for the European Parliament in Strasbourg. Virtually every competing formation, from the well-established national parties, like the Christian Democracies or the Socialists, to the smaller, newer formations of mainly regionalist groupings, agreed on the perspective that "Europe" should come to signify a loosely federated collection of entities which had given up the anachronistic notion of nationhood. Such a confederation, known under the rubric "Europe 1992," after the European Community's projected integration slated for that year, was to experience the withdrawal of troops of the two defense pacts, and float into a no-man's-land of neutrality. Germany, brought together into a federation of the G. D. R and F. R. G., was to be the pilot project.

There was one political party in the elections, the Patriots for Germany, which diverged sharply from this consensus, campaigning instead on a platform diametrically opposed to the Finlandization project cooked up by EC bureaucrats in Brussels. The Patriots led an energetic propaganda thrust throughout Germany, and in neighboring France, in collaboration with the *Rassemblement pour une France Libre*, around the need not only to preserve the sovereign nation-states of Europe, but to reestablish those which have been sacrificed on the geopolitical chopping-blocks of modern history. Not Europe of the Regions, but a Europe of the Fatherlands, based on the finest of classical culture, must emerge to face the challenges of the next decade; emphatically this must be the fate of Germany, a nation torn asunder by the sellout at Yalta, which must reassert its identity and integrity as a nation.

As 1989 closed, the slogans launched through the Patriots' campaign echoed like a prophecy; Germany was de facto moving rapidly toward reunification, in a manner and form which no one could have foreseen. By Nov. 9, people from both sides of the divided city were dancing atop the Berlin Wall; weeks later, in Leipzig, East Germans were carrying banners through the streets during their Monday demonstrations, calling for German reunification: "We are a single people, of brothers," they read, echoing Friedrich Schiller, the national poet; "Germany one fatherland" they read, and, most telling: "Patriots for Germany."

As soon as the East German regime was forced by the growing power of the weekly mass demonstrations in Leip-

zig, Magdeburg, and other major cities, to relax border restrictions, literally millions trekked with their Trabis and Ladas to the transit points to the west. Within four weeks, about 14 million East Germans (of a population of less than 17 million) had made their way to the West, to have a taste of the forbidden fruit, freedom. Although the East Germans, deprived of the most elementary consumer goods, like fresh bananas and decent home appliances, were naturally bent on purchasing such goods with the "greeting money" provided them by the Bonn government, they were as desirous of spiritual nourishment, in the form of political discussion.

Patriots for Germany issue leaflets

The only political organization on the West German side which had something to say to the millions of visiting conationals, was the Patriots for Germany, whose activists were to be seen up and down the demarcation line between East and West Germany, as well as in the historic capital city Berlin. Leaflets written by Patriots founder Helga Zepp-LaRouche went out week after week at the border cities, which had acquired a new function virtually overnight; no longer located on the edge of nowhere, beside a barbed wire fence, cities like Hof, Duderstadt, Helmstedt, and Coburg were transformed into the busy transit points for millions of visitors (see map).

Each week, a hundred thousand leaflets were distributed at such transit points, along with as many copies of the Patriots' newspaper, *Neue Solidarität*, and countless copies of books, particularly those on economics, written by Lyndon LaRouche. And every week, as the East Germans went back to their home cities, in Dresden or Halle, Erfurt or Leipzig, the leaflets passed from hand to hand; they were found hung up on bulletin boards at schools and factories as well as churches. And at the weekly demonstrations, those who had prudently grabbed up bundles of leaflets, redistributed them on their own city squares. The political discussion process grappled with the ideas in the leaflets which were to emerge in the demonstrations, as banners and slogans.

Helga Zepp-LaRouche's first message to the "brothers and sisters on the other side" was: "We need France to solve the German question." This statement, which appeared as an ad in the daily of record *Frankfurter Allgemeine Zeitung* before Nov. 9, was a programmatic outline of how France, together with Germany, could constitute the political and

economic combination capable of solving the hunger crisis threatening Poland and the U.S.S.R., on our terms. "The Soviet government must guarantee self-determination and freedom for Germany and Poland," countries which must no longer be played against one another. She also made clear that if East Germans were allowed to express themselves freely on the issue, they would choose reunification: "The overwhelming majority of Germans in East and West desire unity in freedom," which for the Patriots means the Christian, humanist values of Western civilization, of the classical culture of Germany. Significantly, Helmut Kohl picked up a similar theme during his Nov. 9 visit to Poland, when he identified the importance of collaboration among France, Poland, and Germany for freedom, as in the period of the Hambacher Fest.

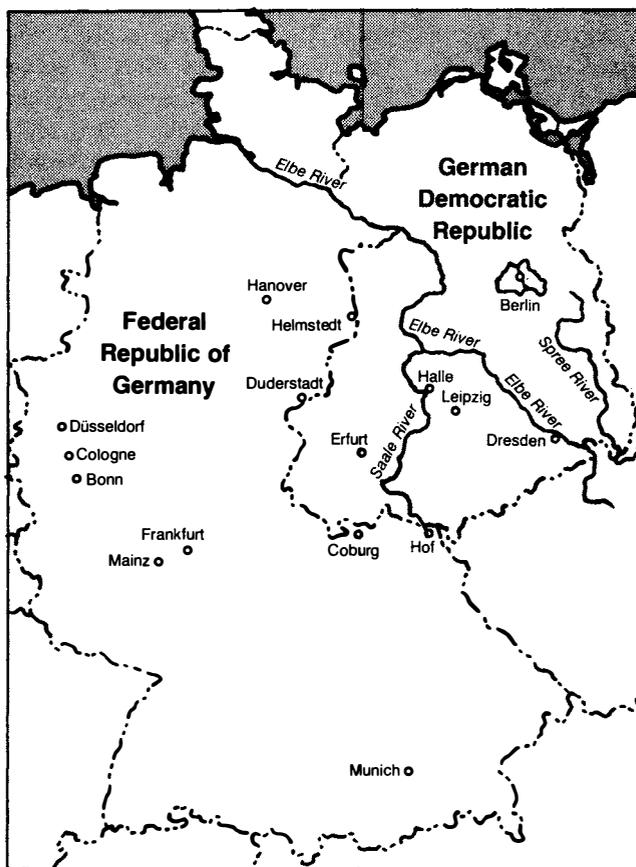
Once the borders were opened politically, Mrs. Zepp-LaRouche gave voice to the feelings that stirred in the breasts of millions of Germans: "What a day of joy!" she wrote, hailing Nov. 9 as "the day on which German reunification began in practice." Celebrating the expressions of brotherhood and love for one's neighbor which exploded throughout the country, the leaflet noted that even in the Bonn parliament, "the parliamentarians spontaneously stood up to sing the national anthem." To reach this "Unity and Justice in Freedom"—a phrase taken from the national anthem which headed the leaflet—Zepp-LaRouche urged that the "Berlin proposal" her husband had presented one year before must be implemented immediately. To build public pressure on Bonn in this direction, she called for demonstrations in major West German cities to take place on Monday evenings, in support of those which had become institutionalized in Leipzig and elsewhere.

Such Monday gatherings began right away, at first as relatively small candlelight vigils, then growing in size and significance, and branching out into all major West German cities, like Frankfurt, Mainz, Munich, Hanover, Düsseldorf, Cologne, and, of course, Berlin.

Spirit of Beethoven and Schiller

"Beloved Germany, onward—with confidence!" urged the next leaflet, which opened with the cherished verses of Schiller's Ode to Joy, immortalized in Beethoven's Ninth Symphony. Here, Zepp-LaRouche addressed the deeper emotional substance of this unprecedented revolution, in which Germans were experiencing the most elevated feelings of the past 25 years. A revolution not of hate and rage, but of love, *agapē*, is what had broken out. Thus, it was only natural that the poetry of Schiller and the music of Beethoven should become the vehicles to express these sublime sentiments. Thus, too, it was necessary not to "slow down," as many frightened, or ill-meaning voices had urged, but rather to move forward, shaping ever more concretely and precisely the contents of the revolutionary struggle. The outlined economic collaboration now took the form of a proposal for massive transportation improvements, emanating from a

The two Germanys



high-speed rail line from Paris, through Berlin to Warsaw, and a related waterway system through the Elbe, Saale, and Spree. "If we link the reunification process with the deployment of German technology for the development of other nations like Poland or the developing nations, then Germany will be making a tremendous contribution to keeping peace in the world."

The same concept of "80 million Germans as a power for good in the world" was further developed in the next leaflet bearing this title, which argued against the British and others, who were agitating the specter of a "monstrous Germany." Once a reunified Germany unleashed its industrial and labor potential for development, this would radiate out throughout Europe, bringing the "victims of Thatcherism and Reaganomics" out of their post-industrial ruin, and offering hope to the Third World.

Nearly simultaneously, Chancellor Kohl and his colleagues in France began discussions of how to deploy the superfast French TGV and German high-velocity trains into a network reaching into Eastern Europe. By early December, such discussions had reached the implementation stage.

As the revolution thus proceeded, however, the forces of reaction moved to stop it, just as their oligarchical forebears

had done in the last century. Throughout December, Margaret Thatcher, George Bush, and Mikhail Gorbachov desperately sought to reimpose a settlement modeled on the 1815 Congress of Vienna, which had dashed the hopes of the freedom fighters throughout Europe. In response, the Patriots issued a call to defeat the Congress of Vienna plot, hatched at Malta, and to organize free elections in the G.D.R. Only through free elections, could East Germans choose a government representative of the revolution, capable of expressing the desire for development of the people. To win, the revolution must accelerate, and become simultaneously a renaissance.

Peaceful revolution

"The peaceful revolution which has occurred in the G.D.R. has had an elevating effect on the Germans in the F.R.G. as well," wrote Zepp-LaRouche. "This proves that the human soul is more capable of receiving great ideas in great historical moments—ideas of freedom and the fatherland, love of God and of man. If the freedom struggle in Germany against the powers of the Vienna Congress is to be

successful, then we must mobilize everything which constitutes our power and identity as a nation. To this belongs our important scientific tradition, as well as the concepts of [economist] Friedrich List. Above all, we have to fill the best of our German culture with new life. The music of Bach, Mozart, Beethoven, Schubert, and Schumann belongs to this, as does the work of our beloved poet of freedom Friedrich Schiller, or the humanism of a Nicolaus of Cusa, Leibniz, or the Grimm brothers. If we make these thoughts and the image of Man connected to them, our own, if we add to the political and economic revolution a cultural one, then with this power, even the sinister plans of all present-day tyrannies will be destroyed."

Schiller's poems, snatches of his verses are adorning the posters and banners of Leipzig. Beethoven's great music is being played by the finest musicians in the world, among them violinist Norbert Brainin and pianist Günter Ludwig, who spontaneously offered to celebrate the revolution by playing an all-Beethoven concert in West Berlin, free to East Germans, on Dec. 17. As the banners one Monday said, "Patriots have better ideas."

'Verdi's A' proven right

During this past year, Lyndon LaRouche's campaign in defense of classical music and scientific tuning gained support among musicians and music lovers all over the world. Compared to 1988, the year in which LaRouche's idea to go back to the "scientific pitch" of Mozart, Beethoven, and Verdi (C=256, equal to A=432 Hz) was proposed, 1989 was the year in which the superiority of "Verdi's A," as the world press called it, was scientifically proven, in laboratory experiments as well as in musical performances. *EIR* readers will remember that a Schiller Institute petition to restore Verdi's A=432 (which means to lower orchestra pitch by almost half a step) was endorsed by the most famous opera singers and instrumental musicians all over the world, creating an uproar in the press which saw in it a true "music revolution." From the *New York Times*, to the *Washington Post*, to Italy's *Corriere della Sera*, France's *Le Monde* and *Le Figaro*, all the biggest dailies dedicated articles, interviews with singers, and comments to this issue, all the more in 1989, which began with a debate in the Italian Parliament on the Schiller Institute bill proposal.

The parliamentary debate ended in March with the typical "political compromise," and a useless decree eu-

phemistically imposing the same "standard pitch" of A=440 which no orchestra respects, and which itself respects no physical or musical law. This provoked what the Italian daily *La Stampa* called a "revolt of the Verdi fans" in Italy, particularly in Verdi's home town Parma, as well as a revolt of the singers who had endorsed Verdi's idea, well aware that Verdi's pitch is the best way to relaunch beautiful singing. *Corriere della Sera* announced that "a whole opera will be performed next year in London at Verdi's A=432 pitch, in a protest concert."

The Schiller Institute started a series of concerts in Verdi's tuning fork which made the point for thousands of musicians. Two of those concerts took place in America, in New York's Town Hall and in Washington, D.C. At the Royal Palace in Munich (West Germany) a double concert was held, with Verdi arias and duets sung by three Italian artists (a soprano, a tenor, and a baritone) and with Beethoven and Mozart piano-violin sonatas played at Verdi's pitch by Norbert Brainin, first violinist of the Amadeus Quartet, and pianist Günther Ludwig. Another concert capped a one-day seminar of the Schiller Institute and Cini Foundation last June at the world-famous Cini headquarters at San Giorgio Island in Venice, the same island which had hosted Ronald Reagan and a number of world summits. Listeners at those concerts had no doubt: LaRouche was perfectly right, that in order to correctly perform and interpret classical music, you have to respect its key, its tuning, and its natural vocal register shifts.

Colombia is winning the people's war on drugs

by José Restrepo

The Colombian drug cartel kingpin, Gonzalo Rodríguez Gacha, known as "El Mexicano," was killed Dec. 15 in a police raid near Covenas, the oil port on Colombia's Atlantic coast. "This victory was possible thanks to the cooperation of the people," said Gen. Miguel Antonio Gómez Padilla, general director of Colombia's National Police, in a press conference convened to officially report the fact.

The killing of Gonzalo Rodríguez Gacha, his son Freddy, and 15 bodyguards, is a very important event that remoralized Colombia's population, which had demanded that President Virgilio Barco launch a war on drugs. Rodríguez Gacha, as well as Pablo Escobar, had escaped two weeks earlier from a police raid. That time police were trying to capture them alive to extradite them to the United States.

Interior Minister Carlos Lemos Simmonds, in a brief statement to the press the same day, said that "one should not be happy with somebody else's death; however, I feel a great sense of relief."

U.S. Drug Policy Adviser William Bennett reported that Colombian President "Virgilio Barco told me that this operation is very important psychologically for the Colombian people. . . . Barco believes that doubts about the Colombian government's resolve and ability to defeat the cartel should now be put to rest."

This victory, however, is the consequence of many small victories won since the Colombian people and President Barco made the decision to launch an all-out war against the drug mafia after the August 1989 assassination of popular leader and front-runner in the 1990 presidential race, Sen. Luis Carlos Galán.

Galán's assassination

On Friday, Aug. 18, Galán, then the front-runner in all the presidential polls, was killed by a special hit squad of the Medellín Cartel. That assassination was designed not just to kill an anti-drug leader, but to terrorize the population and to show that drug kingpins could do whatever they wanted with impunity.

The assassination took place before more than 10,000 people attending a political rally for the presidential candidate. Television cameras captured the entire incident. After the President, Galán was the most carefully guarded political figure. State security had assigned him more than 20 body-

guards and at the time of his death, Galán was wearing a bulletproof vest. The assassins shot him when he raised his arms to salute his political followers, whereupon bullets hit parts of his body unprotected by the vest and killed him.

However, contrary to what the drug traffickers expected, that a threatened people would kneel and accept the drug cartel's tyranny, citizens demanded that justice be done. "Justice, justice, justice" was the demand of hundreds of thousands of persons who attended Galán's funeral in Bogotá. People waited outside the capital's cathedral for President Barco, to tell him what to do. "Shoot the narcos, and we will back you," they clamored. "Extradite the narcos," they said. The President responded that he would do "what the people want."

The same day Galán was assassinated, President Barco announced that using the decrees of the state of siege, the government would confiscate all the properties of the drug traffickers and extradite them to the countries that wanted them for different crimes.

Since Aug. 18, government forces have seized some of Rodríguez Gacha's and Pablo Escobar's most trusted men and their intelligence centers. Government security agencies have seized from the traffickers 1,343 properties, 1,413 weapons, 276 airplanes. They have arrested 497 and extradited nine middle-level commanders of the drug cartel to the United States.

Drug legalizers

The drug mafia responded in two ways: One was to launch a terror campaign against the people; the other was to promote a national and international campaign for drug legalization.

The government ordered all TV channels to run an ad with clips of Galán's funeral, encouraging people to turn in the drug traffickers, and to cooperate by providing information to the police. All the basic intelligence to attack the cartels has come through these phone calls from citizens. Forty percent of the calls have been to congratulate the Armed Forces for what they are doing. People who, before Galán's assassination, were afraid to give information, began to talk. Normal people began to think like heroes.

In response to government action, the first communiqué from the "Extraditables," as the drug mafia calls itself, stated that "we declare absolute war against the government, the

industrial and political oligarchy, against journalists who have attacked and humiliated us, against the judges who have sold out to the government, against the extraditing magistrates, against the presidents of the trade associations and unions, and against all those who have attacked and persecuted us. We will not respect the families of those who have not respected our families, and we will burn and destroy the properties of the oligarchy.”

Following that communiqué, drug traffickers began a series of terrorist attacks against industries, businesses, and banks, and psychological warfare against the population. Airports and schools were threatened with bombings. Phone calls announcing that water supplies had been poisoned were received by housewives around the country. And yet the popular reaction was one of outrage, despite the fear.

The mass media were targeted. The anti-drug newspaper *El Espectador*, whose editor Guillermo Cano had been assassinated by the drug mafias in 1986, was bombed. The day following the bombing, *El Espectador's* headline was: “We Will Go Forward.” *Vanguardia Liberal*, another daily close to President Barco, was bombed by a car bomb; the famous anti-drug journalist Jorge Enrique Pulido was killed. Several judges, especially in Medellín, were killed, as well as wives of police officials.

The objective was to launch an international campaign in favor of drug legalization and dialogue with the drug traffickers. Statements by Fabio Ochoa Restrepo, father of drug kingpins Fabio and Jorge Luis Ochoa Vásquez, received extensive coverage in the European press. Ochoa asked for dialogue with drug traffickers in order to “save lives.” The British *Economist* magazine published a long article predicting Colombia will lose the war and asking for legalization.

