

EIR

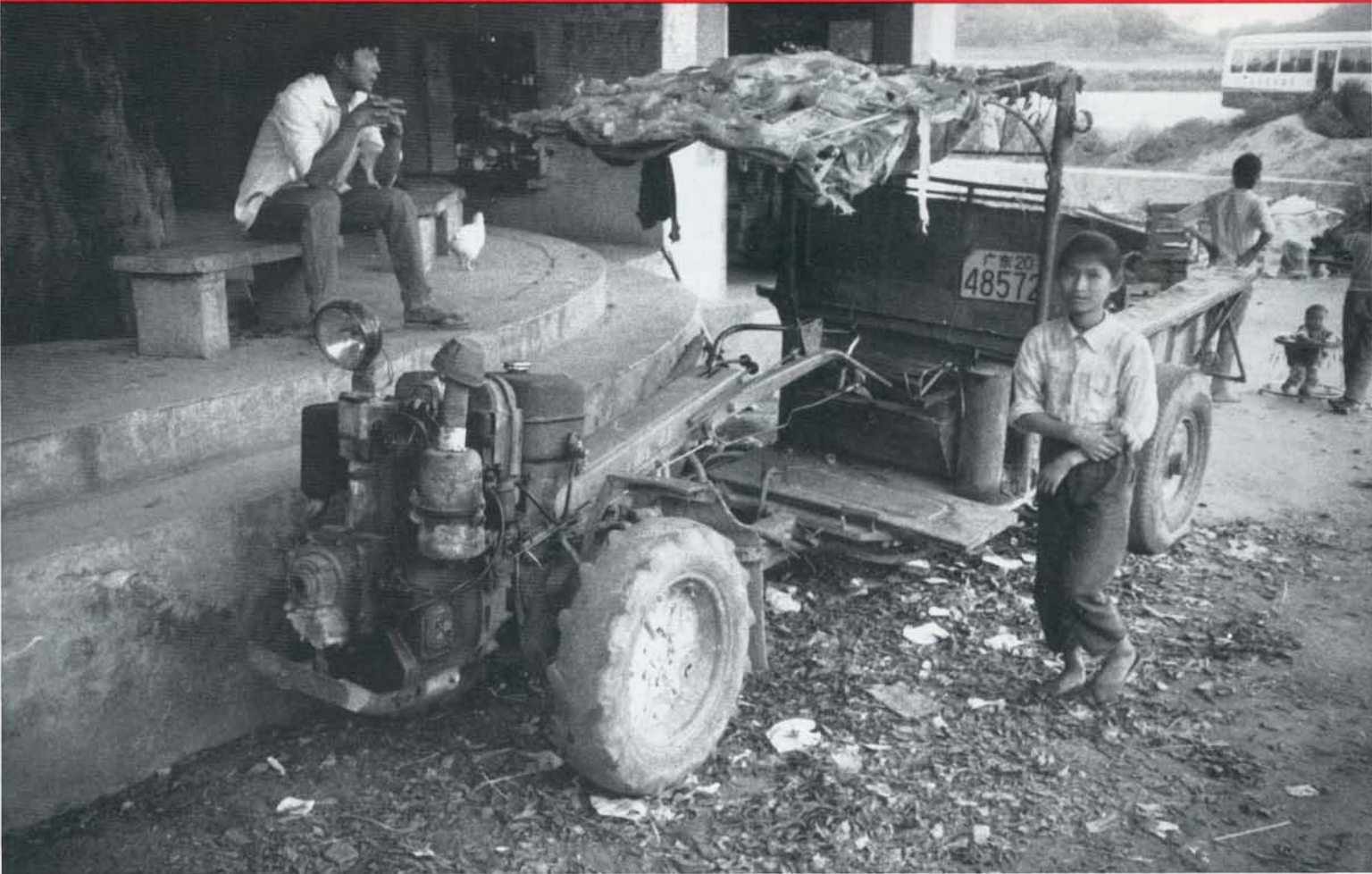
Executive Intelligence Review

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How 'free trade' enslaved American farming
New form of carbon holds great promise
Kissinger escapes 'October Surprise' probe

**Mainland China implements
worst of both worlds**



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From the Editor

Please turn first to Lyndon LaRouche's candidate's statement on page 60, issued during the uproar around the Clarence Thomas confirmation. LaRouche stressed that we must put into perspective the issues raised around the nomination—where the serious questions that should have been put to a Supreme Court nominee were never posed. The economic and foreign policies of the same Bush administration that sponsored Thomas, are at this moment killing off hundreds of thousands of people, and potentially will kill millions. A nation steered into an orgy of soap opera by a radical-feminist mob, as it was during the hearings, can not address these issues.

- In Bangkok, the International Monetary Fund/World Bank meeting took a hard line in demanding full payment of the debt of the former Soviet Union, and in offering no credit for reconstruction. If the Russian and other republics' leaders capitulate, this will unleash chaos with unfathomable potential for war in the world. (See *Economics*).

- Pictured on our cover is a photo to accompany our report, also in *Economics*, on the terminal breakdown of the "reforms" of the Chinese communist rulers as they embrace the twin monstrous offspring of British ideology—free-market shock therapy and Marxist collectivism.

- The Bush administration is 100% committed to pushing the GATT accord down the throats of a reluctant European Community, at the very moment when former East bloc farmers are looking to western models of independent family farming. Our *Feature* is a profile of what the GATT policies have already done to destroy that model in the English-speaking advanced countries.

- Against Iraq, we witness the dress rehearsal of Orwellian democracy, as the United Nations orders that country's parliament to ratify the extinction of all advanced science and industry. See *International*.

Is there hope to reverse these catastrophic policies? Absolutely. First of all, we have the goods on Henry Kissinger, the godfather of the whole mess (see *National*). Second, the financial bubble which all this military blackmail and mass media brainwashing are designed to protect, is about to burst. Let's just make sure that LaRouche's alternative policies are known, and implemented, when that occurs.

Nora Hamerman

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IMF puts Soviet debt first, denies reconstruction aid

by Konstantin George and William Engdahl

The outcome of the International Monetary Fund and Group of Seven finance ministers and central bank heads' meetings in Bangkok, which submitted to Anglo-American policy dictates, inaugurates a vicious offensive against the newly independent republics of the former Soviet Union. The policy is designed to destroy their national economies, and, in conjunction with the condominium partners of the Anglo-Americans—Gorbachov and the forces of the old Moscow Center—to operate against the national interests of Russia, Ukraine, and other republics to sow chaos in these strategic regions of the Eurasian heartland.

The staggering blow to the hopes of the republics only began with the IMF's flat refusal to adopt an aid program for them. The full war declaration against these nations was issued in a Bangkok statement by IMF Managing Director Michel Camdessus, who said that all Soviet debt must be paid no matter the cost to the real economy of the republics. He went beyond even that to effectively call for, as conditions for any western credits, the dismantling of their national economies, through the elimination of all state subsidies for industry and agriculture, as well as very deep cuts in the defense budget.

Cutting the defense budget on the scale envisaged by Camdessus and the IMF, by one-third to one-half, means not only what the layman would understand as strictly military cuts, but the high-technology research and development components of the Russian military establishment which form the "science driver" potential for the Russian economy.

German-U.S. clash in Bangkok

The hard line on the Soviet debt came out of the latest International Monetary Fund-World Bank annual meeting in Bangkok Oct. 13-14 after the United States staged a provoca-

tion against the Europeans in the Group of Seven (G-7) major financial powers of the advanced sector. The nominal issue was a proposal presented by U.S. Deputy Treasury Secretary David Mulford to the G-7 central bank and finance ministers. Mulford suggested that the seven leading western industrial nations—the United States, Canada, Britain, Japan, Germany, France, and Italy—offer the Soviet Union a "debt moratorium" on some \$64 billion of debt owed to western banks and governments.

Not surprisingly, continental European representatives of the G-7 registered their loud protest to the "generous" American offer. Western European members of the G-7, especially Germany, France, and Italy, are by far the largest creditors to the Soviet Union. Together, those three are owed \$32 billion of the total U.S.S.R. foreign debt as of August, according to data compiled by the London bank rating agency IBCA, Ltd. By contrast, U.S. banks have virtually ignored the Soviet Union in recent years. Total U.S. bank lending is a paltry \$500 million. Mulford's moratorium would hit the European banks most concerned for the success of the Soviet economic transformation, and ensure the inability of those banks to lend to eastern Europe for years to come.

The first secretary of the German Finance Ministry, Horst Koehler, reacted abruptly to Mulford's plan, sharply criticizing it as "premature." Norbert Walter, chief economist for Germany's largest bank, Deutsche Bank, with the largest stake in the Soviet lending, was more blunt: "It is not at all helpful when those who know the least regarding the Soviet debt situation and who are least affected by it choose to speak the most about it," Walter told the international press in Bangkok.

Commenting on the discussion among the German delegation to the Bangkok IMF and World Bank gathering, the

Frankfurter Allgemeine Zeitung on Oct. 16 noted that it was widely believed among the Germans present that Mulford's move was deliberately calculated to put the German banks under financial pressure. "One interpretation is that the American banks, who in comparison to the Germans have no great exposure to the Soviet payment problems, see this as a chance to destroy the reputation of the German banks. At the moment, the German banks, in international comparison, stand quite strong, while the American banking system is passing through an extremely difficult period," the leading German daily noted.

A dangerous shift

The outcome of the IMF meeting has already triggered what could become a fatal shift in Russian policy, with Russia's new leaders seeking, wrongly, pragmatically, to adapt to the conditions of the siege warfare being conducted.

The first indication to this effect was a television address by Russia's President Boris Yeltsin, Oct. 16, telling the Russian population to prepare for hard times ahead. For the first time, he committed himself, at least in name, to a widespread price deregulation, i.e., allowing all retail prices to float freely, and thus rise steeply. Yeltsin, also for the first time, announced a much faster and much deeper scope of privatization of state enterprises. If the concrete aspects of this plan are in accordance with the tone of what he announced in general, then Russia will not only face a winter of shortages, but this will be compounded by high inflation and rising unemployment.

Russian leaders demand action now

Leading forces in the Russian elite, including the military, are fast losing patience with the humiliation Russia is being subjected to by the non-aid from the West, by the IMF, and by the machinations of the old Moscow Center to retain power against the republics. Should Yeltsin move in the direction of capitulating, this backlash will expand very rapidly, and the battle within Russia will be joined for a life-and-death fight.

Coordinated policy statements in the days prior to the IMF meeting, by the strongest grouping of the new Russian leadership, centered around St. Petersburg Mayor Anatoli Sobchak and Russia's Vice President, Gen. Maj. Aleksander Rutskoi, gave President Yeltsin and the Russian government an ultimatum to act now to avert a winter tragedy. With winter now but weeks away, this grouping, supported by the new Army leadership, will tolerate no further delays in adopting sweeping measures to handle Russia's staggering economic crisis.

The urgent tone for the offensive was set by Rutskoi Oct. 9, when he decried "the complete absence of power in Russia. Laws are passed, but no one observes them." Pointing to one set of extreme measures that could be taken in the context of an absence of western aid, to alleviate grievous winter



Managing director of the IMF Jean-Michel Camdessus

shortages in Russia, Rutskoi declared: "Russia cannot permit itself to remain the milk cow of other republics," meaning in this case all the Central Asian republics except Kazakhstan. If given no other choice to get itself through the winter and early spring, Russia will drastically cut its subsidies and traditional grain and other exports to these republics.

A dramatic televised appeal to Germany and the West one day later by Sobchak, during a visit in Frankfurt, echoed Rutskoi: "Too much time has been lost in dealing with the economic crisis," stressing above all the critical food supply situation over the next nine months. Sobchak presented a plan, where the West would provide credits for food purchases. The food would then be sold in Russia for rubles, with the proceeds earmarked for a "Fund for Agricultural Reform." He stipulated that the first crucial goal of this reform "must be to have by next spring at least 100,000 private initiative farms in Russia alone."

Beyond that, he repeated his call for western investment to set up a "high-technology conversion"-based "Free Economic Zone" in St. Petersburg and the surrounding region, as a first model region to begin the modernization of Russian infrastructure and industry.

The more havoc the IMF and their inside allies wreak on Russia, the stronger this grouping will become. Yeltsin himself is at a crossroads. Capitulation to the IMF will ensure his downfall. His political future will depend on how he responds to the Sobchak-Rutskoi group, who not only hold strong institutional power, but are already immensely popular. There are fair prospects for a strong Russian *nyet* against the IMF to emerge, but one hopes this will be very soon, and not after an IMF-induced "Time of Troubles."

Citicorp loss sparks fear of depression

by William Engdahl

Citicorp, the largest U.S. bank, with some \$214 billion in assets, announced that it had sustained a staggering \$885 million loss for the three months ending Sept. 30. But more alarming, was the announcement that the bank would not pay stockholders any dividend this quarter. In its entire 179-year history, including the Great Depression years in the 1930s, the bank never failed to pay a dividend. While the reaction initially on Wall Street was euphoric, as the Dow Jones Industrial Average soared to new, all-time record highs, more than a few sober observers outside the U.S. began to fear the "unthinkable"—the imminent collapse of America's largest bank.

The Citicorp news hit during a week in which bank failures were ravaging Sweden, Norway, and Finland, and even normally stable Switzerland, creating a heightened sense of alarm among bankers internationally. Norway's second largest bank, Christiania Bank & Kreditkasse, was de facto nationalized by the Socialist Brundtland government Oct. 14 when huge losses forced it to declare technical insolvency. The bank had reportedly been notorious, along with other Norwegian banks, for its aggressive and high-risk international lending practices over the past six years, since Norway's government deregulated much of its traditional banking controls.

Within hours of the Norwegian shock, Sweden's new moderate government announced a state bailout of the country's largest bank, Nordbanken, which has been saddled with huge losses in speculative real estate as Sweden's economy goes through its worst depression in 50 years. Two days later on Oct. 16, the government announced state assistance in a private bailout of Sweden's largest savings bank, Foersta Sparbanken, also hit by huge real estate losses. Real estate problems also hit one, albeit small, Swiss bank, the Spar- und Leihkasse Thun.

"The Citicorp news has created enormous disquiet in the City of London," commented senior London economist S.J. Lewis. "In my estimation it marks a watershed. The perception is arising that it is a 'Citicorp problem,' a problem which is particularly concentrated in the nation's largest bank. The danger is now extremely high, as a result, of a run on that bank. It could be a matter of weeks before the government is forced to step in as it did in 1984 with Continental Illinois Bank." In August 1984, the Federal Reserve and the Reagan administration effectively nationalized that bank and guaran-

teed all deposits, regardless of size. It set the precedent that certain U.S. banks were deemed "too big to fail." But as one banker put it, Citicorp today is "too big to save. It would demand such a drain on the U.S. Treasury that the U.S. bond market would collapse in the process."

Interbank lending collapses

This is clearly what has the Bush White House worried. Recently released data from the Basel, Switzerland Bank for International Settlements (BIS), and data from the Bank of England, suggest that the banking crisis in the United States is assuming international dimensions. In the first three months of this year, the BIS reports, "Total cross-border claims of BIS reporting banks plus their local claims in foreign currency contracted by \$54 billion, the largest-ever absolute decline recorded in gross international banking aggregates. There was an unprecedented contraction in interbank business."

The Basel report adds, "Cross-border claims, which had expanded by \$187 billion in the fourth quarter of 1990, fell by \$54 billion—the first such decline recorded since 1984 at the height of the LDC [lesser developed countries] debt crisis." The report does not note that it was also in 1984 when international banks pulled back their interbank credits to Continental Illinois and other U.S. banks over fears their Ibero-American debt exposure would lead to their own failures. But the decline in loans of banks to other banks in other countries, which the Bank of England alarmingly refers to as "an unprecedented contraction," reflects the growing fears of bank failure in the U.S. banking system as well as elsewhere. The London *Financial Times*, noting the alarming trend toward cutbacks in interbank lending, commented: "The most vulnerable banks are those with no retail deposit base—such as the U.S. money center banks—leaving them wholly reliant on 'wholesale' sources of funding," such as from other banks in the interbank lending market.

Little wonder then, that the Bangkok IMF and G-7 talks produced no "harmony" among the seven leading industrial nations. A successful economic transformation of the Soviet and eastern European economies into a growing industrial region attracting tens and hundreds of billions of dollars in western investment, is at present the worst "nightmare" scenario of the desperate Bush administration. With a U.S. budget deficit officially estimated to top \$362 billion in the fiscal year ending next September, double the level of 1989, Washington is frantic to make sure international investment flows come to the United States, and not to Germany or Europe.

"The reality of Bangkok is that the G-7 is paralyzed, they don't know what to do about this situation," Lewis concluded. London *Guardian* editor Ben Lurance noted further, that the problems in U.S. and other banking represent the "bill coming due for the years of foolhardy financial deregulation. The risk is that it might turn into a full-blown worldwide depression."

Bush shuts down U.S. oil and gas production

by Anthony K. Wikrent

In February of this year, President George Bush unveiled his long-term "energy policy" for the United States. Bush proclaimed that his policy's central feature was "the power of the marketplace." Translated, the policy means the further collapse of the already low levels of energy production in the United States.

The industry was quick to respond. In March, Unocal announced that it was closing its 13-year-old, \$650 million Parachute Creek, Colorado facility, the nation's last shale oil project. In July, Shell Oil announced that it planned to eliminate 4,650, or 15%, of its 31,000 U.S. workforce. Devon Energy Corp., one of the largest natural gas exploration firms in the United States, said it would close down entirely as many as 50 wells. Enron Corp., the largest natural gas pipeline company, as well as a producer, admitted that it had held back as much as 30% of its gas from delivery in the second quarter. In August, Atlantic Richfield (ARCO) announced plans to eliminate 1,500 jobs, or 7.5%, from its U.S. workforce.

In early October, United Gas Pipeline announced 300 layoffs. Transco, which operates the Transcontinental Gas Pipeline that supplies New York City, also announced layoffs, as did the Texas Gas System, which pipes natural gas to the Midwest.

Dependency on foreign sources to grow

By the end of September, the number of available drilling rigs—the equipment used to explore for and develop new oil and gas finds—in the United States had shrunk to 2,251, the lowest level in 15 years, according to the Reed Tool Company. Of that number, only 1,485, or 66%, of the available rigs were being used in September. Moreover, the average for the year was estimated to be at an even lower rate (see Figure 1). By comparison, the U.S. fleet of drilling rigs peaked at 5,644 in 1982, with a 98% utilization rate recorded for 1981.

By the end of July, only 14,710 exploratory and development wells had been drilled in the United States, a pace which may fall behind even the abysmal 29,440 wells drilled in 1990 (see Figure 2). In the March 1991 issue of *Petroleum Independent*, Independent Petroleum Association of America chairman C. Paul Hilliard noted that if the level of U.S. oil and gas output is to be maintained and perhaps

slightly increased, at least 80,000 wells must be drilled each year.

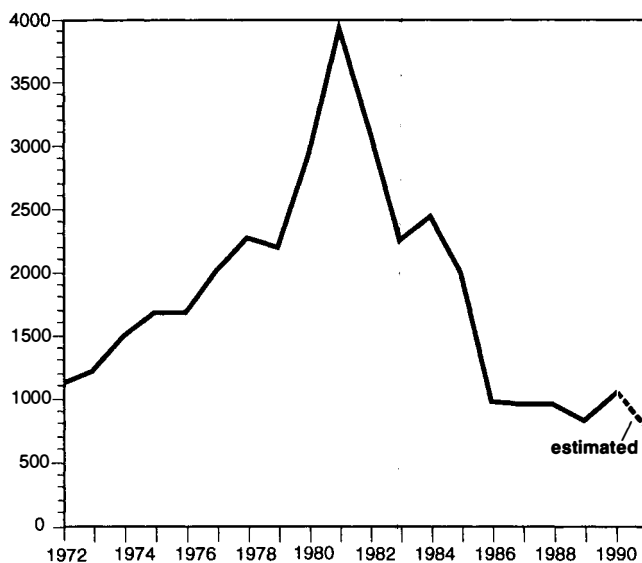
At present, the U.S. depends on foreign sources for 23% of its total energy, and about 50% of its oil and oil products. Dale Steffes, a principal at Houston energy consulting firm Planning & Forecasting Consultants, believes that the collapse of U.S. oil and gas exploration and development over the past few years, means that the United States is going to become hopelessly addicted to imported energy very quickly. Steffes forecasts that unless national policies are dramatically altered, by the end of the decade the United States will rely on foreign sources for 33% of its total energy and 66% of its oil.

Vast production potential

Yet, the potential exists for vastly expanding U.S. oil and gas production. This was dramatically highlighted in April when Mobil announced that its High Island A-572 C-16ST well, located in the Gulf of Mexico about 120 miles southeast of Galveston, Texas, tested at a rate of 60 million cubic feet of natural gas and 5,521 barrels of oil a day, or the energy equivalent of 16,239 barrels a day, the highest rate ever for any well in Mobil's history. By comparison, of the 852,320 producing wells in the U.S. last year, about 75% were stripper wells, producing less than 10 barrels a day.

But Bush, while he sings the praises of the "free market,"

FIGURE 1
Number of U.S. oil and gas drilling rigs in operation has plunged
(monthly average)



Source: Baker-Hughes Tool Co.

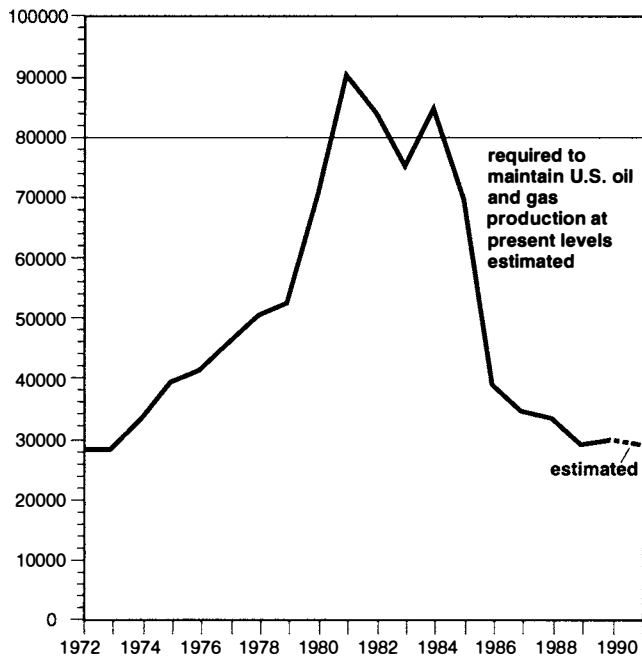
is simultaneously, by government fiat, busily restricting the development of new energy sources. For example, in January, it was disclosed that the federal government was investigating the oil and gas drill bit industry for antitrust violations. And in June, Bush decided to ban almost all new off-shore drilling projects.

Faced with increasingly severe environmental restrictions at federal, state, and local levels of government, oil companies have not surprisingly decided that strife-torn Third World countries may be less politically risky areas in which to operate than the United States.

An egregious example is the Point Arguello project off the coast of Santa Barbara, California, which has been delayed almost four years by environmentalist objections to oil tankers. Local pipelines have just enough capacity to move only about 28,000 barrels a day—about one quarter of Point Arguello's potential output. Point Arguello's owners (Chevron, Texaco, and Phillips Petroleum) estimate that each year of delay has cost them \$100 million.

"If you had a lease sale off California, nobody would show up," Chevron chairman Kenneth Derr told the Oct. 11 *Journal of Commerce*. George Gaspar, an oil industry analyst at Robert Baird & Co., expanded on Derr's comments: "The oil industry isn't going to waste its time jumping through any more hoops when already they are finding very substantial reserves away from the U.S."

FIGURE 2
Total U.S. oil and gas wells completed has also plunged

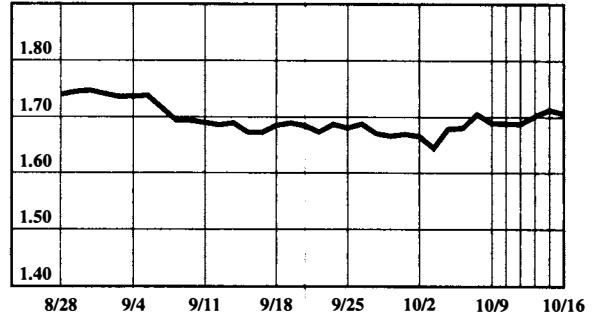


Source: American Petroleum Institute.

Currency Rates

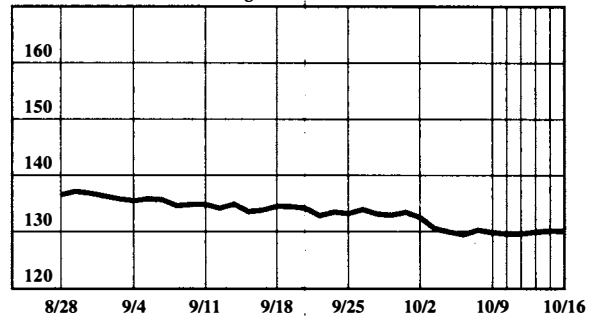
The dollar in deutschemarks

New York late afternoon fixing



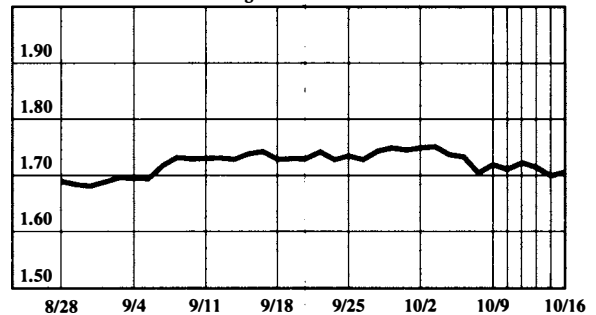
The dollar in yen

New York late afternoon fixing



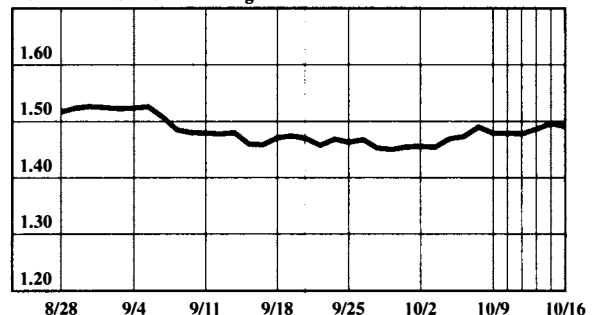
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



China implements worst of both worlds: communism and free trade

by Michael O. Billington

The post-Mao experiment in “reform” in the People’s Republic of China has now reached terminal breakdown. William Draper III, the director of the United Nations Development Program (UNDP) and a principal spokesman for the global genocide lobby, personally announced in October month the launching of a new phase of economic “shock therapy” in China, of the sort which has brought collapse and civil war to the newly freed nations of eastern Europe.

The “reforms” associated with Deng Xiaoping have been based primarily on turning several coastal cities into free trade zones similar to the colonial “concessions” to foreign powers in the 19th century, while ignoring the decrepit state of basic infrastructure in both industry and agriculture throughout the vast Chinese interior. Now, the ancient, inefficient industrial sectors in the heartland of the Yangtze Valley and in Manchuria are totally bankrupt, while the devastating floods of the past summer exposed the equally decayed state of the water control, food storage, and transportation networks.

Beijing is faced with an apparent choice between two untenable options: either continue to bail out the bankrupt industries and maintain food supplies by buying extensively overseas, which is resulting in hyperinflationary pressure and the collapse of the national treasury; or capitulate to the U.S./World Bank policy of “shock therapy” by shutting down vast sectors of the economy, laying off hundreds of thousands of state sector employees, and drastically reducing or eliminating the state subsidies, especially in food and housing. The “iron ricebowl” and the “iron bed”—referring to the cradle-to-grave system of state-guaranteed food and housing—have been slowly eroded over the past 12 years of reform, but Bush and the International Monetary Fund are demanding their total destruction, with nothing but “the magic of the marketplace” to replace them. (The “iron job” long since went by the wayside.) The aging leaders of the communist regime, the last remnants of the most murderous dictatorship in all history, correctly perceive that this shock treatment will further destroy the country, and provoke a social upheaval that will send them promptly to their deserved place in hell. Their commitment to their own communist dogma, and their alignment with the most rabid “free trade” fanatics around Margaret Thatcher, Bush, and Kissinger in the West, rules out any solution to this dilemma. The communist leaders are

apparently incapable of seeing the potential “third way” of alignment with a European-based technological transformation of the entire Eurasian landmass, as proposed by *EIR* founding editor Lyndon LaRouche, and as envisioned by the founder of the Chinese Republic, Dr. Sun Yat-sen. Instead, Beijing is implementing the worst aspects of the two untenable options.

Shock therapy

During the last 10 days of September, the government poured \$3 billion into pure debt bailout of the state sector industries, continuing the policy of saving these industries no matter what the cost. The justification is that the state sector represents a full 80% of the state’s revenue, although it is only 50% of the national industry. The Beijing leaders also recognize that unemployment among the relatively small, but more skilled, industrial work force will have even more severe social consequences than the tens of millions of unemployed peasants.

However, the “shock therapy” approach is working its way into the picture. Over the past year, the regime has begun to raise the subsidized price of food and rent, foolishly arguing that since prices were temporarily low in the free market sector, there would be no major public revolt. With the floods now adding to the food and housing shortage, the pressure is increasing on the population. Then the deal was announced with Draper and the UNDP: For a mere \$2 million in aid to “develop its market economy through modern management practices,” the regime has pledged to lay off 500,000 state workers, described as “idlers” who are “paid, but doing little.” This will put enormous pressure on an economy that already has over 100 million peasants who have been left jobless by the economic crisis, wandering the nation in search of subsistence, and the uncounted thousands left homeless or destitute by the floods.