On two separate days, the daily *El Siglo*, edited by pro-drug conservative Alvaro Gómez Hurtado, republished the *Economist* article which quotes U.S. quack economist Milton Friedman's utterings in defense of drug legalization.

The Mayor of Medellín, Juan Gómez Martínez from the Social Conservative Party, openly supported the narco-dialogue and said that he personally would agree to talk to the drug kingpins and offered himself as a mediator in this “no-win war.” Presidential pre-candidate Ernesto Samper Pizano, the official spokesman of Colombia's pro-legalization lobby and Luis Carlos Galán's most important rival, said that “if the war cannot be won we have to look for other solutions,” a diplomatic way of supporting drug legalization.

Ernesto Samper Pizano gained notoriety in 1979 when, as president of the National Association of Financial Institutions (ANIF), he launched a campaign to legalize marijuana. ANIF was a front organization for narco-banker Jaime Michelsen Uribe, cousin of former President Alfonso López Michelsen. Samper was generously financed by the U.S. drug lobby's organization, NORML, and made a number of international contacts in the course of organizing the campaign. Samper left ANIF when his political godfather, López Michelsen,

named him coordinator of his campaign, by which he sought to be reelected President. Pablo Escobar, Gonzalo Rodríguez Gacha, and Carlos Lehder—the last now in a U.S. prison—contributed enormous sums to Samper for the López electoral campaign. Lehder subsequently reported that that money had been given on the condition that, if López were elected, he would legalize drugs.

Fortunately, Alfonso López was not elected. In his previous term in office (1974-78), he was responsible for the opening up of the “sinister window” at the central bank, where large amounts of dollars could be exchanged with no questions asked. This measure, along with a financial reform, laid the basis for the take-off of the drug trade in a big way. In 1984, after Justice Minister Rodrigo Lara Bonilla had been assassinated by the drug mafias, López Michelsen met Pablo Escobar and Gonzalo Rodríguez Gacha in Panama. In a long interview with the daily *El Tiempo*, he defended the drug traffickers' proposals and the legalization of drugs.

While the advocates of narco-dialogue and drug legalization promoted their plans, no public figure dared to contradict them, with the exception of *El Espectador*, the government, and a few columnists. Narco-dialogue got publicity every day in the press and electronic media. Meanwhile, the *New York Times*, *Washington Post*, and other U.S. media told the American people that Colombia was getting “tired” of the war on drugs and portrayed Gómez Martínez and Ernesto Samper Pizano as representative of what the Colombian population allegedly thought. The U.S. media described Samper as Barco's most likely successor, although César Gaviria Trujillo, Galán's actual successor and currently a presidential candidate, leads according to all recent polls.

César Gaviria had been Barco's interior minister but had resigned to join the presidential campaign of anti-drug candidate Luis Carlos Galán. At Galán's funeral on Aug. 21 in Bogotá, Galán's son Juan Manuel identified Gaviria as his father's successor. “May you become the President that Colombia needs,” he said. Once Galán's political movement confirmed Gaviria as their candidate, the war against the drug mafias has been one of main planks in his platform.

On Dec. 6, César Gaviria reaffirmed his “unrelenting decision to combat the crime of drug-trafficking with absolute rigor and to make the entire weight of our law fall upon the criminals.” Although Gaviria is the candidate most likely to win the presidency, the U.S. and international press never quote him in their coverage of Colombia.

The liberal businessman Joaquín Vallejo Arbelaez, godfather to Pablo Escobar Gaviria, pushed for a dialogue with the drug traffickers and said that the traffickers asked for Henry Kissinger's advice in order to find a way to legalize drugs in the United States. Vallejo himself met with Pablo Escobar and other Medellín Cartel kingpins to plan the negotiations. “Even Kissinger's name was thought of,” said Vallejo. “They knew what Kissinger costs. However, they said they were ready to pay that cost for the purpose of convincing

the American government of the appropriateness" of such a deal.

Colombian Communist leader Bernardo Jaramillo Ossa also demanded dialogue with the drug mafia, and the Communist Party began to organize internationally against the war on drugs as a "farce and an excuse to fight guerrillas." He traveled through Europe to tell the Socialist International that there was no war on drugs at all in Colombia, but rather persecution of leftist forces. On Oct. 26, *El Espectador* revealed that the international human rights lobby, which includes organizations like Amnesty International, were plotting a "genuine international conspiracy" against the nation, and would be meeting in Amsterdam to accuse the Colombian government of using the war on drugs as a pretext for directing a "dirty war" of repression against the Colombian left.

On Nov. 3, the Drug Policy Foundation, another drug lobby front group, met in Washington, D.C. to discuss how to use the mass media to escalate the brainwashing of the American people in order to get them to support drug legalization. Former Secretary of State George Shultz sent a letter to this meeting supporting drug legalization. No wonder President Reagan's war on drugs did not work.

Domestic saboteurs

Inside Colombia, López Michelsen strongly attacked President Virgilio Barco for having declared a war on drugs, which, he said "constitutes a new element of destabilization" in the country. "Why is it that only in Colombia has the fight against the drug trade turned into a war between the state and the mafias? How has it come about that a problem to be handled between the local police and criminals, as occurs in other countries, has become a great national concern, affecting the economic, social and even political life of the entire citizenry? . . . What came first, the Ministry of Justice classifying the war against drugs as a problem of state, or the chain of homicides that terrorizes society?" López cynically asked. "It seems to me that to claim it was the assassinations that forced us to raise the level of the conflict inverts the terms; it was by giving it the character of a war that Colombia has become the only country where such atrocious events have spread throughout the national territory."

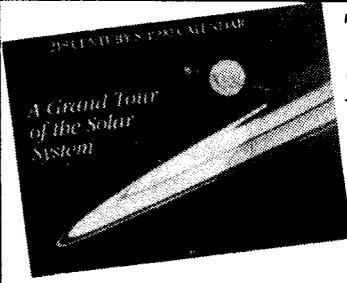
On the domestic front, the drug traffickers decided to buy off the Congress in order to launch an opposition to Barco's government from the same Liberal Party that elected Barco as President. One of the goals of drug traffickers was to include the issue of extradition in a referendum scheduled to be held on Jan. 21. They thought they could control the vote process through threats and bribes. However, at the last minute on Dec. 14, there was no quorum in the Senate to approve the drug traffickers' proposal. Many of the congressmen will have to go to hell to receive their payoffs from Rodríguez Gacha.

However, the offensive for drug legalization and for nar-

co-dialogue exposed the drug-trafficking networks and supporters. As political prisoner Lyndon LaRouche has said, there is no difference between drug traffickers and drug legalizers. At this moment, Congress and most of the politicians have lost all credibility. The drug mafia thought that buying off or killing the nation's leadership would let them take over the country. Instead, people have become increasingly enraged at the traffickers and the politicians on the mafia's payroll.

After the Extraditables placed a bomb in an Avianca jet which exploded and murdered 111 people Nov. 27, and killed another 67 with the car bomb left at the headquarters of the security police, the Department of Administrative Security (DAS), on Dec. 6, the Colombian people responded with fear, but also with real anger, redoubling their support for the effort to totally defeat the mafias. They also saw Alfonso López Michelsen, Ernesto Samper Pizano, and the Congress as traitors.

As an Oct. 25 editorial in *El Espectador* pointed out, "what is inadmissible in a nation at war, is that there be deserters and traitors who lead such desertion and such treason. With all due respect, Mr. Commander-in-Chief of the Armed Forces [President Virgilio Barco], you are being betrayed by your own party colleagues, [and] it is unpardonable that they not be punished following summary trial."



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U.S. vs. Noriega: a year of failures

by Carlos Wesley

The Dec. 20 invasion of Panama culminated a year-long obsession by the U.S. liberal establishment to rerun the “Marcos scenario” to topple nationalist leader General Manuel Noriega. The scenario was not working; Noriega had put down another U.S. coup attempt against him on Oct. 3, retaining control of the Panamanian Defense Forces (PDF), and in December was elected by Panama’s National Assembly of Representatives as the head of the Panamanian government.

Even before he was sworn in, George Bush said on Dec. 22, 1988, “I am as determined as President Reagan to see that Noriega not continue in his dictatorial ways there in Panama.” General Noriega was seen as a key stumblingblock to the power-sharing agreements being worked out between the United States, the Soviet Union, and the Red Chinese government. This was made clear by an article by James Chace in the Winter 1988 issue of the establishment’s mouthpiece *Foreign Affairs*. “The next President could well negotiate the terms of the post-Cold War era,” he said. “But Panama is a grave foreign political problem,” which “could derail the efforts of the new administration to explore the limits of a U.S.-Soviet rapprochement.”

From the establishment’s viewpoint, the United States has to retain its military bases in Panama, the only ones on the Ibero-American mainland—not to protect the Panama Canal, but to enforce the condominium arrangements with the Russians and ensure debt collection in the region. Under the 1977 Carter-Torrijos Panama Canal Treaties, those bases are supposed to shut down by the year 2000.

But this policy could not be implemented while Noriega, or any other nationalist government, held power in Panama. Recent accounts by eyewitnesses indicate that Washington decided to get rid of Noriega after the Panamanian leader told National Security Council staffer Adm. John Poindexter that he would not go along with the “Project Democracy” operations envisaged by the Iran-Contra principals. On Nov. 29, 1989, PDF Capt. Moises Cortizo briefed a fact-finding delegation of Americans in Panama. The translator at the Dec. 12, 1985 meeting between Poindexter and Noriega, Cortizo reported that Poindexter “opened the meeting saying: I come with precise instructions from President Reagan, to request the following: 1) The PDF has to play a leading role against the Nicaraguan Sandinista regime; 2) Panama must lower its profile in the Contadora Group [of Central American nations]; 3) [Former President Nicolás Ardito] Nicky Barletta

has to be returned to power.” Noriega “categorically rejected Poindexter’s disrespectful behavior,” said Cortizo, “and since then, we are suffering the consequences.”

Bush decided that his first all-out effort to topple Noriega and the Panamanian government would be in the context of Panama’s presidential elections last May 7. The U.S. strategy was to provoke a replay of the street demonstrations that brought down Marcos in the Philippines (leading to the weak and unstable Aquino government, which 1989 events revealed to be a strategic time-bomb in the Pacific). Months in advance, Bush proclaimed that the elections would be “fraudulent” unless the Democratic Opposition Civic Alliance (ADO-C), his favored candidates, were proclaimed the victors. “There is a lot of opportunity for turmoil,” said an administration official quoted by the London *Financial Times* April 27. The official drew “a parallel with the rigged Philippine elections in February 1986, which led to the downfall of President Ferdinand Marcos.”

But the Bushmen overplayed their hand, bragging that they had provided the ADO-C with \$10 million through the CIA. This money was employed to buy votes, suborn election officials, and pay for rent-a-crowds. On April 5, the Panamanian government arrested American CIA operative Kurt Frederick Muse (he remains in jail) and dismantled a clandestine computer, radio, and television network.

In the end, Panama’s election authorities were forced to annul the elections. The U.S. administration had hoped that this self-defense measure by the Panamanian government would spark mass opposition against Noriega, but fewer than 500 people took to the streets. Nor was the administration able to come up with a bloody shirt to wave. The closest it came was when opposition vice-presidential candidate, banker Guillermo (“Billy”) Ford, was bopped on the head while attempting to incite a riot. A blood-spattered Ford was featured prominently by U.S. media. The blood on Ford’s shirt was not even his own: It came from his bodyguard, an employee of the U.S. embassy, who was killed after shooting at security forces.

Drug-pushers against Noriega

In any case, Panamanians were not about to get excited by what happened to Ford, a banker proven by U.S. courts to be involved in drug-money laundering. In fact, most of the top operatives employed by the U.S. against Noriega, are drug-traffickers and or drug-money launderers. On April 6, authorities in Bibb County, Georgia, arrested Panamanian millionaire Carlos Eleta Almarán along with two of his employees, on charges of conspiring to smuggle 600 kilos of cocaine per month into the United States, with a street value of \$300 million. At the time of his arrest, Eleta was being paid by the U.S. government to run a publicity campaign against Noriega. Eleta remains free on \$8 million bail.

A former banking partner of Ford’s, confessed drug-trafficker Stephen Samos, was used by Poindexter to administer

LaRouche denounces Panama invasion

The following are excerpts from a statement made by congressional candidate Lyndon LaRouche early in the morning of Dec. 20:

"I have just reviewed over the past half-hour, the announcement of the U.S. invasion, which is virtually a de facto war launched against the 2 million population base of Panama, by the U.S. government under George Bush.

"This is a day of infamy. It will go down in history as such. It means a political backfire around the world, throughout the Hemisphere, which will lead in all probability to Mr. George Bush's resignation from office under threat of impeachment, before completing the term to which he is presently elected.

"This is an action in the spirit of Tiananmen Square. It is an action in the spirit of the shooting down—according to the British press—of 2,500 Romanians, by point-blank helicopter gunship and tank fire two days ago. It reflects the Scowcroft-Eagleburger mission to establish solidarity with the government of the Tiananmen Square butchers, most recently. It is an act of incalculable folly, demonstrating a U.S. government which seems to have completely lost its nerve and its sense.

"This is the kinder, gentler America, which had been promised.

"It must be added that this event comes on the same

day that British leading press, speaking for the Anglo-Saxon world, confess that the Great Depression of 1989-92 has begun. The United States is going into a depression, at the same time that the government of the Soviet Union has officially scrapped—from top to bottom—the policy known as perestroika. That policy, perestroika, and Mr. Bush's promise, implicitly or otherwise, that there would be no depression under George Bush, means that the two planks of the Bush administration's policy and authority have been destroyed. At the same moment that the *entire* program—Mr. Bush's program, to which he has been committed since the time of his election—has been scrapped by history, the U.S. government launches an insane act of desperation, sending soldiers to turn themselves into body-bags in Panama.

"That means that we in the Democratic Party, and those who are inclined to support the Democratic Party, must stop the silliness, and prepare to assume the responsibilities of elected political leadership. . . . Let's go back to policies of scientific and technological progress, and a commitment to provide the kind of opportunities and security for every individual in this country, and to the degree possible, around the world, of which we can be proud before the imagined eyes of our grandchildren to come.

"So, if Colombia's fighting a War on Drugs, maybe the United States should begin. But instead of beginning, it went down and tried to shoot down Manuel Noriega, whose files from the U.S. government admit he is the best anti-drug fighter in Central America, and the United States put into power, at the point of a bayonet, in Panama City, a puppet government which represents the drug-pushers of Panama."

the Contra resupply operations, according to the *Wall Street Journal* of Jan. 8, 1987. And the U.S. administration's chief spokeswoman in Panama, Mercedes Morris of the U.S. Southern Command, was arrested in 1988 by Panamanian authorities on drug possession charges.

Because of Bush's economic warfare measures, in 1988 Panama's economy experienced a precipitous 17% drop in its Gross National Product, the largest in modern history for a nation not at war.

But the sanctions also hurt the opposition. In a statement issued Dec. 7, the main opposition group, the Christian Democratic Party, part of the CIA-financed Democratic Opposition Civic Alliance (ADO-C), called for a dialogue with the PDF and stressed the need for "national unity" to force the United States to rescind its sanctions against Panama. The communiqué did not include the opposition's oft-repeated demand for Noriega's resignation. The Panamanian Catholic

Church hierarchy, which effectively functions as part of the U.S.-spawned opposition, also called for national reconciliation in a statement published on Dec. 3. The Church leaders said, "Once again, with added vigor, we condemn the unjust, immoral, and coercive economic measures against Panama, mainly coming from the United States of America."

The decision the U.S. took in May to send in additional combat troops into Panama and to change their rules of engagement "countermanding earlier orders to avoid a confrontation," also lost the U.S. significant support. Those troops, as President Francisco Rodríguez said in a speech Nov. 27, in violation of the 1977 treaties, were deployed to occupy a water purification plant that serves three-fourths of "the metropolitan population, including tens of thousands of U.S. citizens," hospitals, and even the office in charge of eradicating malaria, hence endangering "the health of the 50,000 U.S. citizens living in Panama."

Will Lebanon be cradle of national revolutions in the Middle East?

by Thierry Lalevée

The Middle East was only a secondary matter at the just concluded summit between the superpowers in Malta; however, there is no doubt that both powers have a comprehensive Middle East agenda. They may be at odds concerning the timing of particular diplomatic initiatives, but they converge as to the general line concerning the policy contents over the next decade till the next century. Initiated in the very last few weeks of the Reagan administration when, in an abrupt reversal, the State Department began an official dialogue with the Palestine Liberation Organization of Yasser Arafat, there has been a policy of well-tuned balance between both powers. American dialogue with the PLO has been paralleled by closer relations, albeit not diplomatic ties yet, between Israel and the Soviet Union and other East bloc countries.

Soviet pressure on Syria for more “moderation” in the Arab world, have been compensated by American pressures on Egyptian President Hosni Mubarak to reconcile with both Libyan dictator Muammar Qaddafi and Syrian dictator Hafez al-Assad. Pressures on the Sudanese and the Eritrean rebels to cease their hostility with Ethiopia has been complemented by the Soviet decisions to back the reestablishment of diplomatic relations between Ethiopia and Israel, and a halt to shipment of military supplies to Ethiopia. Closer relations between North Yemen and Moscow have meant a “glasnost” process in South Yemen and fueled talk of Yemen unification.

Each country and area of the region, extending well into North Africa and the African continent generally, will have been subjected to these dual pressures, whose final aim is to ensure that the superpowers are in control of all events in the region, at the expense of any European role, and at the expense of any national interests. And no one is talking about “Middle East peace” at all. The agenda of the Bush administration implies that no serious negotiations should be held before a hypothetical second Bush administration; a comprehensive solution for the Israeli-Palestinian problem, in whatever form, is not even considered a serious possibility before the second half of the next decade, and probably not before the next century.

Actually, most of those concerned, with few exceptions, have expressed displeasure and anger at this grinding process

which leaves them with no room to maneuver. Yet, only a few are considering directly opposing this process, and even fewer have the actual means to do so without endangering their national survival. Among those with the means is Israel, whose footprints can be found behind a series of political and intelligence scandals targeting the Bush administration.

Lebanon, the rallying-point

However, true to the Middle Eastern origins of the biblical story of David and Goliath, it is an even smaller force than Israel which is challenging this condominium. The months ahead will tell whether it is a serious challenge to the entire structure that both Washington and Moscow are striving to build. Yet, as of now, it has already become a formidable thorn in their side. In brief, the national Lebanese resistance led by Gen. Michel Aoun is holding a flag of revolt and resistance for anyone around who wants to rally in defense of his national interests. There is more than merely poetic justice in the fact that Lebanon, which has been the country most destroyed over the last two decades, has become a center of resistance.

From the very late 1960s, Lebanon was deliberately engulfed in a process of self-destruction at the initiative of Secretary of State Henry Kissinger, which served several aims, not the least being to sever close cultural and linguistic ties between the Middle East and Europe. The process aimed at dividing a nation into its ethnic and religious elements as a staging ground for a similar process to spread throughout the region. And indeed, it was the Lebanese civil war in the mid-1970s which groomed the Islamic fanatics who were later unleashed in Iran. The same war was used to groom the terrorists who have been active all over the world ever since.

The end-game of that process was to be reached in September 1988 through the infamous “Murphy-Assad Agreement” (for U.S. Assistant Secretary of State Richard Murphy). Presented as a miraculous recipe putting an end to more than 13 years of civil war, the agreement meant that the atomization of Lebanon into rival communities under the general protectorate of the Syrian empire was to become official—President Assad was to be crowned as the ruler of Greater Syria.

Not only did that not work, but as of February, a small

group of Lebanese gathered around Michel Aoun decided to unleash a "National War of Liberation against the Syrian Occupation." What was then derided as ridiculous and said not to have more than a two-week life expectancy, has lasted well into the end of 1989, and shows no sign of weakening. Confronted with an almost constant artillery barrage from Syrian and allied forces, the inhabitants of East Beirut refused to surrender. Ultimately the international community had to intervene, and Syria had to back down.

Yet in late summer, the international community rallied around a "Taif agreement" named for a meeting place in Saudi Arabia, which, under cover of a potential withdrawal of Syrian troops in a hypothetical period of two years, was nothing but a modified version of the older Murphy-Assad plan. Denouncing its blatant violation of Lebanese sovereignty, Aoun and his supporters rejected the plan, despite advice from friends and foes alike that their opposition to Syria was doomed to failure. Syria went ahead in sponsoring its own presidential elections, expecting the new puppet to give them legitimacy for a military intervention. Rene Moawad refused. Less than two weeks later, he was blown up by a bomb. The attempt by Damascus to lay the blame on Aoun soon backfired. Another election was organized; Damascus announced the result of the vote—40 minutes before it took place.

The new puppet President Elias Hrawi immediately gave General Aoun a 48-hour deadline to desist and leave the Baabda presidential palace. On Nov. 26, Syria started massing 10,000 troops for an assault. By Dec. 1, unable to launch such an attack, Damascus started talking about a "political solution."

Mass mobilization of citizens

Behind Aoun's ability to survive a challenge against one of the best-organized and best-armed armies of the Middle East, only defeated by Israel so far, there is no secret. It has been the mass mobilization of the Lebanese in support of their nation which defeated the Syrian tanks, in a move which is only paralleled by ongoing events in Eastern Europe. Indeed, as Syria was massing its troops, some 200,000 Lebanese rallied around the presidential palace as an unprecedented "human chain" to protect Baabda and its general, Aoun. Could Syria afford to throw its tanks against such an unarmed mass of people at a time where the Berlin wall was being torn into pieces? For Assad, there was no problem, yet, for Washington and Moscow, there was. The proponents of glasnost and international détente could not be seen sponsoring a major massacre.

Yet, while no one has been able to miss these events, their contents have been systematically subjected to a campaign of slanders and disinformation aimed at portraying Aoun as just another leader of a "Christian militia." Indeed, few are ready to admit that the reason Aoun has become such a real danger for Syria and the superpowers, is that his movement is break-

ing through more than 15 years of rigged social manipulation based on ethnic and religious sects. For the first time since the liberation struggle against the colonial powers, there is again a national movement developing. Many among Aoun's supporters are Shi'ite or Sunni Muslims. Few have been able to express it, except those who deliberately quit West Beirut to join the demonstrators in East Beirut. It is a national movement in the true sense of the word, which has naturally looked to other national movements for help; witness the display of Polish Solidarity badges in the Beirut demonstrations.

As Aoun himself stressed in recent speeches, can it be that walls are being destroyed in Berlin for new walls to be erected in Beirut? Can it be that tanks are being defeated in Poland or elsewhere, to rule in Lebanon? Can the United States of George Washington be the sponsor of a dictatorship in Lebanon?

The fight is obviously not over, and ultimately is not expected to be over until Assad's death. Michel Aoun himself is living under a permanent death threat from the Syrians and others. However, there is little doubt that the seeds of national revolt which have been sown in Lebanon in recent months, will not wither. Its importance for the region has yet to be fully grasped by many, at a time when sectarian religious organizations are gaining ground in Jordan, Egypt, and throughout North Africa.

But after all, Lebanon was the home of the first nationalist and revolutionary movements at the very beginning of the century which paved the way for the later independence of most of the countries. Egypt's Nasser owed much to the Lebanese thinkers of the 1910s. It is only natural that Lebanon has become once again the staging ground for a movement which could not only defeat would-be local empires like Syria, but even stalemate the would-be *world* empires.

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Narco-terrorism: the year of the coverup

by Jeffrey Steinberg

The year 1989 began with images of search crews scouring an 800-square-kilometer stretch of the Scottish countryside surrounding the small town of Lockerbie, searching for clues among the wrecked remains of Pan American Flight 103. The plane was blown out of the skies by a terrorist bomb on Dec. 21, 1988, killing 270 people. A full year later, new images of Lockerbie fill the headlines, as relatives of the victims, PanAm officials and at least one member of the U.S. Congress, Rep. Jim Traficant, charge that the authorship of the atrocity has been covered up by the Bush administration and other Western governments.

Indeed, 1989 may very well be remembered as the "Year of the Coverup" among students of international terrorism.

In past years, U.S. State Department officials have asserted that the Soviet Union was only indirectly linked to international terrorism. Such pronouncements usually drew criticism from other law enforcement and intelligence quarters, armed with ample evidence of continued Soviet logistical support, training, and financing of a panoply of violent cells. In 1989, the Soviet regime was officially awarded a "white hat" and Moscow pronounced a leading opponent of international terrorist acts.

Immediately after the Lockerbie massacre, U.S. Ambassador to Moscow John Matlock went into private talks with the new KGB chief, Vladimir Kryuchkov, seeking Soviet help in getting to the bottom of the terrorist attack and in averting future "détente-damaging" incidents.

On Jan. 12, in an interview with *USA Today*, Central Intelligence Agency director William Webster stated that he believed that Moscow would share any information it had on the Lockerbie massacre: "I would guess they would. It's a view that I have held that conflicts with many who have thought that the Soviet Union was monolithically responsible for most of the terrorism around the world, particularly a decade ago. To whatever extent their involvement in training and supplying and shielding terrorists a decade ago may have been true, there have been a number of things that have happened in the world to change that. Mikhail Gorbachov's increased interest in having the Soviets play a significant foreign policy role as leaders in the world works against their sheltering or encouraging or harboring terrorists. We've had intimations of a desire of the Soviets to work in the

world arena to reduce the threat of terrorism."

Making good on his words, later in the year, Webster detailed a senior adviser, ex-CIA director William Colby, to take part in a week-long symposium on fighting terrorism at the Rand Corporation in California. Among his interlocutors at the closed-door session were a half-dozen "retired" KGB and GRU officers. At the end of the meeting, Colby and the Soviets appeared together on ABC's "Nightline" show to share with the American public their new-found "common ground" opposition to terrorism and drugs. Even Ray Cline, a former CIA deputy director and chief of State Department intelligence known for his anti-détente views, joined in the CIA-KGB festivities, adding a further aura of respectability to the idea of sharing anti-terrorist data with a reformed Moscow.

The same William Webster, in a September speech at the Los Angeles World Affairs Council, declared that the Cold War was over, and that the United States was more threatened by West German and Japanese economic might than by Soviet tanks or Soviet-backed terrorist gangs.

On Nov. 21, when a sophisticated terrorist bomb killed Alfred Herrhausen, the chairman of West Germany's most powerful bank, Deutsche Bank, and an intimate policy adviser of Chancellor Helmut Kohl, world attention was focused on the "seasick summit" off Malta between President Bush and Soviet President Gorbachov. State Department officials left behind in Washington were, according to one account, ordered to place the blame for the Herrhausen murder on local German terrorists. Under no circumstances was the of Soviet authorship even to be raised.

The Herrhausen crime, one of the most significant political murders since the 1977-78 killings of West German business leaders Jürgen Ponto and Hanns-Martin Schleyer and ex-Italian Premier Aldo Moro, was written off as a "symbolic" act carried off by members of West Germany's Red Army Faction, an offshoot of the original Baader-Meinhof Gang that killed Schleyer and Ponto. These claims flew in the face of extensive evidence that both British and Soviet state interests were greatly advanced by the elimination of Herrhausen, an architect of intra-German economic projects leading toward the rapid pace of possible reunification and the man who had just orchestrated the Deutsche Bank takeover of the City of London's plum financial house Morgan Grenfell. While senior American counterterrorism specialists were privately speaking in unambiguous terms about the British hand in the Herrhausen assassination, publicly the word was out: Herrhausen's murder would be written off as a purely internal German affair and would in no way slow the pace of Anglo-American collusion with Gorbachov.

The Lockerbie paradigm

If one single event encapsulated the Year of the Coverup, it was the effort to bury the evidence on the Soviet-sponsored Syrian narco-terrorist command structure that was responsi-

ble for blowing up PanAm 103. According to court documents submitted by attorneys for Pan American World Airways in federal court in Brooklyn in September, senior officials of the Bush administration were "over 90% sure" by early February that the Lockerbie massacre was the work of a group headed by a Syrian Army officer. The group, the Popular Front for the Liberation of Palestine-General Command was headquartered in Damascus. Its head, Ahmed Jibril, was known to be a captain in the Syrian Army in weekly contact with senior Syrian intelligence officials. Jibril's ties to Iran's former Interior Minister Ali Mohtashemi, once the ambassador to Syria and the sponsor of the Hezbollah Shi'ite terrorist group in Lebanon, were also known by the Bush administration by no later than February.

According to the PanAm court documents and an investigator's report prepared for PanAm and released to the press by Representative Traficant, the suppression of the Lockerbie dossier was tied to an ongoing coverup of Syrian drug trafficking running from Lebanon's Bekaa Valley through Bulgaria into Frankfurt, accounting for billions of dollars a year in Syrian profit from illegal sales of heroin, hashish, and cocaine. PanAm identified a Syrian businessman with extensive East bloc ties, Monzer Al-Kassar, as the architect of the global drug-running empire, including the local Frankfurt Airport operations linked to the planting of the bomb aboard Flight 103.

The same Al-Kassar figured prominently in the later phases of the Reagan era Iran-Contra fiasco. Al-Kassar, according to both congressional and federal court records, provided millions of dollars in Soviet bloc arms to the Nicaraguan Contras through business ties to Oliver North, Richard Secord, Albert Hakim, and Thomas Clines.

The broader issue underlying the coverup of Syria's pre-eminent role in international narco-terrorism was summed up in a statement by Deputy Secretary of State Lawrence Eagleburger, who characterized Hafez al-Assad as a "force for peace" in the Middle East. Since the time of Henry Kissinger's tenure as Nixon's national security adviser and secretary of state, every U.S. administration has protected Syria's narco-terrorist Assad regime.

Considered in that policy framework, the idea that CIA officials in Frankfurt would, as PanAm charges, connive with Syrian narco-terrorist Al-Kassar on arms for hostage deals and thereby get caught up in a self-feeding coverup of the Lockerbie massacre is not incredible.

In effect, the entire effort to stop international drug trafficking and international terrorism remains hostage to the policy framework that deems it "practical" and "geo-political" to wheel and deal with terrorists like Assad and to bail out a Gorbachov regime in Moscow rather than publicly embrace the anti-bolshevik revolts sweeping Eastern Europe and China. 1989 demonstrated this cruel reality.

It is therefore not surprising that as Americans planned to travel abroad for the 1989-90 winter holidays, they were

greeted by sharp warnings of possible terrorist actions against U.S. targets.

In early December, Spanish police arrested a group of Arab terrorists smuggling large amounts of explosives. Italian authorities began assembling new evidence of a revived alliance between the Italian Red Brigades and the West German RAF. Hezbollah has put out a year-end assassination threat against Pope John Paul II.

For readers of *EIR* and its U.S. and European counterterrorist newsletters *Investigative Leads* and *Spuren und Motiven*, none of these events was surprising.

- While international media outlets were echoing William Webster's claims that Moscow had gone out of the terrorism business, *EIR* warned in March that a "New Baku" alliance had been forged between the Soviet Union and Iranian-Syrian backed Islamic terrorist international during Soviet Foreign Minister Eduard Shevardnadze's state visit to Teheran. As part of that news coverage, extensive details of the PanAm 103 bombing were reported, identifying the Syrian-Iranian joint authorship of the bombing and identifying the Jibril PFLP/GC as the perpetrators.

- Months before the Herrhausen assassination, readers of *Investigative Leads* and *Spuren und Motiven* were receiving detailed intelligence on the rebuilding of the terrorist infrastructure inside the Federal Republic of Germany through an elaborate support operation run on behalf of RAF members engaged in a lengthy prison hunger strike. Ties between the Irish Republican Army, the RAF, and the Green Party were catalogued, along with routes through East Berlin that provided Arab terrorist networks with easy access to the West.

- And beginning in November, *EIR* and its associated *Middle East Insider* weekly newsletter began providing the most detailed coverage available of the unraveling Lockerbie scandal, including a complete dossier on Al-Kassar which revealed that the Syrian arms and drug merchant was a top target of Interpol probes and was linked both to East bloc intelligence services and the Medellín Cartel of Colombia.

As this year-end issue goes to press, the Lockerbie scandal has percolated to the surface, in part due to the efforts of Representative Traficant, who held a series of Capitol Hill press conferences in early November and has called for a full congressional probe of the alleged coverup. When Bush and Gorbachov showed up in Malta for their summit session, members of an international group of relatives of the Lockerbie victims were there to greet the two heads of state with demands for a cutoff of all support for the Syrian and Iranian regimes.

This has the potential to be the beginning of the end of the decade of deceit and coverup regarding international narco-terrorism. Perhaps 1990 will be recorded as the Year of the Truth, in which the exposure of the actual forces behind international narco-terrorism ushers in a decade of greater safety and security.

'Thatcher's Auschwitz' backs Red dictators

by Mary McCourt Burdman

The Establishment of Great Britain has had one response to the anti-bolshevik revolutions of 1989: to crush them. As the East Germans strive for freedom from communist police state tyranny, the British press raves about the threat of a "German Fourth Reich." Prime Minister Margaret Thatcher has tried to sabotage European economic agreements that would help develop Eastern Europe, and taken the lead of the "Save Gorbachov" movement, even if that means undermining movements against bolshevism in Europe.

In an autumn 1989 legal battle, thanks to a biased judge, author Count Tolstoy was ruined with a £2.5 million libel judgment against him, for having charged that the prestigious Lord Aldington sent Cossacks and Yugoslav soldiers who fought with the Germans back to certain death at the hands of Stalin and Tito after World War II. It was the biggest libel action in U.K. history.

Thatcher's government has agreed to every condition demanded by the butchers of Beijing against the people of Hong Kong, Britain's last colonial "crown jewel." As the final imperial act in Hong Kong, the British are carrying out what is being dubbed "Mrs. Thatcher's Auschwitz." On Dec. 11, the Hong Kong colonial authorities sent 51 Vietnamese "boat people" refugees, half of them children, back to starving, hard-line communist Vietnam, against their will. Police in full riot gear moved the small group of people from the Phoenix Detention Center—considered worse than Hong Kong's prisons—at dawn. Tens of thousands of Vietnamese are due to follow.

Despite attempts by the Hong Kong colonial authorities and, later, by the authorities in Hanoi, to prevent observation of the operation, there has been an international outcry, including inside Britain. Indeed, "Thatcher's Auschwitz" may put the final nail in the coffin of her Tory government. For once correct, Labour Party leader Neil Kinnock said in the parliamentary debate Dec. 12, "Doesn't the prime minister realize, that she is the only person in this whole shameful episode who can't make the excuse that 'I was only obeying orders,' because she was the person giving the orders—and the orders are tyrannical!"

Columnist Barbara Amiel wrote in the *Times* of London Dec. 15, "What other country besides the United Kingdom has, first in 1945, then in China, and now in the camps, forcibly returned refugees to communism?" In the same paper Dec. 7, writer Bernard Levin had pointed out why the

colonial authorities had to use an airplane to return this first group of refugees: Using ships would bring to mind the actions of the Foreign Office in the 1930s, when its policy towards what the Foreign Office called the "wailing Jews" turned back boatloads of desperate European refugees trying to reach Palestine. He has seen what it takes to drag an unwilling man or woman away, wrote Levin, in newsreels of the Nazis rounding up the Jews of Italy for the death camps. The *Daily Mirror* Dec. 14 likened the government's policies to "Nazi SS tactics."

One high-level British official, quoted in the *Independent* Dec. 15, dismissed the condemnation of Britain's actions against the Vietnamese refugees as "a loud squeal" which "probably won't be sustained." The U.S. might protest, he said, "but at the end of the day we might find they are willing to be pragmatic about it." And, he insisted, no one should think the Empire had gone soft just because the colonial authorities had decided to suspend the forced repatriations for the moment. Over Christmas, such actions would be "the height of insensitivity."

The debate on how few Hong Kong Chinese would be allowed into Britain in 1997 was held Dec. 14, with Tory MPs crying out that such people would be allowed into their constituencies "over my dead body!" Former Cabinet minister Norman Tebbit distinguished himself by stressing that Britain must never repeat "the mistake" of 1972, when it let in thousands of Indians, the descendants of the civil servants who administered Britain's colonies, who were refugees from Uganda, expelled by dictator Idi Amin.