Danger from the ‘barbarians’

The danger of chaos in China is multiplied by a growing fear of the old line leadership that their new-found “friends” in the West and in Russia may suddenly turn their “new world order” guns against them. Foreign Minister Qian Qichen, in a private speech leaked to the western press, portrayed Russia’s Boris Yeltsin as “a nationalist, rather than a demo-

crat,” and pointed to Mikhail Gorbachov’s weakness and Yeltsin’s strength as a warning of a potential “revival of Great Russian chauvinism” and czarist ambitions. As to the U.S., despite Bush and Kissinger’s insistence that the lucrative cheap labor pool in the “concessions” be maintained by supporting the communist regime, Beijing has correctly identified the danger to itself and to all nations of the attempt by the Anglo-Americans to eliminate sovereignty through environmental and human rights ruses. At meetings of the Non-Aligned Movement and the Group of 77 last month, China played a role in the mounting resistance to Bush’s new world order.

In addition, as the full scope of the depression in the U.S. becomes more evident, the Bush administration is not satisfied with cheap labor *maquiladoras* in China, but is demanding trade concessions under threat of trade war. U.S. Trade Representative Carla Hills recently announced the implementation of Trade Bill 301 sanctions, which gives the Chinese a year to lower protective tariffs and meet other U.S. demands or face 100% tariffs on many of their exports to the United States.

New York Times China correspondent Nicholas D. Kristof went so far as to announce that China is about to become America’s “Enemy No. 1,” filling the vacancy left by the ex-Soviet Union, and reports on a document circulating among the Beijing elite quoting Deng Xiaoping calling the current tensions with the U.S. the “New Cold War.”

Perhaps one of the most hypocritical aspects of this U.S. campaign, whose purpose is purely financial rather than humanitarian, is the manipulated popular outcry against the Chinese use of prison labor for export goods. Not only does the United States itself by far lead the world in the percentage of the population incarcerated, but the U.S. Federal Prison Industry system produces goods, including military hardware, for export worldwide. The problem in China is not prison labor, but the hideous conditions in the prisons, and the fact that the nation is creating work camps for the “blind flow” of unemployed, and those displaced by the floods, that are not much different from the prison work camps!

New ‘Cultural Revolution’

In fact, the country is rapidly moving toward the kind of armed camp that existed during the horror of the Cultural Revolution. Thousands of flood victims have been moved to military construction brigades in the far western Xinjiang Region, while camps have been set up outside the major coastal cities for some of the “blind flow.” Hong Kong press have reported that workers can only get out of these camps if a relative pays “ransom” for them, for about \$30, nearly a month’s salary.

Security systems are being upgraded around the “Special Economic Zones,” the name applied to the “concessions.” The *South China Morning Post* in Hong Kong reported that “a wire fence and new watch towers, upgraded patrol roads and

‘The single-party tyranny must fail’

The following letter, dated Oct. 1, was sent to the Chinese Communist Party (CPC) leadership, by Ni Yuxian and Yue Wu, while the authors were on a 20-day clandestine tour of the Democracy Movement within the People’s Republic:

Letter of Admonishment
To the Central Bureau of CPC

Dear Members of the Committee:

We are the Observing Group of United Pro-democracy Organizations to Return to China, consisting of members from the Chinese Freedom and Democracy Party, Chinese Workers Autonomous Union and other pro-democratic groups. In these days celebrating the 42th anniversary of the CPC’s ruling power over mainland China, we want to give some sincere advice to you.

We know, from the political standpoint, that we are your opponents. We openly insist on the elimination of the single-party tyranny and the establishment of a democratic system; we strongly demand the protection of the basic human rights, especially the freedom of man’s ideas, and the right of speech; we severely condemn the brutal measures of the current regime to violently suppress different political opinions. Since we have the opinions as stated above, we are treated by you as entirely contrary opponents, and are subject to be killed or eliminated to your satisfaction. But since we have strong faith in human rights and democracy, and as all of us are a part of the Chinese people, as we are also a part of the whole human race, we believe that we have the moral responsibility and historical obligation to give you a final admonition.

You may have noticed that for the past two years the whole world has undergone a fundamental and historical change. Communist tyranny as a social, political and economic system has become totally bankrupt and collapsed; even the U.S.S.R., the country where this communist system of tyranny originated, has discarded the doctrines of Marxism and Leninism and single-party tyranny. This so-called world superpower, the U.S.S.R., crashed into ashes in only days. Today, as we look around the world, there are only two

or three of you little fellows who cherish the shards, and stubbornly resist in a desperate position against the worldly trends of freedom and democracy. Confucius says: "A collapsing house can't be supported by a single pillar." He also says: "A dropping bird-nest will not have whole eggs." Can't you see the jeopardy of your current position?

Although a few of you would argue irrationally, with false confidence, saying that even if you are the last one, you will preserve the single-party tyranny. But we believe that those who are wiser have already seen that the socialist road that brought this single-party tyranny into being has come to a dead-end. People have realized, from dozens of years of suffering, that single-party tyranny can only bring them poverty, stupidity, and servitude. Therefore, in principle, people reject single-party tyranny. This is the basic reason that single-party tyranny must fail.

Those among you who now insist upon the single-party tyranny, are not actually fighting for their ideal philosophy but for their own selfish privileges. They love the powers that they possess today. They believe that the army could be used to suppress the democratic demands of the people. This is insane. Please think about this—can you rely on violence for a long time?

We'd say that Li Peng used the innocence of students and took the chance when people were not well prepared, and only by luck achieved his brutal aims. But today, after these two years, anyone who again picks up the butcher's knife would be playing with fire, and will get burned. The world has changed in the past two years. People are educated. China is not the China it was before. People are not the people they were before. The army is not the army it was before. Don't you see the defeated coups in Romania and Russia? These are the best examples. The day the butchers pick up the weapon is the time they dig the grave for themselves. The army is a part of the people after all. When all the people start fighting against the single-party tyranny, would the army follow you?

Your late chairman Mao Zedong said that circumstances are stronger than the individual. Now history puts China into a great circumstance of change in which she has to change, no matter whether she wants to change or not. It is the historic destiny and the will of the people that tyranny and slavery must be replaced by freedom and democracy. This cannot be held back by any force. Fortunately, you still have the chance to choose the means by which you will participate in this moment of historical change.

If those among you who still have merit and morality to see clearly what the situation is, and to wake up to grasp this historical chance, to overcome difficulties, to change entirely, to alter the current system, and to implement real

democratic reforms, as the first step you must give freedom to the press, unleash other parties, and release all the political prisoners. If you do so, people would support you. You must understand that people are reasonable. No matter who they are, no matter what they have done historically, good or bad, if they would make the choice that benefits the people in this historic moment, people would evaluate them properly. If some among you courageously make the just choice in concurrence with the historical trend, then we can find a way to peacefully transform dictatorship to democracy, with the precondition to guarantee the harmony of the whole nation. History will record those who devote themselves to this peaceful transformation.

Otherwise, if you continue being ignorant in this historical moment, listening to those who are intransigent unto death, and continue to suppress the democratic demands from the people, then the people will be forced to use a revolutionary form to take their rights back. Thus, again you become unforgivable historical criminals against the people. In the future, not only will you be punished, but your descendants will be ashamed—they will be ashamed to even mention your names. Gentlemen, if you don't care about your own end, you should care about that of your offspring. Why would you look after your own small benefit, by doing something that damages the happiness of your offspring? Some of the unwise among you believe that to keep the single-party tyranny is to maintain the happiness of their descendants. That is, to attempt to drive south by taking a northbound track. The reality is that the Chinese people hate dictatorship and tyranny. As long as the single-party tyranny exists, the danger of your being overthrown continues. Disaster arises from the very inside. It could come any day. It comes close enough to destroy you, it reaches as far as to affect your descendants. You have to think again, again, and again.

In age, you are respectable seniors to us. Although some of you have done and are doing things that hurt the people, the rationality of democracy asks us to think calmly and give you the final admonishment in a most rational way. There are now two roads in front of you—one dark, the other bright. You have the right to choose. But time is running out. We sincerely hope that you will not lose this last chance, that you will wake up and choose the correct road.

No matter how much you hate the power of the pro-democracy movement, to us there is no permanent enemy. All we fight against is the single-party tyranny. Everyone has a chance to give up evil to the good, if he will. We wish you would come out of the darkness, into the light.

increased police guards” have been deployed along the border with Hong Kong, and even along the border between Guangdong and Shenzhen, a Special Economic Zone, to “stop a feared influx of migrant workers spilling into Shenzhen.”

On the campuses, lives are regulated to the point of absurdity. All students are now required to spend one year in military training (largely political indoctrination), although the program is backfiring by enraging the students against the Army and the Communist Party. At Beijing University, the main site of the Democracy Movement ferment in the 1970s and 1980s, new regulations were posted banning expressions of public dissent such as booing, whistling, and unauthorized gatherings. Even hugging, kissing, and holding hands in public have been banned.

Memorial services for deceased political leaders have been banned. It was the public memorial services following the death of Zhou Enlai in 1976 and Hu Yaobang in 1989 that precipitated the mass demonstrations for democracy.

It is feared by the leadership that the next round of resistance to their tyranny will not be restricted to demands for reform, as in the past. The brutal response to the mild demands of the students in 1989 showed that there will be no softening of the Communist Party rule. Also, the collapse of communism in Russia clearly demonstrates that the “impossible” is indeed possible.

One of the leaders of the resistance abroad, Ni Yuxian, first deputy chairman of the U.S.-based Democracy Freedom Party, returned Oct. 11 from a 20-day clandestine tour of China with four associates. Ni, whose party stands out among the primary three (somewhat interconnected) dissident groups as demanding an end to Communist Party rule, told a press conference in Hong Kong that “once the party begins to collapse, it will collapse very quickly,” which will be provoked by Deng’s death, if not before. Ni met with dissident groups throughout the mainland, reporting that the number of these groups has grown since the massacre at Tiananmen Square. “The movement, of course, includes party cadres and military officers. We have members in the Chinese military and we want to prepare them to lead the people if there is a collapse,” he said.

The handwriting on the wall for the Communist Party is causing some party cadre to look for other employment. President Yang Shangkun, one of the few remaining “Old Men” of the Maoist days, admitted the problem at the speech on “Double Ten” day, Oct. 10, honoring the 1911 Republican Revolution led by Sun Yat-sen. “Currently,” he said, “some comrades have expressed worries, even doubts, about the future of Chinese socialism.” He quoted Deng that “in the final analysis we must convince the people by the results of our own development.”

The economic collapse

It is precisely the failure of the economy that is leading to the next explosion. A revealing study done by the official

China Daily reported, “While China boasts proven coal reserves of more than 900 billion tons and the richest hydropower resources in the world, the fuel shortage is a serious problem that has long troubled industrial leaders. Some industrial enterprises are forced to run at half-capacity and others stay idle for days.” The coal reserves in the current pits are nearing exhaustion, without replacement capacity being developed, so that coal production is expected to actually decline. The oil outlook is also “gloomy,” says the report, since “few new oil fields have been found in recent years to replace the existing ones, some of which are almost drained. Since the government has not significantly increased its investment in the energy industry in recent years, the development of power plants has slowed.” The outmoded state of the industrial sector is itself a drain on the scarce energy, since the “outdated facilities consume large amounts of energy and produce high amounts of pollution.”

Similar studies of the water, transport, and storage sectors, with the same conclusions, were published after the devastation of the floods in July, much of which could have been avoided by the infrastructure investment which had been sacrificed to investments in the “new Hong Kongs” along the coast. Japanese diplomatic sources report that Japan has continuously encouraged the Chinese to transfer their emphasis toward the vast infrastructure needs of the interior, but with little success.

Food crisis emerging

The food situation has been relatively stable during the reform years, primarily due to the return of the land to the peasantry and the end of collectivization after the Cultural Revolution. But investments in agriculture have decreased regularly since the early 1980s, again because of the “coastal development” scheme, with the necessary result that food production per capita has decreased annually. Now with the floods, Beijing has been forced to increase foreign purchases by over 50%, and the lack of delivery systems and storage capacity has created pockets of famine.

On Oct. 2, the official news agency Xinhua announced a new “nationwide drive to care for and save grain.” The announcement states: “Currently, we have only enough grains (and cotton) to meet the standard of having just enough to eat and wear.” In typical P.R.C. fashion, the policy demands that all “propaganda departments, educational departments, trade unions, Communist Youth Leagues, and women’s federations must list the task as an important item on their agendas, strengthen propaganda and education to make the drive a household concern and deepen it in people’s minds.” The slogan is, “It is glorious to save grain and shameful to waste it.”

The government has also recollectivized 20% of the agricultural land, amid accusations that the flood damage was largely the peasants’ fault for failing to maintain the flood control systems!

Economic crisis shocks California

by Brian Lantz

Talk of secession. A tuberculosis epidemic. Rising joblessness and bankruptcies. The bad reports from California should be of concern to anyone. The largest U.S. center of economic activity, California is by far the nation's largest food producer; it represents 30% of defense and aerospace capability and accounts for much of total R&D investment. The state's population now comprises 12% of U.S. total population, growing 26% in ten years.

In early October, Californians woke up to the news that their state was facing a new financial crisis. New figures showed a dramatic rise in unemployment and rapidly falling state tax collections. To explain this bad news, the following yarn was told: The state has always relied on the federal Bureau of Labor Statistics to determine state job levels and, hence, to project revenues. Confused over unusually low tax revenues, the state financial department looked at payroll tax data for themselves, as Illinois, New York, and New Jersey had done.

Based on the federal statistics, the state's economists had predicted a loss of 35,000 jobs due to the "recession." They also had projected an economic upturn. But in reality, over 240,000 California jobs had been lost in less than a year, compared to the "normal" annual creation of some 250-300,000 jobs a year—an effective loss of 500,000 jobs in 12 months. California faces another major budget crisis in 1992-93, meaning thousands of state layoffs, and further cuts in education, infrastructure, and medical care. Welfare costs for poor families with dependent children have increased 12% since July.

Going: real estate, defense, electronics

Behind the jobs debacle have been the collapse of California's real estate market, and defense spending cuts. Over 10,000 jobs have been lost in northern California's Silicon Valley electronics sector. California's aerospace sector, centered in the south, lost more than 30,000 jobs last year. Total official job loss in manufacturing was 89,500 for 1990. Largely in response, commercial construction and home building are also coming to a dead stop, having laid off over 42,000 workers last year, and many more since. Commercial office vacancy rates in major California cities are between 15 and 30%. Home sales are down 10-50% from a year ago.

The major banks are reeling. In the last 12 months, the

common stock of Bank of America, First Interstate, Security Pacific, and Wells Fargo Banks halved in value, since then recovering only in part. The deteriorating condition of California banks' loan portfolios, heavily invested in real estate loans, forced large increases in loan-loss reserves as well as mergers. Wells Fargo Bank—recently bailed out, like American Express and Salomon Brothers, Inc., by the shadowy Omaha, Nebraska tycoon Warren Buffett—has threatened to leave the commercial real estate market altogether. The merger of Bank of America and Security Pacific Bank will result in the direct loss of upwards of 20,000 jobs.

California state tax revenues ran \$245 million behind projections in September because no one wanted to face reality. Another \$10-20 billion state budget deficit is already predictable, with tremendous repercussions. Since the Carter administration, the federal government has been cutting funds to the states. For over a decade the states have been dumping billions in expenses on the counties and cities. Now California's northern-most rural counties are mooting secession. As one professor recently remarked, "We don't have New Federalism, we have New Feudalism."