Britain was the first Western nation to recognize the Beijing communist regime a year after its victory in October 1949. In 1982, when Mrs. Thatcher initiated negotiations to turn Hong Kong over to the communists in 1997, she gave them everything they wanted. Since that year, Chinese refugees fleeing to Hong Kong are regularly rounded up and handed back, 50-100 people a day, to the communists. There is good evidence, the *Guardian* reported Nov. 14, that Britain gave China secret assurances that nothing would be done to increase self-government in Hong Kong before the handover. The Foreign Office denied the charge, but the British have been stalling on granting promised suffrage to the Hong Kong population.

The Chinese are also demanding that Britain get rid of the Vietnamese. China's Vice-Foreign Minister Zhou Nan stated that deportation of the Vietnamese refugees from Hong Kong "could be a final solution," the *Daily Telegraph* quoted him Dec. 13. Zhou told Hong Kong reporters China wants the refugees out of Hong Kong by the time it takes control of the colony in 1997. Although the U.N. Refugee officer in Hong Kong was not informed before the dawn deportation took place, the Chinese were. Li Hou, the deputy director of the P.R.C. Hong Kong and Macao Affairs Office, confirmed that he had heard of the plan in advance, and said he applauded it, the Chinese news agency Xinhua reported.

New leaderships in India and Pakistan

by Ramtanu Maitra and Susan Maitra

The year 1989 ushered in new leaderships in both India and Pakistan. Although Benazir Bhutto's Pakistan People's Party took charge on Dec. 2, 1988, it was in 1989 that the people in Pakistan began to experience the effect of new leadership—a welcome respite after suffering through 11 years of unpopular military rule.

The change in India was somewhat less drastic but, perhaps, more surprising. Elected in 1984 with an unprecedented plurality, Prime Minister Rajiv Gandhi and his Congress-I party were in an unassailable position for five years to carry out a mandate handed to them by the Indian electorate. But, due to maladministration and inability to hold the price line on essential commodities, Prime Minister Gandhi and his party came a cropper in the November general elections. In early December, a minority government, led by V.P. Singh, the former finance minister under Rajiv Gandhi, took over in Delhi.

India's new government commands only 25% of parliamentary seats and hopes to stay alive with support from disparate forces ranging from Communists to Hindu chauvinists. Despite the potential instability of such a coalition, the basic policies guiding the country are not expected to change. The institutions that were set up during the last four decades and assiduously nurtured are strong and flexible enough to absorb many minor and larger disturbances. Observers in India believe the taking of power by a minority government, with support from outside the Cabinet, may turn out to be only such a "minor disturbance."

That is not to say that India can function without a functioning government at the center. While the approach to foreign relations, basic economic ordering, and industrial and agricultural goals will remain the same, some changes are expected in fiscal and financial policies. Still, strong leadership will be essential.

India's economy is at a crossroads. After decades of self-perpetuated stagnation, the late Indira Gandhi and then her son, Rajiv, had begun to lift some of the archaic licensing and regulatory laws, allowing the economy to get out of a straitjacket. Rajiv Gandhi's administration went for higher economic growth at the cost of large monetary expansion and burgeoning government debt—domestic and foreign. But without adequate infrastructure, the policy, which could otherwise lead to some real transformation of the economy,

lacked a foundation, and there was a lack of drive to implement policies to derive the maximum benefit. All these factors conspired to push the prices of basic commodities upward, making living more difficult for the poor and the financial situation highly unstable.

If no action is taken now, India will slide quickly into indebtedness so overwhelming that any hope for further economic development must be shelved. Since neither the industrial nor the agricultural sector has attained genuine maturity, the prospect of India shelling out more foreign exchange and domestic savings to meet the debt servicing requirements than it can earn is real and, in the long run, devastating.

In contrast to India's somewhat strong institutions, in Pakistan, Benazir Bhutto had to revive institutions which had been virtually shut down by a directionless and indifferent military regime. When she took power in December 1988, the country was deeply divided. She also inherited a near-bankrupt treasury and an economy her predecessor had turned over to the International Monetary Fund. To the west, Afghanistan, ruined by a decade-long Soviet occupation, had given rise to two major problems—5 million Afghan refugees had settled in the North West Frontier Province and Baluchistan, and a heroin-hashish manufacturing and supply network, pumping billions of dollars into the underground, was triggering violence all over Pakistan.

Bhutto has succeeded to a large extent in giving Pakistan a somewhat comfortable foreign policy direction, despite domestic opposition. She has moved toward blunting the anti-India lobby and developing a more open relationship with her neighbors. Her policy vis-à-vis the Afghan imbroglio, a longstanding problem exacerbated by the involvement of the two superpowers, China, and Iran, is not altogether well-defined but then, heading a minority government, it is not easy to do so. In Pakistan, the Afghan issue is a live political issue and various Islamic groups with trouble-making potential have taken positions which complicate the situation further. Her attempt to "soften" the Soviet attitude towards Pakistan has also met with success as is evident from the growing commercial ties between the two countries.

But the real test of Bhutto's foreign policy will lie in her ability to handle the two conflicting Islamic nations, Iran and Saudi Arabia, which, along with Iraq, have money-power and political clout among the Muslim believers all over the world. They also have exhibited definite designs in the solution of the Afghan crisis, and possess somewhat contorted relations with the superpowers and China.

In general, Bhutto's prospects depend heavily on whether she can move Pakistan's economy soon. Bankrupted during the military regime, Pakistan's economy is now in the dangerous grip of the IMF. So far, Bhutto has shown little inclination to do away with the IMF, an option which is surely made the more difficult by Bhutto's relations with the Bush administration. However, she is resisting austerity measures prescribed by the IMF.

Fight to roll back Satanism has begun

by Lotta-Stina Thronell

This past year, the Anti-Drug Coalition (ADC) in Europe opened a counteroffensive against the Satanist youth culture which has been operating to destroy Christian morality since the end of the 1960s under the Nietzschean motto: "Reevaluate all values." An alarming increase of rape, homicide, homosexual cults and narcotics consumption has been the result of the so-called counterculture. The roots of this evil are to be found in the oligarchical Satanist circles. Who else would be interested in the destruction of other human beings than the oligarch who considers society to be divided between rulers and slaves? At an ADC seminar in Munich, West Germany, on Feb. 23, Helga Zepp-LaRouche opened a European-wide fight against the occult ideas which at the end of the last century led Friedrich Nietzsche to proclaim that "God is dead." The only way to win the fight, she stated, is to strengthen the Christian idea of man.

This challenge was picked up, starting in Sweden, with a campaign against aging Satanic rock star Ozzy Osbourne and his European concert tour. Backed by parents, teachers, and youth leaders, the ADC caused a public outcry against the mass brainwashing of youth in rock concerts saturated with Satanic rituals. The first large organization to join the ADC campaign to shut down the Osbourne tour was the Swedish League of Housewives, a member of the Associated Country Women of the World (ACWW).

The demand to cancel Osbourne's concert tour continued in West Germany and in Switzerland. In Zofingen, Switzerland, the campaign harvested its biggest victory when the Osbourne concert was canceled. The youngsters who had come to attend the concert were met by Christians who distributed leaflets against Satanism. Later, the ADC was invited to hold seminars about the dangers of Satanism in three Swiss cities: Zurich, St. Gallen, and Bern. Three national parliamentarians from three different conservative parties gave their support to the fight against irrationalism, superstition, and the drug plague, all elements of the Satanist subversion of the youth. A videotaped speech by Mrs. Dianne Core, the leader of the British anti-Satanist organization Child-watch, revealed how the inner-core Satanists operate, not only drugging children and using them for their sexual perversions, but even eating aborted fetuses. This brings up the question of content, above all in the heavy metal variety of rock music, to which Ozzy Osbourne, Black Sabbath, the Rolling Stones, and Alice Cooper, among others, belong.

Heavy metal and the Devil

Ozzy Osbourne's publicity for Satan began over 20 years ago as the lead singer of the British band "Black Sabbath." Alice Cooper, in an interview with *Rolling Stone* magazine in 1973, stated that he had specialized in "American sexual perversion." The title of his most publicized "song" in 1989 is "Poison." The combination of the text, the ugly rock music, and the images presented to the viewer are devastating, and not far from the kind of stage show that caused an uproar in Munich in April 1988, when the city government decided to prevent minors under 18 from entering the hall, and banned some scenes from the show. Cooper was not allowed to cut up the stomach of a pregnant woman, or to cut up a fetus, or to split human beings with a sword, or cut up parts of the human body.

In Stockholm, Sweden, city councilman Carl Cederschiöld demanded that the kind of perverted propaganda for violence which Cooper represents must not be allowed in public halls. A big debate broke out, spurred by a mass leaflet from the ADC which documented the gory details of Cooper's career. Radio, television, and newspapers opened their pages to the debate, partly forced to do so by a parallel popular uproar against street violence. Women city council members—even some Communists—were up in arms about Cooper's new song, "On a Bed of Nails," which is also a video hit, which blares out the wish to rape women "on a bed of nails." On the day of the performance, Dec. 2, several groups of demonstrators gathered outside the concert hall. The Salvation Army was there distributing leaflets, singing Christian songs. The Pentecostal Church had sent a chorus of 50 people. The ADC was also there with pickets and leaflets. All of this of course helped to calm down the audience of 6,000 youths and some politicians who had come to "see with their own eyes and ears" what was happening.

In Switzerland, around 100 special packets demanding the shutdown of Cooper's concert in Zurich were sent to the church. The ADC also denounced the sponsors of the performance, the daily newspaper *Blick* and the Swiss Bank Corporation, SBC. National politicians, church dignitaries, priests, and members of the SBC complained so much that the SBC was forced to bring up the issue of such future sponsoring at a board meeting in mid-December.

The Satanist rock stars of course try to defend themselves by outright lying. Ozzy Osbourne claimed that he is the nicest father of his children that one can imagine. The politicians, hard-pressed by the ADC and parents, said that Osbourne was not a Satanist "personally" and excused his show by claiming that he was going to give a benefit concert against "drugs and alcohol." Such hypocrisy! On his way home from that benefit concert, which took place in Moscow, he, in a totally drunken state, tried to murder his wife, and was arrested. Likewise, Alice Cooper tried to put on an innocent face and claim that he is a Christian, and that the real Satanists were to be found in other places.

Vatican saw gains in Eastern Europe

by Maria Cristina Fiocchi

In drawing up the balance of the activities of the Holy See in 1989, we can say that this was the year of the resurgence of the Roman Catholic Church in the countries of Eastern Europe: from Poland, to Czechoslovakia, to the Soviet Union, Ukraine, Belorussia, and the Baltic countries.

In the present phase of historical acceleration, while the walls are falling and the Russian empire is entering a deep crisis, the believers, the clergy, and the Catholic hierarchy in the Iron Curtain countries, encouraged by the papacy of John Paul II, have gone down into the streets, defying dangers and persecution to demand their rights with courage and determination.

In Poland, the most advanced situation, where the Church already enjoyed a certain liberty, it now has a true juridical status, and official diplomatic relations have been reestablished between the Warsaw government and the Holy See.

In Hungary, a new law is being prepared on freedom of religion. The figure of the heroic Cardinal Mindszenty has been rehabilitated, and the details are being worked out for a papal visit to that country.

In Czechoslovakia, the Holy See has been able to proceed to name some titular bishops of dioceses. In Lithuania, the Church practically enjoys total freedom. Religious instruction has been reintroduced into the schools.

The great problem of Soviet recognition of the Catholic Church of Eastern rite in Ukraine—the so-called Uniates—promised by Kremlin leader Mikhail Gorbachov to the Pope during his recent visit to the Vatican, is in the process of being resolved.

The historic meeting between Gorbachov and John Paul II, which took place at the Vatican on Dec. 1, will of course be remembered as one of 1989's most significant events. Without detracting in any way from the extraordinary nature of this event, it is necessary, however, to make it clear that the Pope and the Vatican diplomats were very aware that they faced the leader of an empire in deep crisis, whose *perestroika* is continuing to fail and who is therefore desperately seeking diplomatic and propagandistic successes which he can play as cards internally and abroad.

Internal life of the Church

In terms of the Church's internal affairs there were two important encounters between the Pope, the Roman Curia,

and two bishops' conferences: that of the United States and that of the Federal Republic of Germany.

The meeting with the U.S. bishops which took place last March was the occasion for an in-depth critical reflection on the so-called American Way of Catholicism and the ideology of U.S. society. Noteworthy was the speech given by John Cardinal O'Connor, the archbishop of New York, who gave a very precise overview of the traits of American society: "Three of these," he said, "are structurally hostile to the Church's teachings. They are: pragmatism, utilitarianism, and Social Darwinism."

The meeting with the German bishops took place in November and dealt with the relationship between papal teachings and theology in the countries of German language. This is not an easy topic, given the well-known "Cologne Declaration" signed by 163 theologians, which contested the central role of the Roman Church and the style of government of the present Pontiff.

Analogous initiatives followed the Cologne Declaration in France, Spain, Belgium, and Italy. The span and the timing of the attacks on the Pope, headed, among others, by well-known dissidents like Hans Küng and Eduard Schillebeeckx, betray the characteristics of a pre-arranged action whose purpose seems to be to undermine the Catholic Church.

Plea for economic justice

Among John Paul's numerous pastoral visits to various parts of the world, we recall his trip to Africa, the fifth of his pontificate, last May. In visiting poor countries like Madagascar, Réunion, Zambia, and Malawi, the Pope renewed his pressing appeal for the creation of a world of greater justice: "On many occasions I made an appeal for a new economic order that would allow the peoples in developing countries to guide their own destinies and to guarantee resources for employment for the active population. . . . Now is the time for a new and courageous international solidarity that is not based on one's own selfish interests, but which is inspired and guided by an authentic concern for human beings."

Concern over growth of cults

To conclude this brief roundup of the Church's initiatives, let us glance at the activities of the commissions, congregations, and councils of the Holy See, and mention the growing concern of the Church over the expansion and spread of religious cults. According to a study of last October by the Pontifical Council on the Ministry to Migrants and Itinerants, in the United States several million Hispanics, who are traditionally Catholic, went over to cults. In Africa there are more than 10,000 sects.

In Ibero-America, 20% of the population has left Catholicism for cults. In Argentina alone, 2,000 religions are recognized. In the Philippines more than 1 million Catholics have joined sects.

Bush's first year: blundering toward war

by Kathleen Klenetsky

When George Bush took office last January, "caution" quickly became his semi-official slogan. The word from the new administration was that Bush intended to follow a "prudent" path, especially in the realm of foreign and strategic policy, because of the rapidly shifting course of world events. In contrast to his Democratic opponent, Michael Dukakis, Bush pledged that he would not rush into a hasty embrace of Mikhail Gorbachov, nor would he permit U.S. defense capabilities to be undermined.

Yet, barely a year into his presidency, Bush's "cautious" path has actually brought the world closer to World War III. The President's first year in office is the story of one strategic blunder after another. On the most crucial issues affecting the future of the United States and the West, he has chosen precisely the wrong options.

In his relations with China and the Soviet Union, Bush has displayed a sickening enthusiasm for appeasing the enemies of human freedom; he has given the United States a defense budget which even a Dukakis Democrat might shy away from; and his response to the revolution sweeping Eastern Europe has been to apply the brakes, especially on the question of German reunification. The world is witnessing a revolution on behalf of human dignity, and Bush has put himself on the wrong side.

The Kissinger effect

Far from stabilizing the global situation, Bush's actions have exacerbated tensions tremendously. The mental and moral weakness, pragmatism, and stupidity which have characterized his reign can only convince headline Soviet factions that America is begging to be conquered.

Much of the blame for this sorry state of affairs can be laid squarely on Bush's devotion to the "New Yalta" policies espoused by Henry Kissinger. As *EIR* reported last January,

Kissinger was already exerting heavy, behind-the-scenes influence on the administration, both directly, and through two of his top protégés, Brent Scowcroft and Larry Eagleburger, whom Bush had named as national security adviser and deputy secretary of state, respectively. If Kissinger's influence were not checked, we warned, the administration would become a disaster.

Unfortunately, this is exactly what happened. Kissinger's influence has been evident in virtually every important strategic policy initiative the administration has taken, so much so that it would be no exaggeration to say that Bush has made the implementation of Kissinger's global condominium his number one priority.

Although Bush insisted that he intended to carry out a sweeping review of strategic policy before making any initiatives, so eager was he to cement a deal with the Kremlin, that he deployed Kissinger to Moscow even before his inauguration. In a mid-January 1989 visit to Moscow, Kissinger, who traveled with a Trilateral Commission delegation, delivered a letter from Bush to Gorbachov.

From this point, the Bush love affair with Gorbachov blossomed rapidly, culminating in the "seasick summit" at Malta in December. Although the "hard cops" in the Bush entourage—Deputy National Security Adviser Robert Gates, Vice President Dan Quayle, and Defense Secretary Richard Cheney—maintained a steady stream of rhetoric about the Soviet threat, the administration was actually working out a policy predicated on the supposed need to prop up "reformer" Gorbachov, to protect global power-sharing arrangements.

This devil's pact proceeded with embarrassing haste. In July, Marshal Sergei Akhromeyev, past chief of the Soviet General Staff and currently Gorbachov's top military adviser, visited the United States, where he lobbied for economic assistance and, reportedly, received assurances that the U.S.

would not react negatively, were the Soviet authorities to order a Russian “Tiananmen” to suppress the strikes and other rebellions against the regime.

Then, in late September, Moscow obtained important arms control concessions from the Bush administration when Secretary of State James Baker and Soviet Foreign Minister Eduard Shevardnadze met in Jackson Hole, Wyoming.

Several weeks later—when it was beginning to become clear, even to some of the more obtuse Soviet watchers in the West, that nothing could save Gorbachov’s *perestroika*—the administration decided to publicly announce its support for that failed policy. In two speeches in October, James Baker proclaimed that *perestroika* represented a golden opportunity for moving “beyond containment” to a new era of superpower rapprochement. “The President has said, and I have said, that we want *perestroika*, including the restructuring of Soviet-American relations, to succeed,” Baker told the Foreign Policy Association Oct. 17, “because *perestroika* promises Soviet actions more advantageous to our interests.”