The cost in human lives

Here is California today:

- The number of California children living in extreme poverty has increased 50% in the last decade. According to the Washington D.C.-based Food Research and Action Center, some 13.1% of California's children go to bed hungry every night. Another 15%—almost a third—are "at risk."
- California's public schools now rank *last* in the nation in classroom size, and in expenditures per pupil as a percent of average per capita income.
- Close to one-third of the California's school districts are in deficit, despite major budget cuts—and falling SAT scores. Several districts face financial bankruptcy.
- Tuberculosis is now epidemic in California. A marker for poverty, statewide TB cases are up 40%, or 50% above the national average. Syphilis and measles are also taking off. The AIDS epidemic costs the state \$500 million a year and has outstripped resources.
- California's injured workers' compensation program is the worst in the U.S., paying less than 45 other states, despite California being one of the most expensive states in which to live.
- According to the 1990 Census, one in five homeless people in the U.S. sleeps in a California homeless shelter or on the state's streets.
- The state's prisons are filled to over 180% of capacity, and the prison population grew over 250% between 1980 and 1988. The nation's prison population grew "only" 90%.
- The state's program for the mentally ill recently rated behind those of Alabama, South Carolina, West Virginia, and the District of Columbia and is "moving backward." State budget cuts will slash mental health programs further.

Agrarian reform strikes at the roots of cultural and social evils

by Jonathan Tennenbaum

The following is the third in a series to guide the economic recovery of the new republics formed from the former Soviet Union. In the Sept. 13 issue of EIR, Dr. Jonathan Tennenbaum, director of the Fusion Energy Forum in Germany, discussed the general principles to effect an economic recovery in the East. In the Sept. 20 issue of EIR, Dr. Tennenbaum focused on the need for road and rail infrastructure construction and modernization. In this article, translated from the German, he deals with the agricultural sector.

“Agriculture is the fateful question in Russia”—thus states an old proverb which has again and again proven its validity in the course of Russian history. The revolutionary changes of the last months have once more given cause to remember this wise old proverb. It is well known that the Achilles heel of the Soviet rulers was their proven ineptness in feeding their own people. And not the least of what steadily undermined the credibility of Mikhail Gorbachov’s “perestroika socialism,” was the unexpected worsening of food production, which made the process toward a definitive abandonment of the socialist power structure ineluctable.

Conversely, the various attempts at reform of politicians today, will stand or fall with the improvement in the delivery of foodstuffs. If this does not occur, Russia will soon become ungovernable, except perhaps by a new horrible dictatorship. If, however, the edge can be taken off the immediate food crisis, and the standard of living be lifted stepwise to western European standards, then there will be elbow room for free and peaceful development.

This last affirmation is indeed true, yet it does not strike at the heart of the fact that agriculture is the “fateful question.” A fundamental reform of agriculture in the regions of the former Soviet Union is important, but not merely in order to guarantee putting food on the table. Agrarian reform is of decisive importance because it strikes directly at the deep roots of most of the economic, cultural, and social evils which must today be vanquished.

In this article we will cite a few historical reasons why significant agricultural reform must count among the highest priorities for Russia and the republics striving for independence.

Feudal impediments to agriculture

For more than a century, the development of a true nation-state in Russia was blocked by the maintenance of feudal and neo-feudal structures in the agricultural sector. A thoroughgoing agricultural reform, such as was introduced in Prussia in 1807 by Freiherr vom Stein, has not taken place in Russia. Admittedly, serfdom was abolished in 1861 by Czar Alexander II, yet this step was not enough to allow for the emergence of an agricultural *Mittelstand*—an entrepreneurial middle class of independent farmers and small and medium-sized agriculture-related industries.

With the decree of 1861, admittedly, farmers did obtain their personal freedom, but in practice they did not get the right to own land and the means of production. Hence, in agriculture, until the Stolypin reforms of 1906, which for the first time allowed for the family farm to come into being on a larger scale, essentially feudal relations were maintained. The Stolypin reforms, however, were all too soon destroyed after the Bolshevik seizure of power in 1917. What the Bolsheviks forced through, in the name of “socialist agricultural revolution,” was a neo-feudal system which in many respects turned back the clock to before 1861. The farmers were once again reduced to slavery.

Already in *The Communist Manifesto*, the liquidation of the *Mittelstand* was seen as social “progress”; agriculture should in the future be carried out by “armies of workers.” Lenin saw in the family farm, and above all in the small landowner, the “deadly enemy of Bolshevism.” Although in the framework of his New Economic Policy, he was forced to give some elbow room to the private farmer in the new Soviet Union, this only meant the postponement of the planned “final solution,” which was then carried out by Stalin. Notoriously, more than 20 million people died in the years 1933-38 as a result of the forced collectivization under Stalin.

Productive farms destroyed

Forced collectivization took place in the framework of “socialist primitive accumulation,” the attempt to build up the industrial and military power of the Soviet Union at the



Chris Lewis

Schiller Institute founder Helga Zepp-LaRouche and Frank Hahn, a German leader of the Institute, address a seminar on the "Productive Triangle" in Warsaw, Poland in September 1991.

expense of an outright plundering of the agrarian sector. The living standard of the farmer was recklessly forced down to a subsistence level and lower, the price of agricultural goods reduced to a fraction of their production costs, and the price of machinery and other equipment driven up. At the same time, agriculture was made more "extensive": The relatively highly productive farms, practicing intensive agriculture, which did exist here and there, especially in Ukraine, were destroyed, and in their stead, extensive cultivation of the steppes and other much less productive regions further east in the empire was made a priority. The average productivity of agriculture sank dramatically.

The primary target of this policy, which quite consciously led to genocide, was Ukraine, for it is here that there had been the greatest development—not least for cultural and historic reasons—of an agricultural *Mittelstand*. A major reason for this is the fact that in Ukraine, the characteristically Great Russian "primitive communist" village-commune, known as the *Mir*, for the most part did not exist. The Ukrainian farmers were traditionally organized more "individualistically" than their Great Russian colleagues. The so-called "socialist agriculture" in Russia, on the other hand, looked directly to the *Mir* as a point of historical reference.

This fact is of decisive importance for a deeper understanding of today's problems. The collectivization policies of the Soviet rulers, especially vis-à-vis Ukraine and the

subject peoples of eastern and central Europe, represent from a historical standpoint a kind of cultural warfare. It was an attempt to impose oriental primitive collectivism, in direct opposition to western culture, stamped by the principle of the sovereign individual.

The 'Mir' village-commune

Many of the fateful weaknesses of the so-called socialist system are readily seen just from the history of the Russian *Mir*. In the traditional village-commune there was no private ownership of land; the land as a whole belonged to the commune and was governed by a council of the men (the *Mir*) who were its members. At periodic time intervals (10 years or less), the land was again divided up among the farm families. The soil worked at any one time by the farmer was never hereditarily "his land." There was a striving for complete equality among all the farmers; individual initiative was suppressed by the collective. On top of that, naturally, there was the payment of feudal taxes and the rendering of other levies and duties to the authorities.

It is easy to see why this system thwarted any long-term improvement of agricultural productivity. The primary grounds that make for the economic superiority of agriculture as organized by vom Stein, are completely excluded by the *Mir* system—and hence also by the socialist system. They consist above all in the fact that the western family farmer does not see his advantage and his identity merely in

what he is producing at that moment, but rather in a durable and continuous—often over generations—increase in soil productivity and the overall improvement of the farm. As a result, the center of gravity comes to lie in technological progress and in the formation of capital goods. The farmer in the western system, as a result of his success or failure in trying to develop his farm in this way, learns to develop his own powers of judgment. As was emphasized again and again by vom Stein, that is the reason for the productive effect of the personal ownership of the means of production.

The forced stagnation of productivity in the *Mir* system, led again and again to crises and revolts. Unfortunately, the *Mir* system remained even after the abolition of serfdom in 1861, and was even strengthened in many places. However, after 1861, there was a powerful surge of population growth. This led, in the absence of other measures, to a division of the land into ever smaller plots. The already existing “dwarf agriculture” was exacerbated to absurdity; at the turn of the century it was not rare that a single farmer would work several thousand small plots of land, which lay widely distant from one another, and were hardly wider than one or two meters. Hence, simultaneous with an increase in population density, there was a decrease of yield per hectare. This led in 1904-05 to bloody uprisings of the hungry and land-hungry peasants, who brought the Russian Empire to the brink of total collapse.

Bolsheviks reversed Witte reforms

At the time, the former finance minister of Russia, Count Sergei Witte, who knew the economic policies of Friedrich List, sought to carry through fundamental reform. For many years, Witte had been warning about imminent catastrophe, and had convinced the czar to form a committee which should plan the transition to a *Mittelstand*-based agriculture on the German model. Yet, Witte’s plans foundered on the power of the landed aristocracy and the palace guard, which was laced with various secret services, which surrounded the personally weak Czar Nicholas II.

After Witte, who was the target of countless attempts on his life, had been politically put out of action, some of his reforms were adopted in weaker form by the former prime minister of Russia, Stolypin, who numbered among Witte’s enemies. In contrast to Witte, Stolypin wished to maintain the police-state system, which limited the freedom of everyone, not only of the farmers. Yet even his hesitant reforms were too much for those who pulled the strings of the czarist secret police, the Okhrana, which had in the meantime become a “state within the state.” Then, with the cooperation of the Okhrana, the Bolsheviks were brought to power, who without further ado definitively destroyed the reform process introduced by Witte, and forced a return to the neo-feudal system of the collective farm.

Thus, one can rightly say that in Russia the Bolsheviks

kept feudalism from going under. The great “secret” of Soviet socialism is the fact that in spite of a massive development of a “modern” industry, complete with advanced technologies (above all in the military sector), it maintained and advanced the fundamentally feudal social structure of Russia in only a somewhat modified form.

Today in Russia, officially still something like 20% of the employed are engaged in agriculture (compared to about 5% in western Germany). And of course you have to add to that the soldiers, students, and others who regularly are brought in to help with the harvests. Although this percentage may seem low, the structure of agriculture plays a disproportionately important role in the general problems of the former Soviet Union. As we have seen, this is above all a cultural, and a not-insignificant, power-politics question. It is generally true that for any country, the structure of the agricultural sector sets the tone for its economic and social structure as a whole. A feudal or neo-feudal structure in agriculture goes hand in hand with an oligarchical, imperial social structure. For the old agrarian Russian Empire, this is true still today in spite of industrialization.

It is also interesting in this context, that Gorbachov, in spite of much talk about “individual initiative” in his perestroika plan, still wishes to hold fast to the collective, neo-feudal forms of agriculture. Thus, the most recent attempt to maintain the Soviet Empire by way of limited reforms, laid bare precisely that decisive point, which should not have been touched.

True agrarian reform is possible

Only now, after the Russian Federation has taken power, and after the—at least temporary—neutralization of the old *nomenklatura*, has the prospect of true agrarian reform centered upon the family farm come into range. In whatever way possible, the government of the Russian Federation wishes to favor by extraordinary measures the creation of an agricultural *Mittelstand* in Russia. Yeltsin has promised to into existence in a short time half a million family farms. Similar efforts have been announced by the various republics.

That is a very significant beginning, which must be supported unconditionally. Along with that, the buildup of corresponding infrastructure, as we have underlined in other articles of this series, is of decisive importance, to give the farmer access to modern means of production and allow him to market his produce. The extremely contorted relationship between industry and agriculture brought about by the Bolsheviks, can be gradually corrected, if and only if an industrial *Mittelstand* comes into being which provides, to agriculture and also to the process of the buildup of infrastructure, modern capital goods. This industrial *Mittelstand* must, in turn, be provided with a sturdy raw materials and energy industry, the which would demand a new orientation of the already-existing large industries. Thus, it is clear that agrarian reform signifies a restructuring of the entire economy.

Farm grain prices plummet

The latest USDA report is painting a rosy picture of the harvest, to cover up the cartel underpayment to farmers.

Even as the Oct. 10 USDA crop reports came in, forecasting a slight increase in yields over their September forecast, soybean prices plunged 30¢ to \$5.48 per bushel and corn remained at its two-month low of \$2.48 per bushel. Talk of emergency disaster assistance payments to the nation's grain and bean farmers, hit by low prices and bad weather, has ended with the conclusion of the fiscal year on Sept. 30. A slight increase in projected harvest figures (up 3% for corn and 6% for beans) has caused prices to plummet. Why?

The real explanation is the deliberate underpayment to farmers by the cartel of merchant commodities companies—Cargill, Continental, Archer Daniels Midland (ADM), Louis Dreyfus, ConAgra, Bunge, André/Garnac—which dominates purchasing, processing, and trade in staples.

The *Des Moines Register* reported that the reasons for the price plunge ranged from weak export demand due to the breakdown of the Soviet economy, to a USDA forecast of more than a billion bushels of unused corn stocks by next September, (hardly a vast supply by any standard). In short, the impression conveyed was glut.

However, the same week, the U.N. *Food and Agricultural Report* stated that world grain supplies were dangerously low. World grain stocks were at 17% of annual consumption, less than the minimum supply the Food and Agriculture Organization recommends. Floods in China and Bangladesh have worsened the food needs worldwide. In sub-Saharan Af-

rica, 25 million face starvation.

The USDA October forecast of 7.479 billion bushels of corn is up 3% from the forecast of 7.295 in September. October's forecast reflected a decline of 6% over last year, as a result of widespread weather damage in the corn states from heavy rains and flooding which delayed, and, in some cases prevented, spring planting, to drought damage during the growing season, to early frost damage in September. By August, 900 counties out of a U.S. total of 3,000 were declared eligible to apply for low interest loans under the Farmers Home Administration's disaster program.

Lawmakers also requested direct disaster assistance payments. The House Agriculture Committee drafted a bill authorizing such assistance. After passing the House in July, it went to the House Appropriations Committee where \$1.75 billion in assistance was reported out to the full committee—and stalled by threat of a presidential veto. Budget Director Richard Darman claimed that no emergency existed. There was an attempt at a deal before the end of the fiscal year with the administration reportedly offering \$1 billion in aid in return for \$2.8 billion in mop-up money for Desert Storm. The deal fell through, and Rep. Jamie Whitten (D-Miss.) chairman of the Appropriations Committee says the White House never got in touch with him to offer even the insufficient \$1 billion.

The October corn forecast was somewhat of a surprise. The USDA said the increase in yields expected

could be explained by higher yields outside of Iowa, the number-one state for both corn and soybean production. For example, it reported that the yields in Illinois, Michigan, and Nebraska would be up 5 points over last month. Do the higher yields mean that farmers will not be financially strapped? On the contrary, even though the yield or "supply" is slightly higher than anticipated, supplies worldwide are down, as are U.S. stocks. More important, "supply" is not, however, what drives the price: Rather, manipulated news, which appears to make the market "plunge," acts to cover up the low prices the grain cartels and food conglomerates pay farmers, while gaining an ever-tightening grip on supply to consumers. For instance, the wheat harvest is also forecast to be down 26% from last year, and soybeans, 3%. By August, grain prices had collapsed 9% from a year ago. With the October announcement, corn prices plunged further. Grain farmers are poised for record bankruptcies. Obviously, there is no glut.