“Superpower relations,” he told the San Francisco Commonwealth Club Oct. 23, “are as promising as we have ever found them since the Second World War. . . . Looking forward, we face the clearest opportunity to reduce the risk of war since the dawn of the nuclear age.”

Defense? Who needs defense?

Less than a month after Baker’s twin speeches, the administration put out the word that it intended to lop an incredible \$180 billion from the defense budget over four years. While the defense cuts would drastically affect major weapons systems, including the MX and Midgetman missiles, the B-2 bomber, and the SDI, the worst casualty would be the American military presence in Europe. The proposed reductions would require that at least half of the American troops stationed in Western Europe be withdrawn.

This was a move of utterly breathtaking stupidity. The East bloc had become a tinderbox; Gorbachov was tottering on his throne; figures associated with the Ogarkov doctrine for winning an offensive war against the West were suddenly coming to new prominence in Moscow. Yet, at the precise time that the U.S. should have been beefing up its military forces, Bush chose instead to grant Moscow one of its principal objectives: the beginning of the end of U.S. military presence in Europe.

The administration’s justification for its move reflected the same deluded thinking behind its overall foreign policy: that global stability can be enforced if concessions are made to Moscow. As Defense Secretary Cheney put it Nov. 19, the likelihood of conflict between the United States and the Soviet Union is “at its lowest point since World War III,” and, while “you need to be concerned about possible reversal of trends in the Soviet Union,” yet “there’s a real sense that you want to take advantage of these developments.”

Two weeks later, Bush held his Malta summit with Gor-

bachov, the chief aim of which was to buy time for the beleaguered Soviet dictator. Although unable to offer any major economic giveaways—not that he didn’t want to; it was just that the American economic depression made it impossible—Bush proffered a host of arms control deals, which Gorbachov could take back home as proof that he was getting the better end of the bargain with the U.S. Among them, Bush committed himself to ensuring that a strategic arms limitation treaty, and a treaty to reduce conventional forces in Europe, would be negotiated, signed and enacted before the end of 1990.

This reckless behavior prompted much dismay, including among members of Bush’s own party. In an interview with *EIR* Dec. 6, Donald Rumsfeld, defense secretary in the Ford administration, attacked Bush for speeding up the conventional force reduction process. “The people of Eastern Europe don’t want any Soviet troops in their countries,” he said. “Why in the world would the U.S. rush to accelerate conventional force reductions when they will lead, at best, to a 50% cut in Soviet forces in Europe? This is tantamount to ratifying and legitimizing the remaining Soviet forces in Eastern Europe. If you think back to the old Brezhnev Doctrine, we are just about to accept it!”

The Malta summit was preceded by deep fears, especially in Europe, that the two superpowers intended to work out a new version of the Yalta accord, which had handed over Eastern Europe to Moscow’s domination.

Naturally, the Bush team vehemently denied such accusations, deploying various spokesmen to make repeated public assertions that there would be no “new Yalta” (White House spokesman Marlin Fitzwater), no “condominium” (Lawrence Eagleburger). Yet, there can be little question that at Malta, Bush assured Gorbachov that the U.S. would do all in its power to slow the pace of the revolutionary developments in Eastern Europe.

That hypothesis has since been borne out by the blatant hostility which the Bush administration has demonstrated toward the prospect of a reunified Germany. Kowtowing to Soviet opposition to a united Germany, the administration has sought openly to sabotage the reunification process, most recently by sending James Baker, first to Bonn to tell Helmut Kohl to stop promoting reunification, and then to Potsdam, to assure the Modrow government that the U.S. wants to keep it in power.

In accepting the Republican presidential nomination in August 1988, Bush set forth his vision of America “as a unique nation with a special role in the world.” This has been called the American Century, Bush went on, “because we were the dominant force for good in the world. We saved Europe, cured polio, went to the Moon, and lit the world with our culture. And now we’re on the verge of a new century, and what country’s name will it bear. I say it will be another American Century.” Bush’s first year in office has made a mockery of that promise.

Bush leads U.S. strategic retreat

by Leo F. Scanlon

After nearly a year of the Bush stewardship over the national defenses the United States is far advanced in a global strategic retreat from its military obligations in Europe and the Far East. The administration is preparing the first request for an absolute drop in defense spending in 10 years, and under the meticulous direction of the President himself, the “enemy image” of the Soviet empire has been dismantled, while the Department of Justice accelerates a legal witchhunt against the defense establishment itself. The scope of this transformation dwarfs, indeed, the much-touted perestroika reforms of Gorbachov.

The Bush actions have followed Henry Kissinger’s blueprint for the United States to reduce its global presence by 75% in military terms. The administration has carefully cultivated the image that this retreat is justified by similar dramatic changes on the part of the Soviet Union. The raw facts are that since 1983, Soviet tank production has soared from 2,600 annually to 3,500, while U.S. production dropped from 1,200 to 775. The Soviets still produce more than 5,000 armored vehicles per year, compared with 1,000 by the United States; 700 fighters and fighter-bombers a year, to 550 by the U.S.; 10 submarines to 5 by the U.S.; 9 surface warships to 3 by the U.S.; and just since Gorbachov rose to power, the Soviet Union has produced 450 intercontinental ballistic missiles, compared to 56 by the United States. In the last year alone, the Soviets increased the number of sea- and land-based nuclear warheads from 9,754 to 11,334.

SDI cuts stymie scientific research

The Bush administration set out with the intention of gutting the ability of the Strategic Defense Initiative to function as the driver of a doctrinal shift away from the Kissingerian concept of Mutually Assured Destruction. The budget cuts imposed on the program have secured that goal, and have had the collateral effect of slowing the application of the scientific breakthroughs created by SDI research (which have been remarkable, in spite of limited funding) to new generations of weapons systems. While administration apologists blame this crime on the Congress, this strategy has long been the open policy of Fred Iklé and his epigones among the Pentagon establishment.

In contrast, the Soviets have buttressed their robust arma-

ments production machine with a series of technological coups which have—according to open sources in the U.S. military press—trumped most state-of-the-art weapons systems in the Western armamentarium. These accomplishments include, but are not limited to:

- The fielding of T-80 main battle tanks equipped with multiple layers of reactive armor resistant to all existing NATO anti-tank weapons, and the development of a new variant of the T-80 bearing armor of an as-yet-unknown type.

- The deployment of an anti-radar missile effective against the full array of advanced air and surface radar-guided systems of the United States (the U.S. equivalent, the HARM missile, is only capable of targeting Soviet ground radars). These missiles also threaten the radar platforms that serve as the “eyes” of the latest generation of deep-attack weapons systems being deployed by NATO.

- The deployment and use of directed-energy weapons against NATO fighter aircraft at the Ramstein Air Base in West Germany and other locations; the blinding, by laser weapons (which defeated protective eye gear), of U.S. Air Force and Navy air crews in the Pacific, and the employment of such weapons in ground combat and air defense roles in Afghanistan.

- The demonstration of several techniques utilizing low-power lasers and space-based radar imaging (which have been ignored by Western research programs) which promise to “make the seas transparent” to Soviet anti-submarine warfare (ASW) efforts.

- Related instances of Akula-class submarines, now deploying in the Norwegian and Pacific waters, spoofing NATO and U.S. Navy ASW systems.

- The deployment of the first satellite-based laser weapon system—the long-awaited “Sputnik” of the SDI age.

The Bush administration has deliberately covered up all of this and more. The gag order was openly attacked at the 1989 convention of the Air Force Association, which passed a resolution calling for the release to the public of the truth about Soviet military capabilities.

In spite of the “big lie” policy of the White House, Gen. John L. Piotrowski, chief of the U.S. Space Command, told Congress last May, “We have yielded control of wartime space to the Soviets—a situation that does not serve our national security interests.” He has additionally warned that the existing space surveillance capabilities of the United States have “exploitable gaps in our surveillance coverage both in near Earth, and deep space.” This year’s tests of the Soviet space shuttle will greatly complicate this problem.

The Soviets, on the other hand, have been playing games with the “useful idiots” in the West—brazenly admitting that they had violated the ABM treaty by building the Krasnoyarsk phased array radar, and then announcing that they had made monkeys out of congressional “fact-finders” and arms control specialists who had been duped to believe that the facility was inoperable. Intelligence sources revealed in 1989

that the Soviets have powered up their integrated national ABM battle management radar system and are upgrading the Moscow network with a new generation of interceptor missiles.

Global retrenchment

These developments are complemented by a series of policy announcements and actions which outline an agenda of withdrawal from U.S. bases in Europe and Asia. The spearhead of this process is the arms control talks in Geneva. Information leaked to the press over the course of this year has underlined the disastrous consequences of the Intermediate Nuclear Forces (INF) treaty, which removed an entire class of U.S. weapons, and 21,000 troops from European soil. In addition to the fact that the Soviets have already been caught cheating on the terms of that treaty, the U.S. Congress has been told that there is *no way* to establish the precise number of nuclear warheads or delivery vehicles in Soviet hands, *and* that the Warsaw Pact has conducted new tests of ICBMs at ranges similar to the banned SS-20. In short, the Soviets succeeded in removing nuclear weapons capable of threatening their mobilization capability, while they have proceeded to upgrade their INF weapons systems.

The same scam is set to be repeated with the Strategic Arms Limitation (START) talks. The Soviet Union is aggressively modernizing its submarine- and bomber-launched strategic missiles, and is bringing online a replacement for its current generation of ICBMs, scheduled to be operational in the early 1990s. Uncounted numbers of undetectable mobile SS-24 and SS-25 missiles are already operational.

The Soviets are offering to "destroy" the weapons which these new systems will replace, if the U.S. will agree to pull back air, ground, and eventually naval platforms capable of delivering weapons on Soviet soil.

The Soviets have been emboldened by a variety of actions and statements from U.S. theater commanders which indicate that planning for that eventuality is in an advanced phase:

- The cancellation of the annual Reforger (Return of Forces to Germany) exercise serves as a powerful stimulus to Soviet hopes that the U.S. will soon be out of Europe, and the Pentagon has announced that the military base closings that occurred in the United States this year are scheduled to begin overseas as well. Contrary to the apologist propaganda, which claims that these moves are forced by budgetary pressures, the General Accounting Office has produced studies which show no savings from base closures, and the Pentagon issued a report which said that the \$19 million allocated to Reforger would be spent on other maneuvers. What is being reduced is the overseas U.S. presence.

- The House and the Senate killed funds for construction at Clark Air Base in the Philippines and Kunsan Air Force Base in South Korea, the only Asian base where United States nuclear weapons are stored. The cut killed Air Force plans to station F-15E strike aircraft at both places. Planned

reductions in aircraft carrier wings mean that there will be a net cutback in strategic presence in Asia, if the current course continues. Most damning was the leak of a Joint Chiefs of Staff report which discussed plans to pull U.S. troops out of Korea by 1995—a strategy endorsed by the commander of the U.S. forces in Korea.

- This overall strategy—which apes the schemes pursued by Kissinger for decades—is outlined in published reports prepared for the administration by National Security Adviser Brent Scowcroft.

DoJ restructuring defense industry

That this dramatic reorganization of U.S. priorities has occurred with so little protest is a reflection of the turmoil that has wracked the Pentagon this year. Richard Cheney is in effect the third secretary of defense to serve in the Bush administration. Frank Carlucci presented the last Reagan budget, which called for a net spending increase, to Congress in January. On Jan. 5, he announced the base closing plans, and on Jan. 6, U.S. Attorney Henry Hudson in Alexandria, Virginia returned the long-awaited "Ill Wind" indictments, marking a new phase in the witchhunt against the defense industry.

Carlucci left office soon thereafter, as John Tower moved in as secretary designate. Almost immediately, a rumor campaign, orchestrated by the White House and the FBI, targeted Tower and incapacitated his administration.

On Feb. 5, Scowcroft announced that he was planning to drop the SDI, giving the first glimpse of the real purpose of the "house-cleaning" going on at Defense.

On March 9, the Senate rejected the Tower nomination, and on March 10, George Bush sent a thank-you note to Paul Weyrich, the man who began the rumor-mongering against Tower—proving that the White House had orchestrated the entire episode. Cheney was nominated and approved in short order, and by March 28 he also announced that the SDI had been "oversold" by the Reagan administration.

On April 4, the first "Ill Wind" prosecution began. On April 25, Cheney presented plans for a \$10 billion budget cut, the prelude to the present request, which aims at defense reductions—not seen since the early years of the Carter administration.

Today, defense contractors are fleeing the Pentagon in droves, or are wasting resources defending themselves from an army of incompetent auditors who are aggressively demanding full law enforcement powers, including the right to carry firearms as they prowl through the corporate books, while the Justice Department has announced that \$400 million has been dedicated to expand prosecutions of defense contractors and military officers.

The Bush administration is presiding over an unprecedented assault on the U.S. military—from volunteers who are facing layoffs, to senior defense engineers who are facing jail terms.

Bush, Iran-Contra, and the LaRouche case: the striking parallels

“There are exact parallels between the unsuccessful efforts of Special Prosecutor Lawrence Walsh to obtain classified evidence needed for Iran-Contra criminal prosecutions from President George Bush and efforts to obtain also from the President classified exculpatory evidence needed for the defense in the case of Lyndon H. LaRouche, Jr.,” charged Warren Hamerman in a Fact Sheet issued on Dec. 13.

Hamerman, the chairman of the National Democratic Policy Committee (NDPC), pointed out that:

1) The substance of the classified material in each case is intelligence community activities in the alleged interest of “national security” taking place under the authority of Executive Orders including E.O. 12333.

2) Some of the very same individuals, such as Lt. Col. Oliver North, Gen. Richard Secord, and others, were either engaged in or knew about the intelligence community activities in the two cases.

3) Each of the requests was based upon the President’s executive authority to declassify national security information.

4) The requests and responses overlapped in time.

5) In each instance President Bush refused to exercise his constitutional authority and executive power, and instead deferred responsibility to the Department of Justice.

Excerpts from October 1989 correspondence between Iran-Contra Special Prosecutor Walsh and President Bush appeared in a story titled “Bush Rejected Plea on Iran-Contra Data, Walsh Says” printed in the *Washington Post* of Dec. 12, 1989. Below they are placed in chronological sequence against overlapping correspondence between Warren J. Hamerman and the President on requests that classified documents be released, because they contain material exculpatory to Lyndon H. LaRouche, Jr.

Oct. 11: Hamerman writes letter to President Bush “that it is within your constitutional power, legal obligation and duty as President, to declassify and cause to be released to the general public now all documents, material and evidence exculpatory to Mr. LaRouche and his associated movement” which were denied in court proceedings. The documents requested tracked intelligence agency activity constituting what the letter called “a private effort and ‘secret govern-

ment’ apparatus—like that which came to public light in the Iran-Contra affair.” The letter stated that among those engaged in these activities were Oliver North, Oliver “Buck” Revell, James Nolan, Henry Kissinger et al. “Under the Reagan administration’s Executive Orders 12333, 12334, and other specific related orders, agencies of the government launched counterintelligence investigations and repressive covert operations against LaRouche and his associates which were aimed at ‘neutralizing’ his political influence abroad and domestically.”

Oct. 19: Lawrence E. Walsh writes to President Bush requesting that he intervene to prevent the creation of “an enclave of high public officers free from the rule of law.” Only the President can force U.S. intelligence agencies to release classified information needed for Iran-Contra criminal prosecutions. “To leave these decisions solely to the unreviewed judgment of agencies concerned with intelligence issues runs a very real risk of emasculation of the rule of law which the Independent Counsel was appointed to further.”

Oct. 20: In a second letter to Bush, Hamerman requests that he “invoke his powers under Executive Order 12356 to declassify and release all material on Lyndon LaRouche” in the possession of the White House, NSC, FBI, CIA, State Department, Department of Justice, the President’s Foreign Intelligence Advisory Board and other government agencies or inter-agency government task forces. Appended to the letter is a list of 15 national security “topics” which were acknowledged by the government to exist but were not declassified.

Oct. 25: White House Counsel C. Boyden Gray writes to Walsh that Bush is “fully confident” that the administration’s procedures for handling Iran-Contra cases are adequate. Gray writes that any concerns Walsh has should be directed to Attorney General Dick Thornburgh, who “continues to stand ready to meet with you.”

Oct. 30: C. Boyden Gray’s assistant, Brent O. Hatch, writes to Hamerman on the LaRouche documents request saying: “The Department of Justice has been handling this matter and is aware of the concerns you have raised. We are confident that this matter has been appropriately handled.”

Oct. 31: On the Iran-Contra matter Walsh writes back

that “only the President,” not Thornburgh, can “adjust the attitudes of the intelligence agencies.”

Background on the LaRouche file

In the Boston trial of Lyndon LaRouche, the government had denied the existence of such “national security” documents. In the summer of 1987 the defense made a Motion to Dismiss based on “outrageous prosecutorial conduct.” The motion argued that the government under the alleged authority of Executive Order 12333 had targeted LaRouche for intelligence community covert activities. LaRouche also made specific requests for exculpatory evidence concerning the documents which tracked the activities described in the Motion to Dismiss. Boston trial Judge Robert Keeton denied LaRouche’s motions on the grounds that there was no evidence to support the claim. The government never responded to the LaRouche discovery requests, until after the case had ended in mistrial.

Prior to the LaRouche motions, in February 1987 one of the defense attorneys had submitted Motions to Dismiss for Vindictive Prosecution and for Destruction of Documents. The government’s response to the earlier motion stated:

“The defendants now assert, without the slightest factual support, that this prosecution resulted from a covert program targeting political rivals of the government for infiltration and political destabilization. However gratifying this Orwellian fantasy may be, it is a bald assertion. . . .”

On Aug. 10, 1988, in a Memorandum and Order, Judge Keeton found that, around the questions of production of evidence involving intelligence agency areas, the government had engaged in “institutional and systemic prosecutorial misconduct.” Keeton’s order concerned an evidentiary hearing concerning intelligence community operative Ryan Quade Emerson, which in fact had led the case to mistrial.

In LaRouche’s Alexandria trial the government, backed by trial Judge Albert Bryan, blocked all defense requests for “national security” exculpatory evidence under Executive Order 12333 and other related intelligence agency activation.

In July 1989, after LaRouche was imprisoned in Rochester, Minnesota, FBI agent David Lieberman submitted an affidavit admitting the existence of a “file” on LaRouche, under Executive Order 12333, in a lawsuit by an associate of LaRouche under the Freedom of Information Act (FOIA).