Moreover, prior to this year, farmers could hold back their corn under the Farmer Owned Reserve Program (FOR) to await a higher price before releasing it on the market, or could be paid by the government to store it. Now, under the regulations of the 1990 Farm Bill, the farmer who stores his grain under the FOR must release it virtually at the whim of the cartels, which operate through the USDA to grab U.S. grain for their worldwide food weapon operations.

U.S. wheat is sold primarily to the cartels for bulk export (over 66%). The domestic market for milling is controlled by an ever-shrinking market of flour mills. The four largest, ADM, ConAgra, Cargill, and Pillsbury, control 60% of the milling market. The U.S.-based ConAgra is now the biggest miller in the world, and controls 30% of all U.S. milling capacity.

The Riggs Bank fire sale

The D.C. bank's decision shows Bush doesn't have to go far to see the effect of his policies on the banking system.

Ten dollars isn't what it used to be, and neither is the bank on the back of the \$10 bill. Riggs National Bank, the Washington, D.C., bank sitting behind and to the right of the U.S. Treasury building on the \$10 Federal Reserve Note, recently announced a fire sale of more than \$200 million in distressed real estate.

"At some price, there will be buyers," proclaimed Riggs chairman Joe L. Allbritton Oct. 9. "Whatever it takes, that's what we'll have to do."

"We ain't seen nothing yet," Allbritton had warned in June. "The full impact hasn't even begun. . . . The economy has not done even the slight turnaround that I predicted at the beginning of the year. I would have thought it would have leveled off by now, but it hasn't. It's still going down in all categories."

Allbritton should know. As of Sept. 30, there were \$410 million—13%—of Riggs' total loans officially classified as non-performing, up 313% from \$131 million one year earlier.

The biggest problem for the Washington banks, Riggs included, is real estate. According to the FDIC, 17 of the 24 banks headquartered in the nation's capital lost money during the first half of 1991, and more than 20% of their real estate loans are either delinquent or have already been foreclosed.

The District of Columbia led the nation with a staggering 502% jump in non-performing loans in 1990, compared to an already high 25.5% rise nationally, according to Sheshu-

noff Information Services of Austin, Texas.

Yet even as the real estate market blows out across the country, banks are continuing to expand their real estate lending. U.S. banks had \$848 billion in real estate loans outstanding at the end of the second quarter, compared to \$804 billion a year earlier and \$829 billion at the end of 1990. Commercial and industrial loans, by comparison, peaked at \$623 billion in the first quarter of 1990 and have declined ever since, to \$589 billion June 30.

The banks are caught between the proverbial rock and a hard place. If they cease to lend to already-overextended real estate borrowers, those borrowers will go bankrupt and the banks will have to eat the losses. But if they continue to expand their real estate lending, they take more of the poison that is already killing them. Either way, they lose.

The Riggs fire sale is a desperate move. By liquidating its real estate holdings, the bank will effectively lower the market value of its own properties and those held by other banks and the general public.

The Riggs move is also quite unusual in the world of banking, where bankers—with the help of the Bush administration—are doing everything they can to hide the extent of their loan losses.

To make this deception possible, the Bush administration recently issued a set of guidelines for banks and bank regulators which effectively order them to ignore their bad loans.

"Income producing property loans

are to be assessed on the income-producing capacity of the properties over time," the Treasury Department stated Oct. 8. In other words, ignore the fact that real estate prices and occupancy rates have collapsed, and calculate property values as if the depression did not exist.

"Banks with real estate concentrations should not automatically refuse new credit to sound real estate developers or to work with existing borrowers," Treasury said. In effect: So what if you're already swamped by non-performing real estate. Go ahead and make more real estate loans anyway.

And, just in case a bank examiner should, despite Treasury's instructions, have the temerity to declare a loan non-performing, the new guidelines allow the banks to complain directly to "senior officials" of the Treasury or the head of their regional Federal Reserve Bank.

To further protect the banks from economic unpleasantness, the administration wants to liberalize the definition of residential real estate. Currently, that term applies to one-to-four family residences, the loans for which require less money to be set aside as capital than do commercial real estate and other types of loans.

By such creative license, one can easily imagine the administration declaring all office buildings as residences, since some employees stay in them overnight. Since people sleep overnight in hotels, hotels are residences. Since people often gamble all night in casinos, then casinos are also residences. Pretty soon, every bar, bowling alley, and warehouse in the country could be declared a residence. So could all the highway overpasses, sidewalks, dumpsters, and vacant lots inhabited by the millions thrown out of work and home by the administration's heartless and incompetent economic policy.

IMF presents ultimatum

The Collor de Mello government is getting slapped around by the banks, but it still keeps coming back for more.

The International Monetary Fund (IMF) and creditor banks, in alliance with the Bush government in Washington, have presented Brazil with an ultimatum to immediately implement an austerity program without precedent in the history of the country, and to submit itself once and for all to a Mexico-style liberal revolution.

Given that real wages have already lost 60% of their value compared to 1980, the IMF's new demands could trigger a national revolt against President Fernando Collor de Mello's would-be liberal dictatorship. His policies are inspired by the economic prescriptions of the bankers' darling from Harvard, Prof. Jeffrey Sachs, which have already collapsed the Bolivian, Polish, and Yugoslav economies.

One month ago, the bankers' coordinating committee demanded that Brazil's foreign debt negotiators, Finance Minister Marcilio Marques Moreira and special ambassador Pedro Malan, provide additional guarantees for reducing their foreign debt to the banks. Concretely, they demanded that the Brazilian government buy \$4 billion worth of U.S. Treasury bonds, as a guarantee for the pending debt renegotiation deal; Brazil has said that it could only buy \$2 billion worth, on pain of triggering an exchange crisis even worse than the one which led to the recent 15% devaluation of the Brazilian cruzeiro.

IMF director Michel Camdessus, in a press conference Oct. 10 during the annual meeting of the IMF and World Bank in Bangkok, cynically told Brazil that he understood "the

lack of enthusiasm the government faced in adopting the program. . . . I don't know of any country which has initiated a stabilization effort in a carnival atmosphere." Playing the part of the creditor banks, Camdessus explained that the stand-by agreement being negotiated with Ibero-America's largest debtor would serve in part to satisfy these latest guarantees demanded by the banks.

The financial institutions are barely deigning to disguise this new harsh phase in their relations with Brazil. For example, World Bank chief economist Marcelo Selowsky, basing his comments on the new *Report on the World Economy* prepared by the IMF, criticized Collor's weak and inconsistent neo-liberal program. Despite the fact that that program has sunk the nation in a recession worse than that of 1983, Selowsky placed Brazil at the bottom of the continent's countries.

The financial institutions have divided the nations of Ibero-America into three groups. Those who have failed to "maintain" their brutal adjustment program and have stopped paying interest on the debt at any point, like Brazil, or which have been unable to initiate their privatization program, like Nicaragua and Peru, have been placed on the bottom rung. Argentina, considered a nation "in transition," belongs to the middle group; first place is reserved for the champions of the "liberal revolution," like Mexico and Bolivia.

Thus, economist Selowsky told Brazil that it would only get a loan to make "a more prolonged and constant

adjustment."

Given the bankers' new demands and its own wasted economic performance, the Brazilian government pathetically asked the United States for the same "flexible" treatment that Mexico received, as if this could somehow resolve Brazil's economic crisis. On Oct. 14, Finance Minister Marques Moreira and special envoy Malan met with U.S. Treasury Undersecretary David Mulford, who refused to intercede for Brazil with the banks, by urging a softening of conditionalities. According to the daily *Gazeta Mercantil* of Oct. 15, Mulford's response was: Unlike Brazil and Argentina, Mexico never interrupted its foreign commitments.

Despite the mistreatment the country is receiving, the Collor government—continuing to fantasize about entering the First World—insists on yielding to these usurious demands. Thus, the government's economic team has just launched a series of measures designed to increase the country's trade surplus so as to continue to pay interest on the foreign debt. As if the 15% devaluation decreed in early October were not enough, Salomon Brothers is now pressuring for still further devaluations of the cruzeiro, which would guarantee an increase in Brazilian monetary reserves.

Asked if this new policy of devaluations would not generate more inflation, the Economic Ministry's Secretary of Economic Policy Roberto Macedo, a fierce monetarist, laconically responded: "Yes, and what else is new?"

In truth, the creditors' pressures against Brazil are all intended to force a dramatic tax reform that would allow the "fiscal adjustment" program of the IMF and the bankers to be carried out, notwithstanding that this could collapse Brazil's entire productive apparatus.

Business Briefs

Infrastructure

Mass transit has biggest productivity impact

Investment in mass transit has the largest impact on the rate of productivity growth of any investment in transportation, a new study shows. A study released recently by the American Public Transit Association concluded that spending on public transit has more than twice the potential to improve worker productivity than comparable spending on highways.

The study, done by Bates College economics professor David Aschauer, projects that a 10-year \$100 billion increase in transit investment would yield improved worker output valued at \$521 billion. The study also showed that the benefits accrue sooner to transit as compared to highway investments.

The two houses of Congress have not been able to come to an agreement on transportation spending levels, or the levying of a new 5¢ per gallon gasoline tax. The association hopes that this new report will encourage lawmakers to help rebuild America's decrepit public transit systems.

Energy

Uganda minister calls for hydroelectric power

The foreign minister of Uganda called for deployment of hydroelectric power in the developing countries to solve environmental problems. Dr. Paul Ssemogerere spoke about the preparations for the June 1992 United Nations Conference on Economic Development (UNCED) in Brazil and made the following comments Oct. 10.

"Our view is that its outcome should include specific commitments on the effective transfer of environmentally sound technology to developing countries on non-commercial terms; provision of adequate new and additional resources on concessional terms; and a supportive international economic environment that promotes sustainable economic growth

and development of developing countries."

Ssemogerere continued: "In the case of developing countries, environmental degradation is a direct consequence of poverty. To discuss environmental issues in isolation of development is meaningless. For example, in Uganda and elsewhere in Africa, people are forced to cut trees for fuel and for use in constructing dwellings. If forests are to be preserved, alternate sources of energy and of building materials have to be secured. For Uganda, and some other African countries, the solution is in securing capital and technology to harness hydro-electric power; and this is where the industrialized countries should give a helping hand."

Transportation

Trucking executives score deregulation

"I know for a fact that many unsafe trucks are on the road" in the United States as a result of deregulation, an executive of a U.S. trucking company told Minnesota's St. Cloud State University researchers James C. Johnson and Kenneth C. Schneider.

In a guest commentary in the Oct. 10 *Journal of Commerce*, Johnson and Schneider disclosed the results of a survey they conducted with over 200 trucking industry executives. Of the executives, 64.9% believe that deregulation of the trucking industry has been harmful, and 20% stated that safety has been adversely affected by deregulation. Among the comments recounted by Johnson and Schneider:

- "Every carrier executive I know will tell you privately that, yes, they are cutting back on maintenance."

- "I know for a fact that many unsafe trucks are on the road and both state and federal safety investigators seldom attempt to monitor the situation. I would estimate that 40% of the 18-wheelers on the road today possess inadequate tires and brakes and represent accidents waiting to happen."

- "I fear to drive my car on major highways knowing the level of safety in the trucking industry. This is a ticking time bomb that

the deregulation advocates do not want to acknowledge exists."

Some 50.5% of the executives also said that deregulation of trucking in 1980 has been bad for the national economy, despite lower shipping costs and better service. These executives argue that the trucking industry will follow the pattern of the airline industry, where almost all new entrants have been eventually driven out of business, a small handful of firms dominate the industry, stressing service rather than price competition.

Johnson and Schneider wrote, "We were struck with the scathing and vitriolic comments from executives who continue to denounce the 1980 law. . . . They fervently believe that what was once an outstanding trucking industry—perhaps the envy of the world—is now groveling for survival."

Austerity

British reject high-speed rail line

The British government has decided it cannot afford to enter the next century. Malcolm Rifkind, the United Kingdom's transport secretary, announced that the construction of a high-speed rail link between London and the cross-Channel Eurotunnel will be postponed until sometime in the next century, the *Financial Times* reported Oct. 10. As the correspondent succinctly put it: "In France, the Channel tunnel expresses will run on purpose-built tracks at speeds of up to 200 miles per hour. But on the British side, they will slow to a crawl as they mingle with commuter trains on existing tracks."

Sir Alastair Morton, the chief executive of Eurotunnel, expressed "total dismay," and told the *Financial Times*, "The French will not know whether to laugh or cry."

British Rail has repeatedly proposed the construction of a new, high-speed line to connect London with the Eurotunnel. But the Treasury has never been convinced of the need for such a link, which would be the first new rail mainline constructed in Britain in nearly a century. In fact, the British govern-

ment is now preparing to break up British Rail, and sell off the parts as part of the Thatcherite "privatization" program.

Rifkind's announcement was made at the annual Conservative Party Conference. British Rail chairman Sir Bob Reid could not hide his non-conformist feelings. "It's a shame we can't get an integrated transport solution in place that makes sense for the 21st century," he said.

'Free Market'

Kirghizstan gets U.S. loan

After its President endorsed Adam Smith, the central Asian republic of Kirghizstan became the first republic to receive a private bank credit from the United States. On Oct. 9, the Sternfield Financial Group extended a \$100 million, ten-year loan to Kirghizstan, at the extremely favorable interest rate of 4.5%, to "fund the purchase of construction materials."

The loan, the only one of its kind to date to any former Soviet republic, was clearly a "reward" to Kirghizstan's President Askar Akayev, who recently had issued an endorsement of Adam Smith by name.

On Oct. 9, Akayev praised himself for running a "clean" campaign, and for not having used "any state resources," in the Kirghizstan presidential "elections" on Oct. 11. He was the only candidate.

Medicine

World Bank attacks vaccine's developer

Elkin Patarroyo, the Colombian scientist who developed a vaccine against malaria, reported that he was attacked by the World Bank in one of its reports two months ago, because he didn't want to sell rights to the vaccine to a multinational chemical company. He refused to sell the rights, he explained, because the

multinational company could turn around and try to sell them back to Colombia, or could even keep secret the method for developing the vaccine and prevent others from applying it.

Despite the high incidence of malaria in Colombia, due to the application of International Monetary Fund austerity measures, the current government has stopped fumigation to kill the *Anopheles* mosquito, which transmits the disease. There are 600,000 cases of malaria yearly in Colombia, of which 60,000 are fatal.

This situation and the incidence of other tropical diseases were scheduled to be discussed at the Sixth Congress on Tropical Medicine, which began on Oct. 10. Carlos Espinel, president of the Colombian Parasitology and Tropical Medicine Society, has stated that the "best vaccine is development. In a context of misery, no multi-causal disease can be eradicated only with a vaccine."

Foreign Debt

Oxfam report attacks IMF, World Bank

A report published by Oxfam and the Philippines-based Freedom from Debt Coalition, says that the International Monetary Fund (IMF) and World Bank have led to increased poverty and environmental destruction. "These institutions put creditors first and are fundamentally opposed to the interests and welfare of the poor." The report was published before the Bangkok meeting of the two institutions in mid-October.