After Hamerman had sent his two letters to President Bush, on Nov. 7, Vernon Thornton, the acting section chief for Records Section at FBI Headquarters in Washington, submitted an affidavit in the same FOIA case saying that he had reviewed the documents in the file acknowledged by Lieberman and determined that they could not be released because the file was a “national security repository.” Thornton had previously been the supervisor of the domestic security-terrorism section of the Criminal Investigation Division at FBI Headquarters.

Warren Hamerman charged that “George Bush’s failure

to respond to either the Walsh or Hamerman requests is particularly troubling because of his longstanding deep personal ties to the intelligence community and the widespread allegations of his direct involvement in both the Iran-Contra and LaRouche-railroad affairs. The President’s failure to use his authority to declassify exculpatory evidence in the LaRouche case, makes him personally responsible for the fact that the political leader sits in prison serving what amounts to a ‘death sentence.’ As President, he is today still constitutionally and legally empowered to declassify the material in these two files, and must be made to do so by all legal means available in the interest of justice and our national interest.”

Documentation

From Walsh’s report to the U.S. Congress

On Dec. 11, Iran-Contra Independent Counsel Lawrence E. Walsh issued a 61-page “Second Interim Report to Congress” which takes on President George Bush, Attorney General Richard Thornburgh, and the heads of the intelligence agencies for sabotaging justice in the Iran-Contra trials, and running a coverup of violations of the law and the Constitution. Attached as an appendix to Walsh’s report are copies of his entire correspondence with President Bush and Department of Justice officials.

In his report, Walsh states that he would have preferred to take his concerns up directly with President Bush. However, says Walsh, given the President’s refusal to meet with him or give him a direct channel of communication, and given Attorney General Thornburgh’s flouting of “the rule of law,” he has no choice but to “report to Congress and invite its consideration.”

Walsh’s report contains a full review of the Bush administration’s conduct on national security information disclosure in three Iran-Contra cases—the North trial, the Secord case, and the Fernandez case. Walsh’s report focuses on the specifics of Bush administration misconduct under CIPA, the Classified Information Procedures Act. In both of LaRouche’s trials in Boston and Alexandria, the defense filed major CIPA motions to try and mount a defense on the areas of governmental financial and intelligence agency warfare against LaRouche carried out under the pretext of “national security cover.” Many of the material and technical details of the LaRouche CIPA motions parallel the direct issues in the Iran-Contra trials.

Below are excerpts from Walsh’s document to Congress.

1. On the Bush administration's accountability to law.

This second interim report of the Independent Counsel for the Iran/Contra matter addresses the problems of prosecuting public officials involved in national security activities. It is prompted by the Nov. 24, 1989, dismissal of all charges against Joseph Fernandez, the former CIA chief of station in Costa Rica, which resulted from the Attorney General's refusal to allow the disclosure of certain classified information. It is our concern that the Attorney General, in causing the dismissal of a significant Iran/Contra prosecution, undervalued the principle that all persons are accountable to the law. (p. 1)

In his affidavit, the Director of Central Intelligence undertakes to explain why public disclosure of this classified information *could* cause serious damage to this country's national security. He makes clear that his views are those of the Bush administration reached at meetings of agencies on July 21, 1989, and November 9, 1989. . . . (p. 43)

These officials do not address the principle that intelligence activities be conducted within the law or, at least, that important CIA officers not obstruct lawful investigations when their conduct is called into question. (p. 47)

2. On presidential impeachment or treason trial to protect the rule of law.

Independent Counsel would not request relief from Congress simply to gain an advantage in a single case or even all of the cases remaining for his prosecution. The concern which prompts this report is that the generalized views and policies by the intelligence community and the Attorney General could jeopardize any prosecution of other government officers heavily involved with classified information. The agencies' actions have created an unacceptable enclave that is free from the rule of law. Even during the violence of feudal times, the scholars and jurists of English law refined the concept that no person was above the law or beyond its reach. In the thirteenth century, Bracton, a Justice of the King's Bench and one of the first great commentators on English law, said, "The King is beneath no man, but beneath God and the law, because the law maketh the king." The Lord Chief Justice of England defied King James I by reminding him of this principle. King Charles I was beheaded for ignoring it. The Declaration of Independence recites as a grievance against King George III that he withdrew from the colonists their rights to English law. John Adams, one of the drafters of the Declaration of Independence, incorporated in the Constitution of the Commonwealth of Massachusetts the concluding objective "to the end that it may be a government of laws instead of men." Since then, two Presidents have been subject to impeachment proceedings and one vice-president has been tried for treason. Somehow, it mocks this history to suggest that the CIA former chief of station for Costa Rica may not be tried for giving false statements and obstructing justice. (pp. 53-54)

3. Institutional deniability is not absolute.

[T]he *Fernandez* prosecution is the clearest example of what can occur when this cooperative process is impaired by institutional self-interest. Disregarding a possible conflict of interest, the Attorney General relied exclusively upon the views of the intelligence community to end a prosecution within the legitimate authority of an independent counsel, which threatened to expose others engaged in CIA activities. The affidavit of the Attorney General and the supporting affidavits from the intelligence agencies attempt to ritualize a one-sided view of a profound conflict between national security and law enforcement. They are no more than a rationalization for the abstract concept of deniability, without any recognition that the concept cannot be absolute—that at some point, for some desirable objective, it could be sacrificed. (pp. 37-38)

The affidavit filed by the Attorney General in *Fernandez* states that he accepts Independent Counsel's judgment as to the importance of the prosecution. Yet, neither the Attorney General's affidavit nor those of the intelligence agencies take account of the predicted exposure of defendant's superiors in the CIA. This report questions the balance struck by the Attorney General in the *Fernandez* case. It is our belief that the so-called secrets involved in *Fernandez* would have been sacrificed for some other administration objective—military, diplomatic or political. . . . (pp. 2-3)

4. Only the truth can restore credibility.

The Attorney General also concludes that acknowledgment of these known facts would "undermine this nation's credibility throughout the world." From this possible loss of credibility the Attorney General then predicts other dire consequences, including an adverse impact upon the Central American regional peace initiative. Notwithstanding Iran/Contra, can this credibility be restored by the non-acknowledgment of publicly known information? We suggest that any injury to this country's credibility flows from support of illegal activities by former CIA officials, and not from their investigation and prosecution. (p. 42)

5. Implications beyond the Iran/Contra cases.

The concerns raised by the affidavits of the Attorney General and the intelligence agency heads go far beyond the *Fernandez* case. These assessments of risk to national security are so generalized that they may be applied to the trials of other intelligence officers. So profound an exception to the rule of law deserves more thoughtful consideration than any of the affidavits disclose. Anglo-American law places its faith in proof of facts, and not in speculation. For centuries it has perfected the adversary process in which conclusions are measured against their supporting facts, and in which those expressing conclusions are subject to challenge and are expected to support them with something other than speculation. (p. 48)

Kissinger power bid running into trouble

by Scott Thompson

There is a Chinese proverb that ought to have been inscribed over the entrance to the global influence-peddling firm of Kissinger Associates, Inc. in 1989: "Unhappiness is getting what you wish." The year began on an auspicious note for Henry Kissinger, when President George Bush picked the firm's vice chairman, Brent Scowcroft, to be his presidential adviser for national security, and the firm's president, Larry Eagleburger, to be deputy secretary of state, causing Gary Wills to write in the Jan. 17 *New York Times*, "The Unsinkable Kissinger Bobs Back."

With Kissinger still on the President's Foreign Intelligence Advisory Board (PFIAB) and his two minions, whom William Safire dubbed the "Scowgleburger duo," in top posts, it now appeared that Henry would be setting the "secret agenda" of the Bush administration. But as Henry's wish came true and "creeping Kissingerism" took over President Bush's policies toward the Soviet Union, Eastern Europe, China, Syria, and Lebanon, there was a breakdown in the consensus within the establishment for a global condominium among the United States, U.S.S.R., and Red China, beginning with the Tiananmen Square massacre in June. That meant Henry's "unsinkable" raft was punctured, and at this moment the sharks are circling him in the water.

The first blood was drawn in February during Eagleburger's confirmation hearings before the Senate Foreign Relations Committee, when a bipartisan coalition of senators sought to pry from him the secret client list of Kissinger Associates, Inc., to discover possible conflicts of interest. As *EIR* then warned, the conflicts were so vast—ranging from East-West trade, to the Middle East, to Third World debt, to drug-trafficking from the "Golden Triangle" region of Asia—that Eagleburger would find himself compromised, if his only appointment had been U.S. consul to the Galapagos Islands.

A spate of articles, such as an April 30 front-page piece by Jeff Gerth in the *New York Times* ("Kissinger and Friends and Revolving Doors") and a Sept. 15 front-page article by John Fialka in the *Wall Street Journal* ("Mr. Kissinger Has Opinions on China—And Business Ties"), have driven these conflicts home, causing Kissinger to whine that he is being "dragged through the mud" by critics who seek to "blacken his reputation."

Kissinger's secret agenda

Kissinger began the year as the chief spokesman of the U.S. Establishment on East-West policy, through his role at the Council on Foreign Relations and Trilateral Commission, at a time when Mikhail Gorbachov seemed to promise a superpower condominium, patterned upon the 1815 Congress of Vienna of Kissinger's idol Prince Metternich. After a January trip by Kissinger and a Trilateral Commission delegation which reported back to President Bush, helping shape Bush's "cautious" reevaluation of East-West policy, Kissinger admitted that the Judeo-Christian concept of morality was excluded from his Metternichean "balance of power" doctrine.

This was nowhere more clear than in the way that Kissinger, working through his post at PFIAB and his two minions at Bush's court, shaped U.S. policy for the profit of his powerful client list.

This same crass greed was seen behind Kissinger's policy toward Eastern Europe. Through the March trip of David Rockefeller, who is chairman of the Chase Manhattan international advisory board employing Kissinger as his deputy, and through Kissinger's Trilateral Commission study group, Henry helped shape the administration's miserly aid package to Poland, throwing Poland to the wolf of International Monetary Fund austerity so that debt repayments to banks like Chase Manhattan would be prioritized.

Kissinger also shaped how President Bush has played the "Syria card" in Lebanon. On April 11, while Soviet-backed Syrian boss Hafez al-Assad was sending troops to crush Lebanese Christians and to save the narco-terrorists in the Bekaa Valley from Gen. Michel Aoun's drive for national sovereignty, Kissinger appeared at a Trilateral Commission press conference in Paris to say he "kind of likes" Assad. "God may punish me for it," said Kissinger of his immoral policy.

A river of blood also came to separate Kissinger from humanity, when, after tanks crushed the "Goddess of Democracy" in Tiananmen Square, Kissinger publicly championed Deng Xiaoping as a "great reformer" and the students as a "chaotic element," whom any government would have been justified to crush. Kissinger mobilized all his resources to restore "normal" relations, planning a chain of visits: first in October by President Nixon, honorary chairman of Kissinger's American-China Society; then in November by Kissinger himself; and next in December by the "Scowgleburger" duo.

In 1989, Kissinger got his wish by having the Bush administration kowtow to Deng, profiting clients—including Chase Manhattan, American Express, the American International Group, Midland Bank PLC—which have billions of dollars at risk in Beijing investments. In 1990, as Congress and journalists discover how he may thereby be in violation of U.S.C. Title 18, Sec. 208 over his conflicts, Kissinger may reap a whirlwind.

Drug legalizers maintain offensive

The close of the first year of the Bush administration finds the war on drugs, the top domestic priority, in a confused and disoriented state. Prominent government figures, such as former Secretary of State George Shultz, Federal Judge Robert Sweet, and Rep. George Crockett (D-Mich.), broke ranks and joined the campaign for drug legalization, while the anti-drug programs of the administration remain in the planning stage or underfunded. Although the role of the military is still being defined, the most important anti-drug action of the year was the small but critical assistance provided to the Colombian government in its courageous defense against an attempted coup by the drug cartels.

The major achievement of the administration has been the creation of an augmented Office of National Drug Control Policy, under the direction of William Bennett. Bennett has confronted his opponents—the skeptics and the turncoats—with an articulate defense of his policies, but there is as yet no integrated national strategy to suppress the drug insurgency. On balance, it is the insurgents and their advance guard in the U.S. establishment who maintain the offensive.

The problem confronting Bennett was summed up by Gen. Frederick Woerner, retired chief of the U.S. Southern Command, who commented that relative to the threat posed by the drug insurgency, “we have no trade policy, we have no commerce policy, and I fear that in the absence of a total crisis, we are unable to develop a coherent strategy.” The resistance to an integrated approach to the drug war was illustrated by the administration’s shameless refusal to grant a minimal subsidy to the Colombian coffee price, thereby undermining the vitality of a nation fighting for its very survival.

The drug legalizers

The political reality of the drug issue is that 70% of the American population considers drugs to be the number-one problem facing the nation, and rate it more important than the next four problems combined. Despite this popular majority, the efforts of the administration to launch its campaign have bogged down.

At the forefront of the sabotage of anti-drug efforts is the Drug Policy Foundation, which overshadowed the administration’s efforts with an international campaign for drug le-

galization. The foundation’s board includes prominent press figures such as the editor of the London *Economist*, who responded to the Bennett anti-drug program with an international press barrage demanding drug legalization. Featured spokesmen for the surrender proposal include Milton Friedman and the gaggle of Carter administration officials who oversaw the creation of the current drug epidemic.

The European contingent of the surrender lobby, the International Anti-Prohibition League, initiated a parallel drive to expand the Dutch model of drug legalization throughout Europe.

The biggest blow to Bennett’s efforts was delivered by former Secretary of State George Shultz, who publicly endorsed the drug legalization proposals and the work of the Drug Policy Foundation. Bennett commented that opposition to anti-drug efforts within the State Department had not been limited to Shultz during the Reagan years, and lashed out at the “morally scandalous” behavior of the legalizers.

The drug legalizers are proceeding methodically, building support for politicians who endorse their cause and surfacing more of their prominent supporters within the government. Federal Judge Robert Sweet added his name to their ranks one day after Bennett launched his counterattack, and more such developments are predicted.

Military role undefined

A growing number of military specialists are now convinced that international anti-drug efforts must focus on the phenomenon of narco-terrorism, but the political basis for undertaking such a campaign is in a shambles. This is in part due to the Pentagon bureaucracy, which called in the Rand Corp. to produce a study showing that interdiction efforts—for which the military is uniquely equipped—are “cost-inefficient.” Despite this, plans are now being finalized to coordinate military and National Guard training with the anti-drug work of local law enforcement agencies, a practice which has quietly been going on for many years.

The more serious problem has come from the Department of Justice Office of Legal Affairs, which has produced a series of “opinions” stating that U.S. intelligence agencies and the military have the authority to arrest, kidnap, and assassinate foreign nationals on foreign soil. In addition to being completely unconstitutional and a violation of international law, the DoJ’s actions have been calculated to chill and destroy any possible collaboration between U.S. and Ibero-American governments. Finally, the Bush administration has chosen to ignore non-Ibero-American narco-terrorists—the Syrians and Communist Chinese most prominently. Thus the military is facing the task of fighting narco-terrorists without being able to target the sanctuaries of the enemy.

The ultimate millstone dragging down the anti-drug effort is the international scandal surrounding the Bush administration’s imprisonment of Lyndon LaRouche, the man who conceived the plan for a war on drugs in the first place.

Matamoros murders: a satanic paradigm

by Carol White

The discovery in Matamoros, Mexico on April 11 of a dozen hideously mutilated victims of a Satanic cult murder was as shocking and noteworthy an event, as the Manson Family killings had been 20 years earlier. Mark Kilroy, a Texas college student who had crossed the Mexican border to party with his friends, was kidnaped by a group of individuals who were subsequently identified as large-scale drug traffickers, and who as well were practicing Satanists. The kind of abuse to which Kilroy was subjected before and after he was killed, was so evil that it compelled attention, even from those who wished to deprecate the significance of the growing wave of Satanism among young people. It was a grim warning of where the unchecked growth of Satanism is leading.

The elements of the case, as it unfolded, included ritual cannibalism and sex magic, practiced on both sides of the border. Not only were hardened criminals involved, but also young people studying at a Texas border college. Victims of the gang ranged from drug enforcement agents, to recalcitrant gang members, to students such as Kilroy, and apparently to very young children as well. The "entertainment industry" in Mexico City was brought into the investigation; homosexual blackmail was intimated; and there were anthropologists in the background who had been—at the least—promoting the *study* of "primitivism."

No isolated instance

The importance of the Matamoros story is that it was not an isolated instance of a brutal ritual murder, horrible but unique. To the contrary: Many features of the torture, killing, and desecration of the body of Mark Kilroy are an established feature of rituals being practiced today, throughout the United States and in Western Europe as well.

Many of the young people who kill themselves "for Satan" in the United States have done so because they wish to escape the horrible practices of the Satanic grouping with

which they are involved, but have been threatened with murderous retribution should they try to leave the cult. Even the youngest children brought into Satanic rituals report that they have been told that their parents will be killed should they reveal what has occurred. Grave-robbing has been widely reported throughout the United States, and the desecration of corpses involves cannibalism in many instances.

Such rituals involve criminal activity—the torture of animals, grave robbing, kidnaping of human victims, or worse. Most such rituals are tolerable to even the most hardened participants, only if they are under the influence of drugs. In some instances, drugs are administered to initiates without their being aware of it, for example, disguised by incense. Many participants in the so-called "white" witchcraft groups are subject to various forms of soft brainwashing, including the administration of psychedelic drugs, while they are being screened for possible recruitment to hard-core Satanic cults. Acoustic effects are also key in such attempts at mind control.

The Satanists are therefore brought directly into contact with criminal networks, which supply them with drugs and, in some instances, human body parts, and for protection against the law. Conversely, satanist groups can support their activities by providing services for organized crime. Ritual sex magic, including at times the murder of the sacrificial victim, and the sexual abuse of very young children, becomes the subject of high-priced pornographic films which are marketed internationally.

In many documented instances, apparently reputable members of a community secretly participate in such rituals. When they are filmed, this opens them to blackmail as well. There is also an overlap between homosexual prostitution rings and Satanists, particularly where pederasty is involved, although a distinction can be made between pedophilia and the *ritual* abuse of children.