Noting that servicing the Philippines' \$29 billion debt takes up one-third of the country's export revenue, the report called for industrialized nations and commercial banks to write off more Third World debt and to agree to a limit on debt repayments as a percentage of a country's total visible exports. "The IMF has required excessively harsh measures, exclusively geared to the balance of payments, but having a catastrophic effect on a whole range of domestic economic factors and on the welfare of the people," the report argued.

Philippine Finance Secretary Jesus Estanislao told Reuters in a recent interview that Manila needed the IMF's help to "cure a sick economy."

● **AIDS** threatens the world with "social turmoil, economic disruption, and even political destabilization," a top World Health Organization AIDS expert warned in Bangkok, Thailand. Dr. Michael H. Merson, director of the WHO global program on AIDS, said that an estimated 9-11 million people were already infected with the virus, "and this number will more than triple in the next eight years."

● **A NEW DYE** to detect cancer chromosomes "dramatically improves the diagnoses and treatments of many cancers," said the Department of Energy, of a new technique developed at Lawrence Livermore National Laboratory. The technique utilizes fluorescent dyes to detect chromosome abnormalities within the human cell. In this way, cancer can be detected at early stages and the specific type of cancer determined, which will allow much more specific treatments to be applied.

● **IRAN** has begun production at the world's biggest new steel mill at Isfahan, a modern complex completed with the aid of Germany, Austria, and Japan. The giant plant, Mobarakeh, covering an area of 7 million square meters, will produce 3 million tons of steel in eight modern blast furnaces.

● **HERMANN JOSEF ABS**, past chairman of Deutsche Bank, told a *Frankfurter Allgemeine Zeitung* interviewer that a purely capitalist regime would ruin mankind. "Experience doesn't make me skeptical as far as the successful abolition, the potential abolition of communism is concerned. But it would contain the seed of death if it turned into its opposite, pure capitalism. Mankind could not sustain that."

● **MALARIA** has gotten out of control, and is killing 2 million people a year and affecting 100 million people in 102 countries, according to U.S. research findings.

A new form of carbon marks frontier in science

The "buckyball" is a carbon molecule of 60 atoms in the form of a hollow structure, called in geometry a truncated icosahedron. Mark Wilsey reports on fullerenes, the third form of carbon.

Recently, the element carbon has shown us an unexpected side to its nature. The fact that carbon is the basis of life on this planet and is familiar to us in at least a million known organic compounds makes this new find all the more surprising. To the known forms of carbon, diamond and graphite, add now a third: the fullerene, whose star member is the "buckyball."

While diamonds are made up of pyramidal structures, and graphite is comprised of sheets in a hexagonal pattern, fullerenes are a class of carbon molecules that have a hollow, cage-like structure where the carbon atoms form hexagonal and pentagonal faces. The most popular of these is the buckyball, which is made up of 60 carbon atoms forming a network of 12 pentagons and 20 hexagons. To a geometer, this is a truncated icosahedron or geodesic sphere; to most of us it resembles a soccer ball (Figure 1). "Buckyball" is a nickname for buckminsterfullerene, named after R. Buckminster Fuller, the inventor of the geodesic dome. It is represented by the chemical symbol C_{60} .

In 1985, chemists Richard Smalley of Rice University in Houston and Harold Kroto of the University of Sussex in England suggested this soccer ball structure for C_{60} . Smalley's research focuses on the field of atomic clusters, where he uses lasers to vaporize elements and then studies how the atoms "clump" back together. Cluster research seeks to determine the characteristics of those bits of matter that fall in between individual atoms and bulk molecules. Kroto, noting the existence of carbon molecules in interstellar dust and wanting to learn more about how those compounds are formed, suggested that Smalley use his laser vaporization technique on carbon. Kroto felt this would simulate the near-vacuum and high-temperature conditions that exist around carbon-rich stars.

The process Smalley uses involves striking a graphite target with a laser pulse. The carbon vapor is carried off by a jet of helium gas into a vacuum chamber, where the supersonic stream of carbon atoms recombines. Since helium is an inert gas, it does not react with the carbon, but rather serves as a cooling bath to moderate the thermal processes in the carbon vapor. The newly formed carbon clusters are then run through a mass spectrometer, which counts and weighs the bits of carbon that go by.

Smalley expected to find a random distribution of atomic clusters. Instead, he found a large spike at the atomic mass of 720, corresponding to 60 carbon atoms. One carbon atom has an atomic mass of 12, which is the total number protons and neutrons in its nucleus. While other researchers had previously noted this peak, the peaks produced by Smalley's experiments were prominent (Figure 2).

In these experiments, it seemed that, under proper conditions, carbon atoms "preferred" to run around in groups of 60, if possible, or at least in even-numbered groups, as the data also showed smaller peaks at C_{52} , C_{54} , C_{56} , C_{58} , C_{70} , and so on.

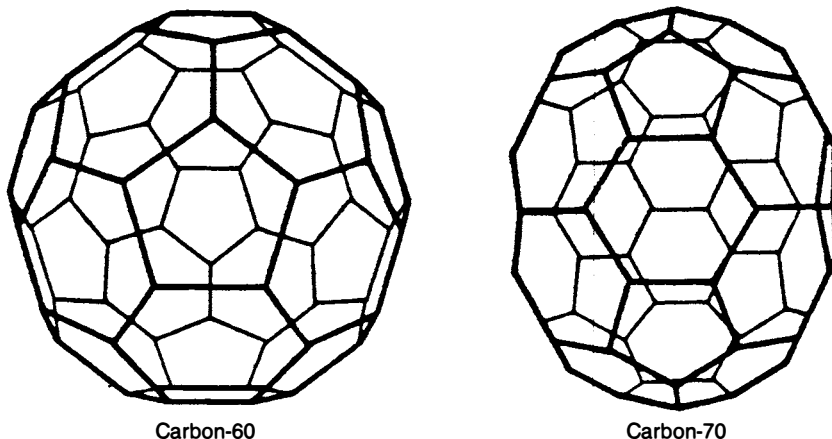
All these carbon clusters are fullerenes. In this range, only C_{60} is spherical; the others are more oblong in shape. In other words, instead of a soccer ball, C_{70} resembles a rugby ball.

Why is 60 so special? What organization would be involved to form this group? It was speculated that C_{60} had to have a very stable structure, one in which stresses on the atomic bonds are minimized. Moreover, the structure would be "closed," with no loose ends or edges for other atoms to grab onto, thus limiting the structure to 60 atoms. The sphere seemed natural, and this geodesic with 60 vertices seemed to fit; however, this is an oversimplification. The actual mechanism for the formation of fullerenes is still an open debate. Although other researchers had earlier predicted the existence

FIGURE 1

Truncated icosahedron structure for C_{60} , and its rugby ball-shaped cousin, C_{70}

Carbon, the basis for organic chemistry, is known to us in two forms: diamond and graphite. Now there is a third form, called fullerenes. One of these fullerenes, carbon-60, is the "buckyball"—short for "buckminsterfullerene," because these carbon cages are geodesic spheres, and were therefore named after R. Buckminster Fuller, who invented the geodesic dome.



of a hollow carbon structure, now it has been tagged and named.

The stability of C_{60} was put to the test, and it has been found that buckyballs can really take a punch. A strong jolt from Smalley's laser tended to reduce C_{60} to C_{58} by chipping off two carbon atoms, and C_{58} to C_{56} , and so on, until C_{32} was reached, after which the structure would shatter easily. Robert Whetten and his group at the University of California at Los Angeles have reported that buckyballs can survive collisions at speeds exceeding 20,000 miles per hour. No other molecule could take such an impact.

Carbon cages

In order to show that buckyballs are hollow spheres, Smalley set his machine to see what he could catch in his carbon cages. The graphite target was salted with the metal potassium chloride. The laser then vaporized both the metal and the carbon to form a buckyball containing an ion (a charged particle) of the metal. To see if the metal ion was, indeed, trapped inside the C_{60} structure, the laser was once again aimed at the buckyball. By chipping off carbon atoms as before, the buckyball was "shrink-wrapped" around the metal ion. Calculations showed that the structure should shatter when the carbon net was reduced to the size of the ion—i.e., being too small to contain it. In the case of a potassium, 44 atoms of carbon was the breaking point, as predicted.

In fact, the idea of placing various atoms and molecules inside these carbon cages is a very promising line of research. A new generation of fullerene-based materials may have a wide range of useful properties. Buckyballs could be used to encapsulate other materials for study or storage.

Researchers theorize that much larger fullerenes are possible. Geodesics always contain 12 pentagons; the number of hexagons determines the size of the structure. The next largest possible geodesic would be C_{240} , then C_{540} , and C_{960} , at least in theory. Smalley has identified carbon clusters as

large as 600 atoms which seem to be fullerenes. He would like to show, one day, that smaller fullerenes can be trapped inside larger fullerenes.

Buckyball research received a big boost in 1990 when scientists discovered that C_{60} is not so hard to produce. Donald Huffman of the University of Arizona and Wolfgang Krätschmer of the Max Planck Institute in Germany had developed a way of making buckyballs in bulk with little more than an arc welder. They found that the electrical discharge between two graphite rods in controlled conditions could produce a larger quantity of fullerenes than had been seen before. Now, dozens of laboratories and hundreds of scientists are working with buckyballs, and the findings are coming out fast in the scientific literature.

Superconducting buckyballs

Earlier this year, scientists at AT&T Bell Laboratories, Nippon Electric Co. (NEC) of Japan, and elsewhere found that buckyballs can be used to make superconductors, in which resistance to electricity is zero. Buckyballs crystalize into a face-centered cubic (f.c.c.) crystal with one C_{60} at each corner of the cube and one in the center of each face. A buckyball crystal is called C_{60} fullerite. This fullerite, in its pure form, does not conduct electricity. However, when alkali metals, those elements in the first row of the periodic table (potassium, rubidium, and cesium, for example), were introduced into the buckyball crystal lattice in a process called "doping," the compounds became conductive. The alkali metal ions fill the spaces between the balls, one in the center of each edge of the cube, eight forming a smaller cube inside the larger, and another in the center of it all (Figure 3). These compounds, as chemical nomenclature goes, are called fullerides. Optimal conduction occurs at the chemical ratio of three metal ions per buckyball, e.g., for potassium, the formula is K_3C_{60} . When these compounds are cooled they become superconductive.

The temperatures at which these C_{60} fullerides, or buckyballs, become superconductive are much higher than expected: In the case of potassium, 18° Kelvin, which is twice as high as for the potassium metal itself. In similar experiments, the Japanese, using rubidium together with cesium, have demonstrated superconductivity at 33° Kelvin. In the United States, a group from Allied Signal's laboratory in New Jersey have reported superconductivity at 42° Kelvin, using thallium in both rubidium- and potassium-doped fullerenes.

Arthur Hebard, a scientist at AT&T, explains that not only are conducting electrons needed, which is what the alkaline metal contributes, to have superconduction, but also that the electrons must combine into pairs. This is the basis for the standard theory of superconductivity. The mechanism for this pairing involves the vibrations within the solid, called phonons. In this C_{60} system, it is thought that the vibration between the carbon atoms of the balls themselves are providing the phonons for this superconductivity.

As we become more familiar with buckyballs, speculation turns to the question: What uses could they have? Beyond gaining a new insight into the organization of matter, or the sheer novelty of the discovery, who knows? They may lead to new high-strength materials, better batteries, or super-slippery lubricants. They could be tailored to serve as catalysts in chemical reactions. Indeed, buckyballs may become the hottest thing in organic chemistry since the benzene ring (see box), giving chemists a new framework to build on. I.M.K. Ismail of the University of Dayton Research Institute in Ohio, suggests that C_{60} could be used in molecular sieves, for separating gases of differing sizes. Scientists at the Jet Propulsion Laboratory are interested in seeing if buckyballs, because of their high atomic weight and neat packaging, could be used in ion thrusters for satellites and other space vehicles.

FIGURE 2
Typical mass spectrometer readings

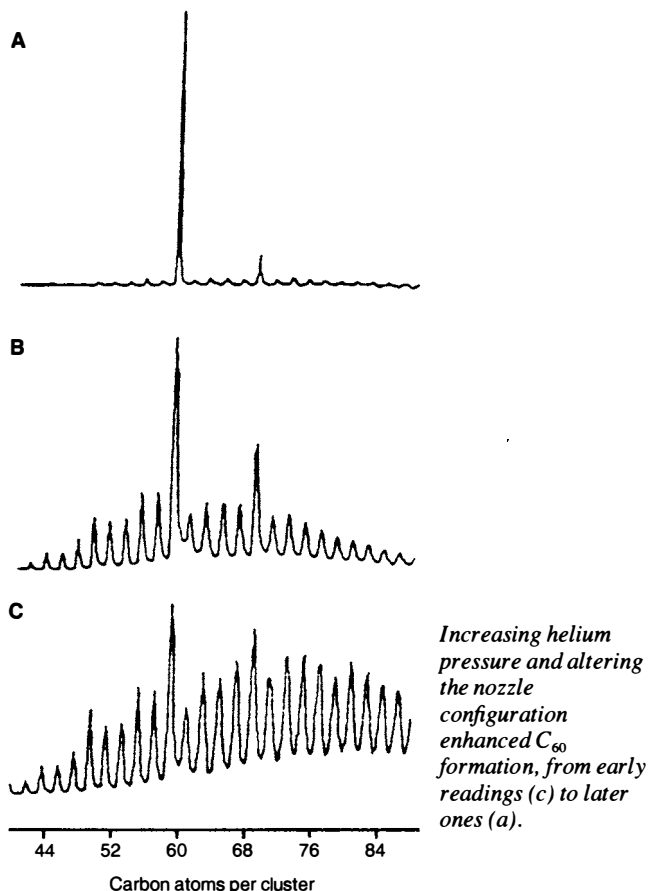
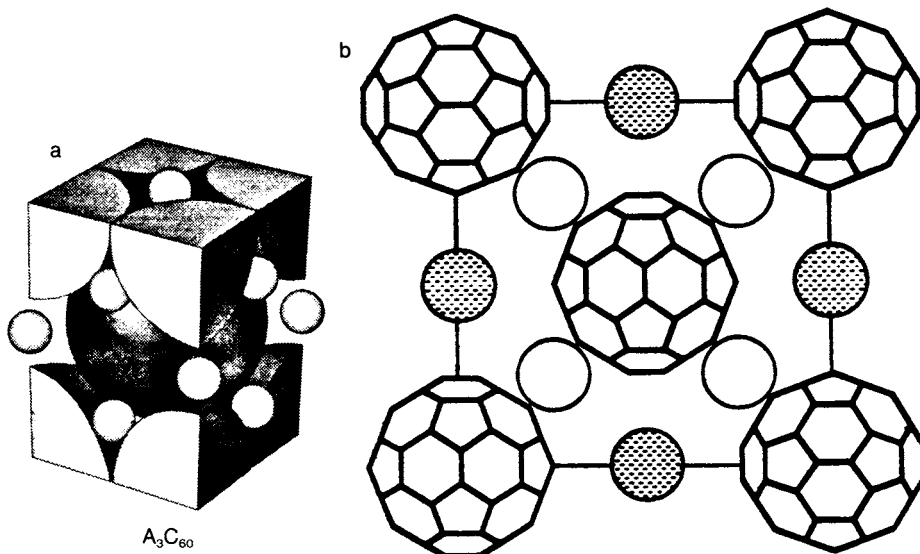
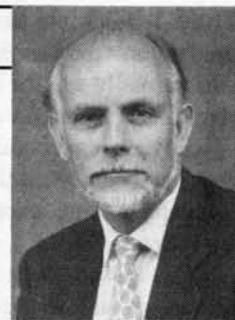


FIGURE 3
The face-centered cubic (f.c.c.) buckyball

Figure 3b shows one face of the f.c.c. buckyball crystal, with a ball at each corner and one in the center of the face. The hatched circles are ions on the edge of the cube, the open circles are ions inside the cube. Figure 3a represents one quarter of the f.c.c. buckyball crystal rotated 45° to show the nesting of the ions. A diagonal plane through (a) will give you (b).





Fullerenes: a challenge to the science of chemistry

Dr. Richard E. Smalley, who is a professor of chemistry at Rice University in Houston, and a leading researcher in the field of fullerenes, spoke with Mark Wilsey of 21st Century Science & Technology on Sept. 20.

Q: Part of your work involves doping the carbon 60 with various materials; how has this gone so far?

Smalley: There are two kinds of doping we are interested in in getting physical samples of. One is to replace some of the carbons in the fullerene structure with other atoms. Either boron or nitrogen should be virtually perfect substitutions for carbon in the cage.

Q: Because of their similar size or chemical properties?

Smalley: The physical size of the atom, the strengths of the bonds, the bonding desires of these atoms are similar to carbon. The other kind of doping is to put atoms on the inside.

We have demonstrated that we've done both of these things, in small amounts, on the order of a million or so of them at a time. We probe them by levitating them in a magnet and slapping them with lasers, and show that they behave like fullerenes. The next level is to try to make bulk amounts of these, so you can actually have them in a bottle, and you can play with them, touch them, feel them, taste them—if you're stupid enough to try tasting them.

We have a paper that will appear in an October issue of the *Journal of Physical Chemistry*, where we report our first success with putting lanthanum inside and getting a material that actually survives exposure to Houston humidity. This success with lanthanum is poetic justice, because back in 1985, lanthanum was the first thing that we claimed that we had put inside, in small amounts, and that launched quite a controversy at the time. Now, not only do we continue to claim that we put it there, but we have a bottle of stuff that contains lanthanum atoms that are unlike any lanthanum atoms ever seen before.

It turns out that the air-stable lanthanum-containing fullerene is just one out of all possible fullerenes. It is interestingly not LaC_{60} , or LaC_{70} , it turns out to be C_{82} —a C_{82} fullerene with a lanthanum inside.

Q: Is this due to an affinity for the atom's size?

Smalley: We don't know for sure, yet. But it fits a simple quantum mechanical model, which is pretty easy to understand. If you put a lanthanum atom inside of a fullerene cage, it has been calculated already by scientists at Ohio State University that the lanthanum should give up two of its electrons to the cage. If you put it inside a C_{60} cage, the only place to put those two electrons is in a much more loosely bound orbital motion around the ball than the typical 60 electrons of the buckyball ordinarily go into. That makes it a fairly reactive molecule. In fact, we have made that material, too, but it is stable only when it is protected from the air, actually imbedded in a buckyball film.

Doped into that film, we have C_{60} with lanthanum, also some other fullerenes with lanthanum in them. But if you dissolve that film in toluene or benzene, so the molecules are forced to fend for themselves in the solution, the LaC_{60} and LaC_{70} do react and form some solid precipitate. We don't know whether it's actually opened the cage or not—we think it probably hasn't—but we don't have a soluble material surviving that exposure.

On the other hand, one of the clusters, LaC_{82} does survive that exposure and stays in solution. We are now setting about to purify it, to get a pure sample of it. But we have bottles of yellow solutions that contain this LaC_{82} and C_{60} . We have sent samples of this to Minnesota to have what's called x-ray photoelectron spectroscopy done on it, which allows you to probe what the lanthanum is like. It turns out that it is unlike any other kind of lanthanum we've ever seen, which is about what you'd expect, since it's protected inside this cage.

Lanthanum atoms themselves are pyrophoric, and actually burst into flames as these things react with air to form lanthanum oxide, but this lanthanum atom is protected by the carbon cage and is completely immune to air oxidation or water. So this is the first of what we hope will be a long series of metal-containing fullerenes. This technique that we are using should be extendable to a variety of other elements on the periodic table.

Q: Would you describe the electronic structure of C_{60} ?

Smalley: If you are just counting the valence electrons for the carbon, there's four for each carbon, so that's $4 \times 60 = 240$. So they are swarming around, glueing the cluster together, and that's basically what holds it in its structure.

These 240 fall into two sets, one set with 180 electrons are used to form the bonds that hold it together in the pattern that you normally see for a soccer ball. Each one of those 180 electrons is paired up with another one to make the covalent bonds, the single bonds. In an ordinary molecule, like benzene, you can call it the sigma bonding framework. Here it is much the same, except it is wrapped around the surface of the sphere.

That leaves 60 electrons to be delocalized in, sort of, an almost metallic sea, going around in what would be the π -bonds of benzene, but these are now radially directed carbon orbitals, one sticking out from every carbon, at the vertices, on the radius line. It turns out that 60 is a very special number for those electrons and they again can all find partners to pair up, and it closes what's called an electronic shell. So it's a closed shell molecule, all the electrons are paired up, which is what you need to have to have a really stable molecule.

The next most energetic way of moving electrons around the sphere is quite a distance up. That makes bucky fairly weakly colored in the visible range. If you had a polycyclic aromatic with anything like 60 carbons in it, and you put that in a solution and looked at that in one of these bottles at the concentrations, or even a hundredth of the concentrations that you see these bottles of C_{60} , a typical polycyclic aromatic molecule would be pitch black by that point. So these are not very absorbent molecules: In fact, the color from C_{60} is entirely due to forbidden transitions that wouldn't be true if it weren't vibrating.

The strong absorptions are in the ultraviolet; that's because the structure is so stable, and the next level up is so far away. Now, when you make a crystal of this, and you add alkaline metals to the outside, those alkaline metals have an extra electron associated with a single valence electron, and they don't hold on to them very tightly. C_{60} actually has quite a high affinity for electrons. Electrons can go onto the ball, and they go into this next higher level in the electronic structure, and effectively spin around the outside of the ball.

There's room for six electrons there. If you put six electrons into it, that material will be an insulator, but if you'd put in less than six electrons, you'll have a conducting material. Effectively, each ball becomes metallic. The metallic electrons on the surface of the ball can hop from ball to ball, and therefore, you get a bulk conductivity. This conductivity becomes super when you cool it down. One model for the superconductivity is that each ball is itself a superconducting ball: You just happen to have a close-packed lattice of superconducting balls where the supercurrent is hopping between balls.

One of the things that makes C_{60} so unusual is that it is so big for a molecule. It behaves in many ways more like a graphite ball than like a big benzene molecule. Also being along the size range of 1 nanometer [1 billionth of a meter] it sits just squarely right where we like to be when we start building structures. One of the things we are hoping is that

this will get organic chemists excited about dealing on this level. They could be in a position to push back the frontiers of nanotechnology rather dramatically.

Q: Another feature of C_{60} is the "free rotation" of these carbon balls in the lattice. It's described to be on the order of billions of revolutions per minute. Is that an unusual feature?

Smalley: Benzene, itself, in the crystal at room temperature is actually spinning around its sixfold axes. Other symmetrical molecules in their crystals often do spin. What is unusual in C_{60} is the broad temperature range over which this happens, and the fact that the spinning is isotropic, or at least it appears to be. There is no preferred direction, because this is a spherical one.

No, it is not by any means unprecedented. Methane, for

Beginning with benzene

Benzene is a ring of six carbon atoms and is a basic building block in organic chemistry. Benzene was first isolated in 1825 by Michael Faraday, but, of all the proposed structures for this molecule, none seemed to fit. In 1865, German chemist Friedrich August Kekulé came up with a satisfactory structure for benzene. This is how Kekulé recounted his insight in his journal:

"During my stay in Ghent, I resided in elegant bachelor quarters. My study, however, faced a narrow side-alley and no daylight penetrated it. For the chemist who spends his day in the laboratory, this mattered little. I was sitting, writing at my textbook, but the work did not progress; my thoughts were elsewhere. I turned my chair to the fire and dozed. Again atoms were gamboling before my eyes. This time the smaller groups kept modestly in the background. My mental eye, rendered more acute by repeated visions of the kind, could now distinguish larger structures of manifold conformation: long rows, sometimes more closely fitted together, all twining and twisting in snake-like motion. But look! What was that? One of the snakes had seized hold of its own tail, and the form whirled mockingly before my eyes. As if by a flash of lightning, I awoke; and this time also I spent the rest of the night in working out the consequences of the hypothesis.

"Let us learn to dream, gentlemen, then perhaps we shall find the truth. But let us beware of publishing our dreams till they have been tested by the waking understanding."

Translated by F.R. Japp, Journal of Chemical Education (1958).

example, is a tetrahedral arrangement of hydrogens around a carbon atom, and methane down to rather low temperatures as you crystallize it has its molecules spinning around rather speedily, in fact even faster than C_{60} .

Q: Does the C_{60} change axes, or does it tend to stay in a particular one, or does it sort of tumble?

Smalley: Because it is certainly touching the other balls, and at any temperature the balls are vibrating against each other, the rotation will be free for a while, and then it will pick up some energy in a different direction, coupling into the vibrational motion of the lattice. If you really look at one of these balls, you'll find it is rather jerky. It will go for a while and then be kicked off in a different direction, rather chaotically.

Q: Is there a coupling between balls where one spins one direction and another spins another direction?

Smalley: There is a particular direction that would probably be the lowest energy, that has all the balls arranged in a precise orientation relative to each other. However, the difference between that and 43 other different kinds of ways of putting the balls together is so little that, at room temperature, there would be hardly any tendency to find it in a preferred single direction.

Q: As the C_{60} crystal is cooled down, it goes through a transition.

Smalley: It goes through an ordering transition at about 260° Kelvin, but that ordering transition is simply a transition between the free motion of the ball and one where they're in, at one particular moment, one preferred direction and in another moment they'll shift to another one. They end up sort of jittering, shifting rapidly back and forth. You have to get down to near-liquid nitrogen to determine special ordering. The motion becomes slow, on a time scale of a million per second.

Q: Would there be a way of "training" the buckyballs to all spin the same way?

Smalley: No. If you have a pure buckyball film, with nothing else, you will probably never find circumstances where you get all the balls oriented perfectly. So there will always be this intrinsic disorder; even though the ball positions themselves may be perfect, in a f.c.c. [face-centered cubic] lattice or this simple cubic lattice [that] it goes into during the ordering transition, we will probably never get a means of turning each ball so that they're pointed in exactly the same [direction] relative to each other. There is just not enough difference between one direction and another.

On the other hand, when you have these alkali metals in between the balls—in the little gaps in the lattice—that is thought to orient the balls a particular way, this is what the x-ray structure reveals: For example, in the case of the K_3C_{60}

superconductor, what we call the buckide salt, the balls are not rotating and they are all nicely crystalized in a particular orientation.

Q: They try to keep a particular face pointed relative to the crystal.

Smalley: The potassium atoms in this structure are big enough, that unless they, in a sense, sort of poke into the hole in one of the hexagons, there's no room; this tends to give orientation in a particular direction.

Q: Going back to your work and that of others on the formation of the carbon-60 molecule. Is it in the plasma state when it is heated as high as it is to vaporize it?

Smalley: Certainly, when we do it by laser vaporization we generate a plasma, by which we mean a heavily ionized vapor of carbon.

Q: A more simple combustion or resistance heating wouldn't necessarily mean that?

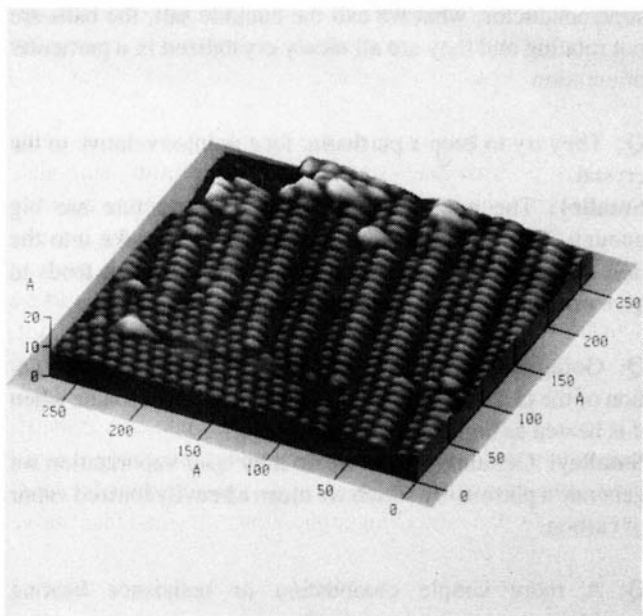
Smalley: It depends on how you do the resistance heating, whether or not you get a plasma. If it really is resistance heating, and there isn't an arc, then at the temperatures necessary to vaporize carbon, which is about 3,500-4,000°C, there wouldn't be very much ionization, so it wouldn't be a plasma. It would be more like a vapor.

Q: Whereas, at the temperatures you're working at, it definitely would be.

Smalley: In fact, it's different even than that, because of the fact that the laser triggers this vaporization. Even before a lot of the carbon is vaporized, it ignites a plasma above the surface of the graphite. As the carbon starts to vaporize, this plasma gets denser and denser, until finally it becomes so dense that the light can't go through it anymore. That's a natural cutoff for how much you're going to vaporize. It is quite convenient in the apparatus to make each pulse a similar length. In our variation of the Huffman-Krätschmer technique, where we used a simple arc welder, we actually set up a real carbon arc, [and] there is certainly a plasma there as well.

We have thought a lot about the mechanism of the formation of C_{60} over the years, and I think we are one of the few laboratories that claims to think we understand it. There's some discussion about what we're suggesting as the model that explains everything we know on how C_{60} and the other fullerenes form, what factors control the yield. The simplest way of saying it is that as carbon clusters begin to grow, we think that by the time they're 35 atoms or so in size, they take the form of open graphite-like sheets, like pieces of chicken wire. The trick is to get these sheets to effectively anneal to their favorite geometry before they grow too big.

We suppose that this favorite geometry is one that obeys what we call the pentagon rule. The rule is to incorporate as



Courtesy of Li, et al. [Science 253,429, (1991)].

Image from a scanning tunnelling microscope of C₆₀. The flat region, toward the lower left, shows clearly the close-packed structure. The uneven region above that shows C₆₀ growth in a different orientation.

many pentagons into the sheet as possible with the provision that no two pentagons be adjacent to each other. Structures of that sort, as they grow, will form uniquely C₆₀, which is the virtue of this mechanism. There must be thousands of different ways that you can put carbon atoms together and quite by accident get C₆₀; the real question is how do you contrive to have—it's been reported—as much as 40% of all the condensed carbon vapor make C₆₀. How could that possibly be? Then you look at every mechanism that you can think of and ask, how could this mechanism get me such a high yield? If there's no way, then you throw it out. For every mechanism we've heard of, none of them can explain such high yields except this one, what we call the pentagon road in reactive kinetics.