Recruitment to Satanism then tends to become recruitment to organized crime as well. There are also indications that some Satanic cults have been integrated into a Murder, Inc.-type of apparatus: Sacrificial victims are chosen for them by mafia controllers or, in some instances, professional killers are integrated into their rituals in order to accomplish certain purposes. This appears to have been the case in the Son of Sam murders, which occurred in New York City in 1979.

William Mentzer, who is currently on trial in California for murder, has been implicated in the Son of Sam murders by investigative journalist Maury Terry, in his book *The Ultimate Evil*. Mentzer was a security guard for *Hustler* magazine publisher Larry Flynt. The murder in question involved the investment by cocaine traffickers in the film *Cotton Club*, produced by Robert Evans, who was apparently able to balance a close friendship with Henry Kissinger with his acquaintance with drug traffickers and occultists.

Satanism is inextricably connected with the trade in pornography and the trafficking of drugs. It is penetrating the

State legislatures move to ban satanic activity

State legislatures responding to pressure from outraged and terrified constituencies are beginning to develop legislation aimed at outlawing Satanic ritual activity and affording some measure of protection to children and other victims. The reality of a growing epidemic of Satanic cult activity became a matter of national concern with the publicity surrounding the April 1989 discovery of ritual slayings in Matamoros, Mexico.

However, even prior to this exposé, organizers associated with the Commission to Investigate Human Rights Violations, the Schiller Institute, and the National Democratic Policy Committee (NDPC—the political action committee of the LaRouche wing of the Democratic Party) were organizing to outlaw Satanism. In discussing the problem with people around the United States, members of these organizations have been deluged with stories of kidnappings, murders, mutilations, and suicides, many of them involving children.

To help in the fight against Satanism, the Commission to Investigate Human Rights Violations sponsored a tour of internationally noted anti-Satanism expert Dianne Core, the founder of England's Childwatch group, who spoke to hundreds of people in six states during a 10-day period in March 1989. Thousands more heard Mrs. Core's presentation through a widely circulated videotape. Over 150,000 copies of a pamphlet, "Is Satan In Your Schoolyard?" were distributed by activists.

In this context, state legislators began to move on the issue. In Louisiana, a bill passed unanimously by both houses of the legislature became the first anti-Satanic legislation in the country. The bill amends the state criminal code, making it a felony to commit certain "deviant ritualistic acts including mutilation, dismemberment or torture

of animals or humans, and drinking of blood or wastes as part of a ceremony, rite or practice." Those found guilty may be sentenced to up to five years imprisonment, fined up to \$5,000, or both. The bill also makes a murder committed during a ritual, a capital crime. The Louisiana bill was sponsored by Rep. James David Cain (D-Dry Creek) and 10 other lawmakers from both parties. It also had strong bipartisan support in the Senate.

The legislation was initiated in a grassroots organizing drive which mobilized ministers, law enforcement officials, and other concerned citizens. The effort was headed by Democratic Party activist and NDPC leader Fred Huenefeld of Monroe, who marshalled broad-based statewide support.

Significant legislation was also passed in Illinois, where in June two bills sponsored by Rep. Robert Regan of Crete passed the legislature. Representative Regan received 1,000 petition signatures from citizens demanding legislation to outlaw Satanic activity. The two bills passed by the Illinois legislature would increase the penalties for crimes that are performed in the context of ritualistic activity. Regan said that he drafted his legislation after sponsoring forums on the problem with hundreds of law enforcement officials throughout Illinois; many of these officials testified on behalf of the legislation. While the bills passed the state legislature in June, they were not signed into law by Gov. Jim Thompson until September. Thompson was known to be influenced by opposition to the legislation from the Anti-Defamation League, and signed only after a concerted grassroots effort demanded his action.

The Texas legislature also amended state law to increase penalties for crimes committed in a ritualistic setting, but tabled more far-reaching legislation, as did the legislatures in the states of Pennsylvania and Washington.

With Satanic practices running essentially unchecked, it is to be expected that more hideous episodes like the Matamoros killings will force more state legislatures into action in 1990.

home and the schoolyard, seizing young children to witness and participate in hideous crimes.

The murder of Mark Kilroy inspired action in the United States by parents, Christian groups, and other concerned citizens, including the National Democratic Policy Committee—the LaRouche wing of the Democratic Party—to pass anti-Satanic legislation. This removes the cover of First Amendment protection from the hideous practices of Satanists.

But on the highest levels, a coverup continues. Kenneth Lanning, the FBI's expert on ritual abuse, has used the weight

of his position to systematically oppose such efforts against satanism. He has been seconded in this by the Wiccan church and the Anti-Defamation League of B'nai B'rith.

One article by Lanning, published in police journals, has also been circulated by the United Wiccan Church. The article is entitled "Satanic, Occult, Ritualistic Crime: A Law Enforcement Perspective." In it Lanning says: "This article was completed after the killings in Matamoros, Mexico, became known in April 1989. There is nothing known to the author about this case which changes the opinions and recommendations set forth in this article."

'Railroad' of LaRouche and his movement gains worldwide infamy

On Oct. 25, 1989, federal bankruptcy Judge Martin V.B. Bostetter dismissed the bankruptcy actions brought by the federal government against three entities run by associates of Lyndon LaRouche—Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation. Judge Bostetter found that the government committed a “constructive fraud on the Court,” and had acted in “bad faith” in bringing the action.

The ruling in the forced bankruptcies handed the first major legal defeat to the federal government’s unconstitutional “Get LaRouche” task force, set up to destroy the political movement led by former presidential candidate LaRouche. In the 664-page book published last summer on the LaRouche legal persecutions, aptly entitled *Railroad!* those involuntary bankruptcies had been dubbed “the first stop on Judge Bryan’s railroad.”

Meanwhile, Lyndon LaRouche is in a federal prison, serving a 15-year term which amounts to a life sentence for the 67-year-old philosopher and economist. It nearly became a death sentence in the fall of 1989 when a series of Bureau of Prison’s actions deliberately endangered his life—measures which were temporarily halted in the face of a worldwide outcry directed at President George Bush. Six of his political associates were also in federal prison, since the seven were sentenced on Jan. 27 by Alexandria, Virginia federal Judge Albert V. Bryan (see page 86); one of them, Joyce Rubinstein, had been cruelly abused during her transfer to a federal prison on Feb. 15.

During August 1989, In Ogle County, Illinois, prosecutor Dennis Schumacher rammed indictments of three political associates of LaRouche through a grand jury in charging that the three were guilty of “burglary, theft, robbery, and intimidation.” Unlike the pre-1989 cases, which had all pivoted on unpaid political loans, the Illinois action targeted contributions and sales of a distribution company of political literature, the Midwest Circulation Company—proving that the “Get LaRouche” task force was not really interested in stopping fraud, as it claimed—only in cutting off the funds to political critics.

Also in 1989, the U.S. Supreme Court allowed an “eco-

nomic death sentence” of multimillion-dollar contempt fines stemming from the Boston case (which tended to expose government misconduct, and was dropped in March), to stand against the National Democratic Policy Committee, the political action committee co-founded by LaRouche.

LaRouche’s treatment

LaRouche, the nation’s most celebrated political prisoner, was convicted on Dec. 16, 1988, of 13 counts of conspiracy—vague charges typical of those used to target political opponents. His trial had been rushed to conclusion in less than two months, in a venue where the media had been whipping up hostility to LaRouche for over five years. Also, as documented in *Railroad!* the judge had run the entire proceeding in such a way as to deny all possibility of defense to the accused.

On Jan. 27, when Judge Bryan sentenced him to 15 years imprisonment, he refused to recommend that LaRouche be sent to a level-one prison facility; refused to authorize self-surrender; denied bail pending appeal; and ordered LaRouche immediately imprisoned.

On March 14, LaRouche charged on a Washington, D.C. radio station that Alexandria jury foreman Buster Horton was a member of the secret government “Get LaRouche” task force. The tainted jury was a key issue in the main appeal in the case, filed on May 25, by attorneys Ramsey Clark (the former U.S. Attorney General) and Odin Anderson in Richmond, Virginia with the U.S. Court of Appeals for the Fourth Circuit, and argued there on Oct. 6.

While the ruling on that appeal is still awaited, other kinds of appeals were denied between April and June, up to the Supreme Court level. These included a motion for bond pending appeal and a petition for a writ of *habeas corpus*, requesting the immediate release of the Alexandria Seven on the grounds that the government had unlawfully assaulted the LaRouche movement with multiple political prosecutions over more than a decade.

In June, the news that a LaRouche prosecutor in both the Boston and Alexandria cases, Assistant U.S. Attorney John Markham, was linked to the Satanic “Process Church,” be-

gan to circulate in millions of leaflets.

On Sept. 11-15, at the federal penitentiary in Rochester, Minnesota LaRouche was subjected to treatment for removal of two intestinal polyps, including being put on a full work routine while on a liquid diet for two days prior to the operation, and being recalled to work 10 hours after the operation, which medical experts described as torture, and a likely attempt to kill him.

Virginia 'LaRouche' cases

Sixteen individuals and five corporations face trial in the Commonwealth of Virginia, on charges that the political loans they raised were "securities." Two went to trial in 1989.

Rochelle Joyce Ascher was indicted on Feb. 17, 1987 on charges that she had failed to register as a "securities broker" when taking loans, and for alleged fraud in sale of securities, even though the Virginia State Corporation Counsel never ruled that corporate IOUs were securities until three months later.

On Jan. 23, her trial began in Loudoun County, Virginia under Circuit Court Judge Carleton Penn III, who denied all

defense motions for a change of venue, despite inflammatory local publicity against LaRouche. On April 5, the jury convicted Ascher on all nine counts and sentenced her to 86 years in prison. On June 5, Judge Penn denied all post-trial motions including motion for a new trial; modified Ascher's sentence to 20 years in prison, with 10 of those years suspended; and required that Ascher pay 10% of her gross salary in "restitution" and for court costs, despite the fact that the loans taken were corporate loans and the federal government had put the corporate lenders into involuntary bankruptcy. Penn denied bail and sent Ascher to jail. On June 8, Virginia Court of Appeals ordered Ascher freed on bond during her appeal, ruling that Penn had "abused his discretion" in denying bail.

Michael Billington's case, tried in Roanoke County, became even more of a Kafkaesque nightmare. On Sept. 14, Roanoke County Circuit Judge Clifford Weckstein denied motion for dismissal on grounds of double jeopardy, that the case is the same as Alexandria federal prosecution. Billington was moved from a lowest-level federal security facility and was placed, without explanation, in Roanoke County prison in solitary confinement.

U.S. continues plunge to police state

by Edward Spannaus

During 1989, the United States continued its drive for police-state rule, with judges and prosecutors gaining more and more power to interfere with the political process and to trample on the rights of citizens.

The sentencings of former presidential candidate Lyndon LaRouche to 15 years in prison, evangelist Jim Bakker to 45 years, and LaRouche associate Michael Billington to 77 years, are but the most egregious examples of the politically motivated abuse of the law enforcement system. On the broad scale, federal and state prisons overflowed with new prisoners at record rates; with well over 600,000 prisoners, the United States has one of the highest rates of incarceration in the world—with no visible effect on the crime rate.

The trend toward overreaching federal police power is not new, dating as it does from the 1930s (see "Is the Justice Department unconstitutional?"—*EIR* Vol. 16, No. 41, Oct. 13, 1989—for a historical review of the rise of federal police power). But its raw exercise of power—often for political

purposes—has become consolidated in recent years in a frightening fashion.

During 1989, this consolidation was reflected in the following events:

- The Supreme Court stood by and permitted the application of federal racketeering (RICO) laws against all manner of non-racketeers, from legitimate businesses to anti-abortion protesters.

- The impact of the new federal mandatory sentencing laws began to be fully felt, enormously increasing the power of prosecutors to coerce guilty pleas and fill up already-overcrowded prisons.

- The Supreme Court expanded the reach of the death penalty, with respect to minors and mentally handicapped defendants.

- The Justice Department continued to decimate the defense industry with scores of guilty pleas and convictions.

- In the "Irangate" prosecutions, the Independent Counsel obtained a conviction of the wrong guy (Ollie North), but when he threatened to get too close to the right guys (Reagan, Bush, and the intelligence agencies), the Justice Department succeeded in stonewalling another case right out of court.

RICO runs wild

The year 1989 saw unparalleled expansion of the application of the federal Racketeer Influenced and Corrupt Organization (RICO) Act. A law which many innocently thought was intended to be applied to gangsters taking over legitimate businesses, was applied to all kinds of business activity and even to protest groups. Civil suits against businesses which formerly would have been treated as garden-variety fraud suits frequently included a RICO count, both for the shock

On Sept. 15-16, the sheriff withdrew visitation rights to two paralegals who have worked on the case for two and a half years. Billington was not allowed to call anyone, including his wife, except his lawyer. On Sept. 18, both the prosecutor and Billington's own attorney Brian Gettings tried to get him declared mentally incompetent for Billington's insistence on his right to a trial by jury. The defendant underwent psychiatric examination—and was declared sane—while Gettings's motion to withdraw as his lawyer was denied.

On Sept. 25, Billington filed an emergency *pro se* motion to dismiss Brian Gettings as his attorney; it was denied. On Sept. 28, Judge Weckstein ordered the trial to begin on nine counts of selling unregistered securities, failure to register as a securities broker-dealer, and securities fraud, for \$56,590 in unrepaid loans to political supporters of LaRouche. Gettings was ordered to represent Billington over Billington's repeated and strong objections. On Oct. 24, the guilty verdict was handed down, and the jury recommended 77 years' imprisonment.

On Dec. 1, he was sentenced to 77 years in the Virginia penitentiary by Judge Weckstein, and denied bail. **On Dec.**

16, Billington spent his 100th day in solitary confinement in a 9 by 12-foot windowless cell. For no apparent reason, he had still not been returned to federal custody.

New York 'LaRouche' case

On April 10, trial began before New York Supreme Court Justice Stephen G. Crane on charges that defendants had schemed to defraud by raising loans from political supporters for three LaRouche-associated publishing and distribution companies, Campaigner Publications, Caucus Distributors, and New Benjamin Franklin House, loans which the prosecution claimed they never intended to repay. Each of the four defendants was charged with two counts: conspiracy and scheme to defraud. The federal government's petition to force Campaigner and Caucus into bankruptcy made it impossible for those companies to repay *any* loans after April 1987, but the prosecution called that argument merely "another cheap alibi." Although the case yielded the first acquittals (see page 86), three of the four were convicted. They have filed a motion for a new trial, citing the Bostetter bankruptcy ruling.

value and for the triple damages provided by the RICO act.

In June, the Supreme Court ruled that the "pattern of racketeering activity" proscribed by the RICO statute does not require any connections to organized crime; in this case, the high court upheld the use of RICO by a consumer group suing Northwestern Bell Telephone Company. On Oct. 9, the Supreme Court refused to review a lower court ruling upholding the use of RICO in a civil suit against anti-abortion protesters in Pennsylvania, thus allowing, at least for the time being, the lower court ruling to stand.

The Supreme Court's most dangerous RICO ruling to date came last June, in its decision allowing prosecutors to seize—before trial—a defendant's assets in a RICO case, including monies that are used to pay attorneys' fees. The ruling sent shockwaves through the ranks of defense lawyers, some of whom said they would no longer defend complicated criminal cases involving drugs or potential RICO charges for fear that their bank accounts could be pillaged by federal prosecutors. Some defense attorneys see this as an effort to eliminate the role of private defense attorneys, forcing defendants in such cases to be represented by plea bargaining-prone public defenders.

Political prosecutions

High-publicity, politically motivated cases continued to dominate the scene in 1989. The LaRouche cases and the PTL/evangelist cases—although fundamentally different in character—both targeted independent movements with the capability to raise significant amounts of money from their supporters. The Justice Department's takedown of the defense industry, which was signaled by the June 1988 FBI raids on the Pentagon and defense contractors, elicited doz-

ens of convictions, mostly through guilty pleas by wiretapped defense consultants and officials. The most highly publicized and most expensive were the Irangate prosecutions. The *Wall Street Journal* aptly blasted Special Prosecutor Lawrence Walsh's \$40 million prosecution of Oliver North as a "circus," which "subverts both justice and politics." When President Bush and the CIA refused to allow certain classified information to be used in the trial of CIA official Joseph Fernandez, Walsh was forced to drop the prosecution.

The sheer number of federal prosecutions hit record levels, at about 50,000. And with the new mandatory sentencing guidelines, prosecutors are finding it easier to coerce both guilty pleas and cooperation from defendants. Judges no longer have any discretion in setting sentences for offenses committed after November 1987. The only way a defendant can get a sentence reduced is by cooperating with prosecutors against his co-defendants or other targets. As a result, many defendants will testify to just about anything to get a shorter sentence. Rather than improving the criminal justice system, the new sentencing procedures have further corrupted it.

An additional consequence is that the federal prison population has doubled over the decade of the 1980s, and now stands at about 50,000. It is projected to approach 150,000 by the year 2000.

The LaRouche case is the worst, but by no means the only case of the perversion of the justice system for political purposes. Under conditions of economic collapse and strategic U.S.-Soviet condominium, the ruling establishment is using law enforcement not to control crime, but to control the population, and to silence political and other leaders who could oppose the financial establishment's depression policies.



William Wertz



Lyndon H. LaRouche



Michael Billington



Edward Spannaus



Dennis Small

Targets of the 'Get LaRouche' task force

Each of the individuals on this page is a political organizer who was tried or sentenced (or both) during 1989 by the illegal "Get LaRouche" task force of the U.S. secret government. All of their cases are on appeal.

Lyndon LaRouche, 67, was sentenced Jan. 27 to 15 years in prison in the Alexandria federal case. With him were sentenced his associates: William Wertz, to five years in prison, \$1,000 in fines and a \$50 assessment for each of 11 counts; Edward Spannaus, to five years in prison and \$1,000 in fines and an assessment for each of 10 counts; Michael Billington to three years a \$2,000 fine and a \$50 assessment; Dennis Small, to three years, a \$2,000 fine and a \$50 assessment; Paul Greenberg, to three years, and fined \$2,000 and a \$50 assessment on each of three counts; Joyce Rubinstein Fredman, to three years, and fined \$2,000 and a \$50 assessment on each of three counts. All seven were ordered immediately imprisoned and remain there today.

In the Virginia "LaRouche" cases, 16 individuals and five corporations face trial on charges that the political loans they raised were "securities." Rochelle Ascher, after a three-month trial in Loudoun County, was convicted by a jury which sentenced her to 86 years in prison, modified later by the judge to 20 years. She is free pending appeal. Michael Billington was convicted in a Roanoke court, sentenced to 77 years in the Virginia penitentiary by Judge Clifford R. Weckstein, and denied bail.

In the New York "LaRouche" case, four defendants underwent a four-month trial for conspiracy and scheme to defraud. In the Aug. 31 verdict, George Canning was acquitted; Marielle Kronberg and Lynne Speed were each convicted of scheme to defraud and acquitted of conspiracy; Robert Primack was convicted of scheme to defraud and conspiracy. All are free on their own recognizance and have not yet been sentenced.



Joyce Rubinstein



Paul Greenberg



Rochelle Ascher



George Canning



Robert Primack



Lynne Speed



Marielle Kronberg

A year-long mobilization to free Lyndon LaRouche

by Patricia Salisbury

On Jan. 27, 1989, Lyndon LaRouche, who is viewed by many in Europe and the developing sector as the figure on the American political scene who represents the best traditions of the United States, was given a draconian 15-year prison sentence. The response was an immediate outpouring of incredulity and anger, which as the months have passed, has grown into a huge political movement that views the demand for freedom for LaRouche and six associates convicted along with him as the key issue of today's world politics.

This movement began to build with a Washington, D.C. demonstration sponsored by the Schiller Institute on Jan. 16, the day which commemorates the birthday and leadership of Dr. Martin Luther King, Jr. More than 4,000 people from 25 states of the U.S.A., as well as from Ibero-America, Western Europe, and the Captive Nations of Eastern Europe and China, marched through the nation's capital as it prepared for the inauguration of President George Bush. Arriving in buses, caravans, and tractorcades, they marched to demand economic and political justice, and justice for LaRouche and his associates.

In the call issued for the march, veteran civil rights leader Amelia Robinson, an associate of Dr. King, noted that although much has been gained since the first civil rights march held in Washington, D.C. in 1963, in the LaRouche case, "justice has been set aside, and these people's rights have been taken away from them." John McGee of New Jersey, one of the organizers who helped make Dr. King's birthday a national holiday, told the marchers, "Dr. Martin L. King is happy today. How do I know? I marched with him long before we came here, in 1963. Dr. King was one of God's messengers. Now, the Schiller Institute is the only organization keeping the dream alive, the only organization dealing with justice. We tell the President of the United States, grant this man LaRouche a pardon. Here is a man who, since 1978, has been telling us how to save our farms, telling us that we need to build rivers in Africa. Can you imagine what that would mean—transforming a desert into an oasis!"

Petitions demanding that President Reagan pardon LaRouche before leaving office, signed by more than 15,000 Americans, were presented to the White House on Jan. 18. March organizers pledged that if Reagan failed to grant the

pardon, the campaign for justice for LaRouche would continue under President Bush. The organizers made their intentions to continue the fight known by placing large ads in the *Washington Post* and the *Washington Times*.

This promise was kept throughout the year in actions by individuals, in meetings around the world, and in rallies and demonstrations.

International outrage

On Jan. 19, the International Martin Luther King Tribunal on Crimes Against Humanity held its first conference in Rome, Italy. The meeting, which was introduced by Helga Zepp-LaRouche, founder of the Schiller Institutes, gathered together persons from politics, religion, and the world of culture and education, to lay out in detail the nature of crimes—and the names of the criminals responsible for them—being committed across the globe. The work of the Rome conference was directed at placing on trial those criminals who have sought to eliminate LaRouche politically and physically from the political arena.

A few days after the Tribunal meeting in Rome, on Jan. 31, Andreas Ranke, the grandson of West Germany's first postwar President Gustav Heinemann and nephew of Poland's Cardinal Glemp, demonstrated the power of the individual to appeal to the conscience of the world. Ranke chained himself to a church entrance in Münster Square in downtown Bonn, the West German capital, in protest against LaRouche's imprisonment. Ranke told the press, "No one who believes in justice and the rule of law can tolerate this. Especially the history of Germany and the personal experience of my family, make it my duty not to remain silent, when a person whom I hold in esteem and know to be innocent, is a victim of political persecution."

Also among the first to speak out dramatically was Friedrich-August von der Heydte, a well-known German professor of constitutional and international law, who issued a statement pointing to the remarkable parallels between the political persecution of LaRouche and the infamous "Dreyfus Affair" in the 1890s in France, when for reasons of political expediency a Jewish captain in the French Army was framed up in an espionage case. Von der Heydte termed the circum-

stances of the trial of LaRouche “another painful reminder that the exploitation of the judicial system for the achievement of political ends, is unfortunately a method used repeatedly today in the West as well as in the East.”

On Jan. 27, members of the Ibero-American section of the Martin Luther King Tribunal took the fight for LaRouche’s release to South America, holding a rally at the residence of the U.S. ambassador to Peru, to demand “Justice for LaRouche.” They had marched earlier to the offices of the Papal Nuncio in Lima, to present him with a petition seeking intervention in the LaRouche case by Pope John Paul II. The day before, Peruvian Sen. Josmell Muñoz Córdova presided over the founding of the Peruvian chapter of the Martin Luther King Tribunal on Crimes Against Humanity, which has taken up a defense of LaRouche’s rights as part of its campaign to root out the institutions of genocide globally. Muñoz held a press conference in the Senate Jan. 27 to denounce the sentences against the LaRouche Seven as an “unprecedented violation of human rights in the United States.”

Ibero-American protest against the treatment of LaRouche was to be among the most powerful worldwide. By May, 100 members of the Brazilian Congress had signed an open letter to U.S. Supreme Court Chief Justice William Rehnquist, requesting a fair trial for LaRouche. The letter was widely publicized in a series of full-page ads in major newspapers in Washington, D.C., and resulted in a vicious counterattack in the form of a nasty letter from the press attaché of the U.S. embassy, demanding that the congressmen withdraw their protest. Despite this, the Brazilian legislators stood firm, with one of their number, Virgildasio de Senna of the Social Democratic Party, taking the issue to a May 8 meeting of the Brazilian Chamber of Deputies.

Attempt to kill LaRouche in prison

World concern on the LaRouche case reached a new level when on Sept. 16, Warren Hamerman, the head of the National Democratic Policy Committee—the political action committee of the LaRouche wing of the Democratic party—issued a bulletin on the life-threatening mistreatment of LaRouche at the Rochester, Minnesota prison where he is incarcerated. The bulletin profiled a chronology of the events of Sept. 11-15, which placed LaRouche’s life in jeopardy during a surgical procedure. LaRouche, 67, was forced to work at heavy labor, on only a liquid diet, immediately before surgery, and was forced to return to a grueling work shift in the prison kitchen immediately after surgery. A fact sheet on the mistreatment, entitled “President Bush Shall Be Held Personally Responsible,” was placed as an ad in major East Coast newspapers and distributed nationally as a 1 million-run leaflet.

There was an immediate response from around the world. On Sept. 19, the newspaper *Crítica* of Panama ran a major story headlined, “In Prison, They Are Trying to Murder LaRouche.” The story was also covered by the Italian press

agency Anipe, *Siam Rath* in Thailand, the Paris weekly *La Presse*, the Peruvian weekly *Si*, and the London-based Arabic weekly *Ad Dastour*. Prominent international figures spoke out on what they saw as a threat to the life of LaRouche, directing statements of protest to President Bush.

So profound was the perception of injustice in the treatment of LaRouche that an unprecedented movement was mounted in the legal community internationally to join an *amicus curiae* brief which sought to overturn the LaRouche conviction. The brief was signed by over 800 U.S. attorneys and 45 Europeans, many of whom also lent their names to full-page ads in the major East Coast newspapers. Several international legal experts submitted *amicus* briefs of their own. Ramsey Clark, the former Attorney General of the United States, argued in federal appeals court in Richmond, Virginia on Oct. 6 for a reversal of the conviction of LaRouche and six associates, before a three-judge panel of the Fourth Circuit Court of Appeals. “What was done in this trial,” he said, “was the heart of travesty.” At the conclusion of the slightly more than hour-long hearing, Clark said: “This case asks whether the American judicial system is capable of giving a fair trial in an extremely controversial situation. That’s always the test.” This concern was reflected by a large attendance from lawyers and law schools at the oral argument of the appeal, including eight international observers.

In the months following the appeal, the demand that LaRouche be freed has been taken up by larger and larger numbers. Many are those, like Chinese student leaders and those linked to the revolt against communist tyranny in Eastern Europe, who have looked to the United States for inspiration. Scores of these leaders came together with 700 participants at the third international conference of the Food for Peace organization in Chicago Nov. 4-5. One of the keynote speakers at the conference, Heng Cheng, who served as President of Cambodia from 1970-72, had sent a telegram of concern on the treatment of LaRouche to President Bush.

The sentiments of many of the participants at the conference were expressed by speaker George Vaughn, Democratic Majority Whip of the Oklahoma state legislature, who said that LaRouche was blessed by God with special talents of statecraft and is being denied the opportunity to use them to save the nation, because the government fears him.

With the coming of the Christmas season, supporters of LaRouche in the United States initiated a series of candlelight vigils to express their support for the revolutionary upsurges now ongoing around the world, and to demand justice and freedom for LaRouche and his associates. Beginning with a handful of vigils on Monday nights in late November, the weekly vigils have grown to number over 100, and are held in cities and communities in 24 states. The vigil organizers are inspired by the example of the handful who first gathered in Leipzig, East Germany to protest injustice of the communist regime, and which grew in a few short weeks into the marches of hundreds of thousands who toppled the Berlin Wall.

Judge Finds U.S. Government Acted 'In Bad Faith,' Committed Fraud in LaRouche Case

Federal Bankruptcy Judge Martin V.B. Bostetter has ruled that the U.S. government acted in bad faith, and committed what amounted to a fraud on the court, when it moved in secret two and a half years ago to seize and effectively shut down three publishing and distribution companies associated with former U.S. presidential candidate Lyndon LaRouche. On Oct. 25, 1989, in a 106-page decision, Judge Bostetter dismissed, as illegal, the bankruptcy action filed by the government against Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation.

This is a victory, not only for the LaRouche movement, but for the rule of law in the United States. It opens up a significant opportunity to crack apart the American police-state law enforcement apparatus which is being used increasingly to crush all independent resistance to the dictates of the U.S. Establishment—from trade unionists to the right to life movement, from defense contractors to clergymen.

Without the government seizure, Lyndon LaRouche and six others, who have now served almost 300 days in jail, might never have been imprisoned, and the 40-odd other criminal cases brought against LaRouche associates in Virginia and New York might never have come to trial. The seizure action was the first junction on the government's railroad of LaRouche. In fact the same *U.S. Attorney Henry Hudson* who initiated the bankruptcy seizure, and the same *Judge Albert V. Bryan* who approved it, served as the chief prosecutor and judge in the criminal trial of the LaRouche Seven. It is Hudson who now stands implicitly accused of fraud and bad faith by Judge Bostetter's ruling.

'A Fraud on the Court'

In throwing out the forced bankruptcy action, Judge Bostetter, who himself had authorized the original bankruptcy seizure, found that the government had committed what amounted to "a constructive fraud on the court" by filing as the sole creditor when the government knew there were others. He said the government had acted "in bad faith" in bringing the bankruptcies—not only as a matter of legal opinion, but a matter of fact.

"An evaluation of the government's filing on an objective level leads this Court to conclude that the alleged debtors have established that the government filed the petition in bad faith," Judge Bostetter wrote. "The government's decision to file the petitions despite that knowledge" of multiple creditors "constituted an improper use of the involuntary bankruptcy statute and consequently an improper invocation of this Court's jurisdiction; we, therefore, dismiss the involuntary petitions pending against the three named debtors."

The government, said Judge Bostetter in effect, had an obligation to *obey the law*, whether or not it suited the convenience of those in power.

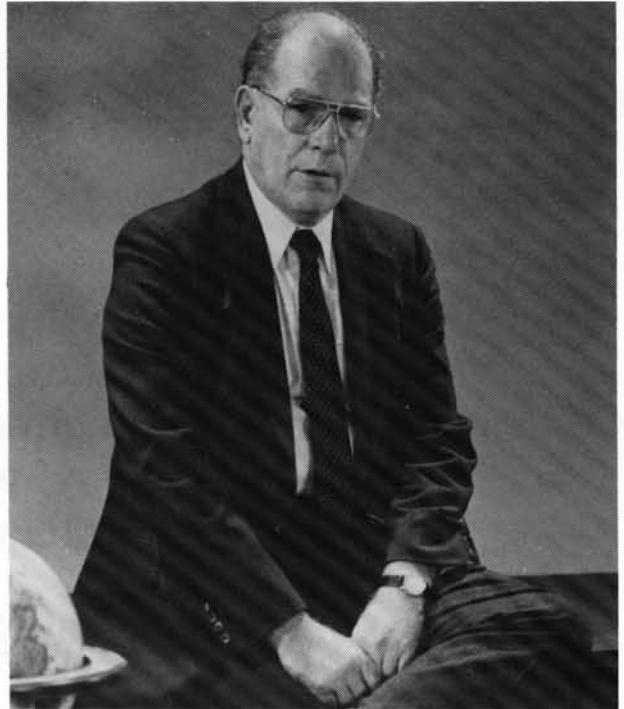
Judge Bostetter also said that the companies were clearly set up for the purpose of spreading political ideas, not making money, and that overall "the debtors strived more to expose the world to its political viewpoint than attain private monetary gain." The Commission to Investigate Human Rights Violations has concluded, after conducting its own independent investigation, that the *political purpose of the LaRouche movement* was what the government prosecutors objected to, and why they used the bankruptcy seizure to shut down the twice-weekly newspaper *New Solidarity* and the monthly *Fusion* magazine published and distributed by the seized companies. At the time of the seizure, *New Solidarity* and *Fusion* had over 100,000 subscribers each.

How the Railroad Worked

First, on April 21, 1987, the government obtained in secret a judicial order enabling the companies to be seized and put under government-appointed trustees, while it initiated proceedings to have them judged bankrupt. Then, 18 months later, on October 14, 1988, the same U.S. Attorney who filed the bankruptcy petitions, *Henry Hudson* of Virginia, secured the indictment of LaRouche and six associates for "conspiracy" and "mail fraud"—for not paying back loans which, we believe, the government seizure had made it impossible to repay!

LaRouche and the other defendants were ordered to trial in 34 days, a conviction was obtained in the "rocket docket" of Alexandria, Eastern District of Virginia, after three weeks of trial, and on Jan. 27, 1989, the 67-year-old LaRouche received what amounted to a death sentence—15 years in prison.

The government deliberately shaped the indictment, so that the charged "conspiracy"—which consisted in fact of no more than the defendants' political association with each other and the LaRouche movement over many years—ended the day before the bankruptcy seizure. Then *Judge Albert V. Bryan*, the



Lyndon H. LaRouche, Jr.

trial judge in the LaRouche case, ruled that the LaRouche defense could not tell the jury the fact that the bankruptcy seizure was initiated by the federal government acting alone.

According to U.S. bankruptcy law, a filing of involuntary bankruptcy requires three petitioning creditors in such cases. But the government acted alone.

U.S. Attorney Henry Hudson, who bragged to *The New York Times* that his involuntary bankruptcy action and the accompanying seizures were unprecedented, knew the government was not the sole creditor when he filed the bankruptcy petitions. Then Hudson persuaded Judge Bryan not to allow the government's sole role in the bankruptcy to be revealed to the jury!

Who Belongs in Jail?

Judge Bostetter's ruling means that the companies must now be returned to those who originally operated them—but after two-and-a-half years of government-imposed trusteeship, these once-living companies have become corpses. Moreover, the government has acted to deny them even a proper death certificate. According to testimony and documents filed in the New York 'LaRouche' case, FBI agent Richard Egan destroyed important original records belonging to the three companies.

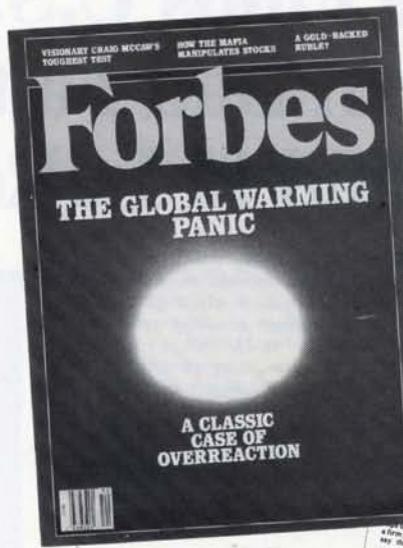
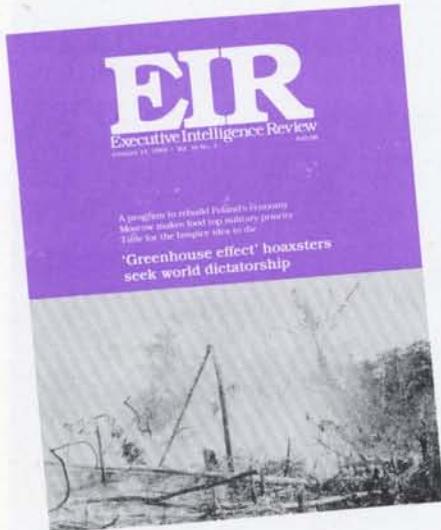
Only one conclusion can be drawn from the story of the 'Get LaRouche' bankruptcy action—elements in government defied the laws of the United States in order to frame up Lyndon LaRouche. Morally, it is U.S. Attorney Henry Hudson, and FBI agent Richard Egan—and any who directed their actions—who belong in jail. President Bush must declassify all national security files relating to the 'Get LaRouche' Task Force and its actions to railroad LaRouche. LaRouche is innocent. He must be freed at once.

Now that the Berlin Wall has fallen, let us tear down every wall, everywhere, which stands in the way of freedom!

Copies of Judge Bostetter's decision are available from the Commission.

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