One aspect of this theory is that it is a firm, testable theory. It could be wrong. One way to prove it wrong is that you can look at the calculations of all possible structures for an open sheet, and see if you can find one that violates the pentagon rule and is more stable. When you do that, you will find there is one more stable than the open sheet, and that is, in fact, the closed fullerene structure.

The major contender for the alternative explanation is that the clusters close to form fullerenes quite early, but until they're C₆₀, they keep on opening up, and growing, and then closing again. The trouble with that mechanism is that we don't understand why C₆₀ wouldn't open and grow larger, at least some of the time. Because calculations reveal quite uniformly that the larger fullerenes are actually more stable than C₆₀. There is no particular reason to stop at 60.

So we presume that, in the reactive kinetics, open sheets are formed, but that you don't spend long enough at high enough temperatures to anneal them into the closed fullerene before you get to C₆₀. It's really a matter of an open sheet curving and closing. It's a test of all hypotheses, in that it predicts that you will improve the yield by protracting the time the clusters are growing in the size range smaller than 60, and by increasing the temperature of this region, so that they'll have a chance to anneal. That is the thinking that led us to modify our laser vaporization conditions, to doing it in an oven at 1,200°C, which changed the laser vaporization method we had been dealing with, over all the time up till Huffman-Krättschmer, from making buckyballs, but not enough to really see, to a method now that makes buckyballs in very high yields. You just put it in an oven; everything is the same, that's all that was necessary.

That, in turn, is the method that we're now using to get macroscopic amounts of metal-containing fullerenes. Instead of just vaporizing graphite, we laser vaporize a composite of graphite and the metal of interest, and off comes touchable, feelable, smellable versions of metal-containing ones.

Q: Returning to superconductivity: A feature of the alkaline-doped C₆₀ superconductor is that it is sensitive to pressure, such that conductivity goes down with increased pressure. What mechanism would be involved in that? The opposite seems to be true in other metals.

Smalley: The rationalization that has been offered, is that, what one is trying to do is to get the density of conducting states to be very high in order to get the critical temperature high. In the theory of superconductivity, that sometimes makes sense, apparently. As you squeeze these balls together you broaden out this band of states that's doing the conduction. That makes the density of states per given energy range lower. That's the rationale, or at least the one that's most discussed.

On the other hand, I think it's fair to say that nobody really has much of a clue of what the superconducting mechanism is in buckyballs. So it's a little glib to say we understand why, when you press on it, the value of T_c [critical temperature at which superconducting begins] goes down, since we can't really predict in any sort of intellectually honest way what that value of T_c is.

Simply put nobody really knows what the mechanism of superconductivity of these balls is yet. For that matter they're pretty unsure about all of the practical superconducting materials, even the ones currently used are not very well understood. They're not BCS materials, at least not very well handled by BCS theory. [Bardeen-Cooper-Schreiffer theory of superconducting, which doesn't explain high-temperature superconductivity—ed.] Superconductivity theory is not in a very good situation, has not been for years. That's one of the all-time bugs in the bonnet of solid-state physicists.

It might be that one of the most important aspects of C₆₀

buckide superconductors is that it may be a happier hunting ground to get at the new concepts necessary to get a firm theory for superconductivity.

Q: Carbon-60 comes out of research into atomic clusters. How has the work in C_{60} affected this research?

Smalley: I'm not quite sure what the answer is going to be. It is certainly going to have a big effect on it. In one sense it is the sort of thing we hoped to find, something really completely new, because we were dealing with a new cluster that no one ever looked at before, and of course, one always hopes there's something there.

But carbon is really quite special, and I don't anticipate we'll find things like this again roaming through the periodic table, for the simple reason that carbon is the only element that's content to have just three nearest neighbors, three other carbon atoms, which allows it to make a two-dimensional sheet. These molecules are basically a two-dimensional sheet wrapped around on itself to form a closed sphere. Silicon, for example, is never content with just three nearest neighbors: It insists on having four, sometimes more. So, in exactly the same apparatus, you make silicon clusters, and they're not like this at all: They always start with a couple of atoms in the center and just keep on building out; there is never a point where they stop building. There is no cluster of silicon that is so happy with itself that, when offered another silicon atom, wouldn't say, "Thank you very much, that feels good." But these carbon clusters are different. C_{60} carbon, when it's offered other carbon atom, says, "No thanks, I'm happy, I'm pleased with this." They're molecules, closed shell, and behave like molecules, that's why we have them in bottles.

The long-term future for the fullerenes may be very rich because they are molecules, which means you can manipulate them while they are still nanometer-scale objects. You can build architectures with them. With the other materials, like silicon, and germanium, and gallium-arsenide, and the transition metals, in order to have a cluster that is content to not grow bigger, you have to passivate the surface in some fashion.

A little bit of success has been had along these lines, by a group at Bell Labs, led by Lou Bruse and Mike Steigerwald, who have learned to make little nanometer-size particles of cadmium-sulfide and a variety of other semiconducting materials. A member of that group, Paul Alivisatos, now at [the University of California at] Berkeley, has succeeded in finding ways of making gallium-arsenide nanometer particles and having them passivated on the surface. With transition metals, there are a class of clusters that are passivated on the surface by carbon monoxide.

This business of actually making nanometer particles, and making structures with them, is only part of the reason why we got into the game to begin with. The main reason was to develop a fundamental understanding of the chemistry and physics of materials, when they weren't molecules, when the surfaces were not saturated, when you have this ragingly reac-

tive metallic surface, like you have in a transition metal surface; to understand in more detail the processes involved in heterogeneous catalysis, corrosion, and reactions at electrodes.

When you actually get down to thinking about machining materials on a nanometer scale, and you want to manipulate and control what's going on at that scale, you're going to have to be able to understand the chemistry of such objects. The reason we built these machines, and have been pushing this field is to develop, in a sense, this tinker-toy surface science, where these clusters are the tinker-toys. We do it, not because they are easy to understand, but because they are hard. It may be in this environment, where we finally learn the concepts necessary to understand the chemistry of stuff, rather than the chemistry of molecules. That challenge still pretty much remains. We've gone a long way down that road, but there's still a much longer path down the road than we've gone down so far.

For my own scientific career I'm going to have to decide whether I'm going to keep on going down that road. I must admit that fullerenes constitutes a real tantalizing fork in the road here, and I'm not quite sure how many more years we can keep straddling this line. At some point I'll have to decide on which path to take; right now, I don't know which it will be.

What is the science mafia trying to suppress?

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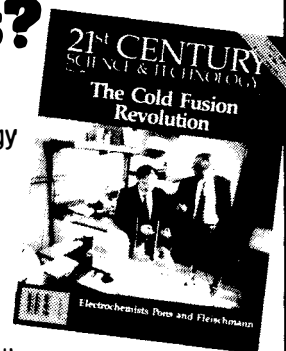
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How 'free trade' enslaved North American farming

by Marcia Merry

The report below, on the devastation of farming capacity in the English-speaking world by "free trade" policies, was initially prepared as an educational tool to strengthen the resistance in both eastern and western Europe against GATT. The London and Washington officialdoms are on a rampage to force the European Community to sign a U.N. General Agreement on Tariffs and Trade (GATT) treaty that would gut the capacity for independent farm output in Europe, by ripping out all price supports and tariff protections, and letting prices sink to the lowest market level even where that is far below the costs of production.

If Europe is destroyed, the cartels will tighten the dictatorial grip they already hold over the United States, Canada, and Australia. This is a ticket to world starvation, as opposed to necessary food self-sufficiency for nations, based on the independent family farm. Our report is a summary picture of the agriculture sectors of these three nations, which are already being destroyed by the champions of "free trade."

Ironically, the Anglo-American financial powers intend to wield what has not yet been destroyed of North American farm output, in order to consolidate control over world agriculture as a global food weapon for bringing about a "new world order" in which no economic challenger will be brooked. Apart from military hardware, the United States and British allies have only their agricultural clout left as a weapon in global economic power plays. This is because all other productive sectors of the Anglo-American sphere—United States, Canada, Australia, New Zealand, and Britain itself—measured in terms of output of steel, machine tools, transport systems, and most consumer goods—are in shambles.

Relative to this, there is still measurable agricultural output left in the Anglo-American bloc—the vestiges of an abundantly rich agricultural economy that was built up by the technology-proud family farmer. Out of the annual amount of grain traded in recent years (185 to 210 million metric tons), the United States alone still accounts for 40-50% of exports. Canada ranks next in exports, accounting for



German farmers demonstrated in Bonn in September against the General Agreement on Tariffs and Trade. The tenor of the slogans was, "We're on the brink." In fact, the cartels have in store for Europe exactly what they've done to North American and Australian independent farmers.

11-15% annually over the past three years; and Australia accounts for another 6-8% of annual grain trade. Taken together, these three nations account for between 62-68% of all the grain traded annually in recent years.

In contrast, the European Community annual grain exports are about 14-16% of annual grain traded, and Argentina ranks next with 4-6%. Below that are the rice-exporting nations of Thailand, Pakistan, and, in good harvest years, Vietnam. The bulk of the world's grain is grown, stored, and consumed within the borders of the producing nations.

The survey presented here should also help developing sector countries to beware of a cruel "divide and conquer" strategy by the financial oligarchy, to convince them that GATT is the only way for them to get some export earnings, now that the International Monetary Fund and other major creditor institutions have crushed their internal economies with onerous loan "conditionalities," and made them dependent on external markets.

American family farm no longer exists

The type of agricultural output based on independently owned and operated family farms, that was part of the economic practice in the United States known as the "American System" in the nineteenth century, now no longer exists. Across America, you can still see independent family farms, struggling to continue. But the system characterized by this mode of production has been destroyed in the last 25 years. The following assembly of graphs documents the miserable

state of farming in the United States.

In recent years, families have been forced out of farming at such a drastic rate that the U.S. farm sector has been degraded into neo-feudalism. **Figure 1** shows the decline in the number of U.S. farms and the increase in average amount of farm land per farm over the last 45 years.

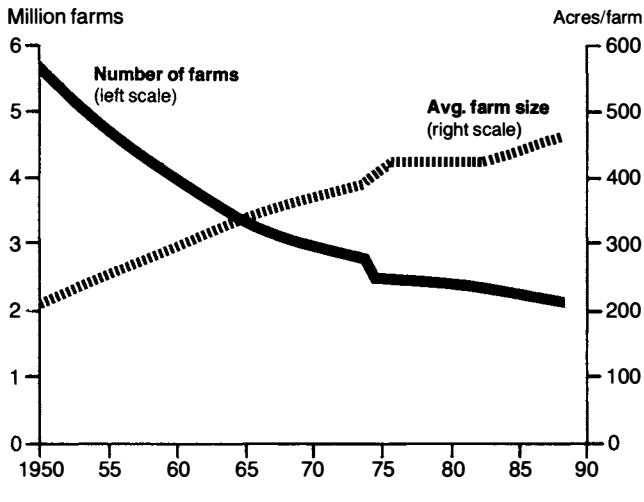
Last year, for example, the number of farms in the U.S. dropped by 36,000—at a rate of about 690 farms lost per week. This rate will be equaled this year, in particular due to the current ruination of family-run dairy farms, which take decades to build up.

Figure 2 shows the decline in the numbers of people living on farms. In 1947 there were about 26 million persons. Today, there are fewer than 5 million persons.

During the early years following World War II, the exodus from farms reflected a nationally beneficial process of increasing energy and energy-equivalent inputs per hectare—more mechanization, better seeds and fertilization, weed and pest control, efficient harvesting, drying, storing. Productivity per hectare increased all the while.

In contrast, in recent years, farmers have been impoverished and driven off the land by direct foreclosure, or other involuntary financial pressure. In the place of independent, family farms, there is now a new system which consists of a growing number of huge factory farms with absentee owners—the new "collectives," and also there are some remaining family farms, locked into servitude to the mega-companies of the world food cartel, by any and all of these

FIGURE 1
Number of farms declines, average farm size rises



Source: USDA

means of bondage: manipulated pricing, contracts, “custom farming,” “vertical integration,” etc.

‘Contract’ farming and ‘vertical integration’

The last 20 years have seen a dramatic growth in “contract” farming and “vertical integration” of farm output to serve the food cartel companies’ designs for processing and marketing.

Some of the famous companies that exert this domination are: Cargill, Archer Daniels Midland/Töpfer, Bunge, Continental, Ferruzzi/Central Soya, André/Garnac, Louis Dreyfus, ConAgra. They are discussed more below.

Figure 3 shows the pervasive control over farms in the categories of staple food production—beef, pork, poultry, grain and oil seeds.

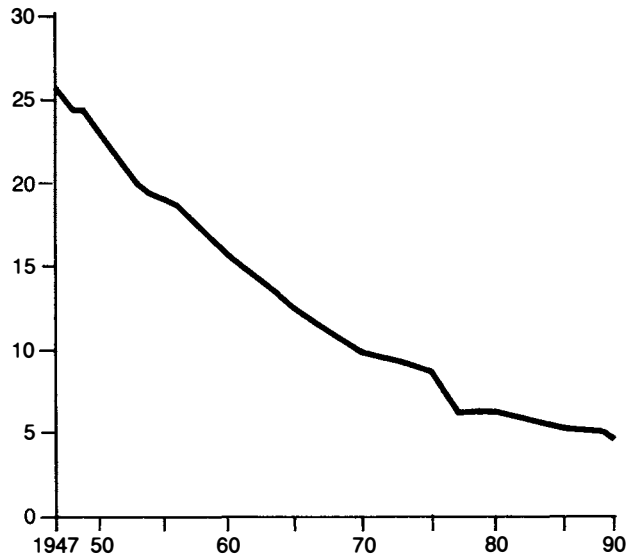
Effectively 100% of all “broiler” chickens (not egg layers) in the United States are produced under contract or equivalent arrangement with one of the handful of giant poultry companies, for example, Continental, Cargill or ConAgra.

The way it works is that the farmer has personal title to his land, buildings and equipment—and to his debt obligations. He contracts for the chicks, the feed, the veterinary medicaments from the cartel company. He is forced to accept the cartel company’s price for the chickens he raises. He is forced to meet whatever specifications the company demands for housing and raising the chicks—as well as his expense and debt obligation. He is worse off than a sharecropper.

The chart shows that the control over fattened cattle is reaching the point of 25% domination of production by cartel-dictated contract farming.

In hog production, there has been a dramatic rise in just the last 10 years to where almost 15% of all hogs raised is

FIGURE 2
Population living on farms, 1947-89
 (millions of persons)



Source: EIR, USDA.

through contract and vertical integration. In some arrangements, the farmer merely rents the sows from Cargill or another behemoth.

Output of grains and oilseeds, especially soybeans and rapeseed (canola), is proceeding in this direction.

In an effort to continue the family farm, members of the family have been forced to take off-farm jobs to make non-farm income to continue operating the farm at larger and larger losses. Over 50% of family farm income comes from off-farm work. The pressure on farm families is heavy, and the suicide rate in rural United States has skyrocketed.

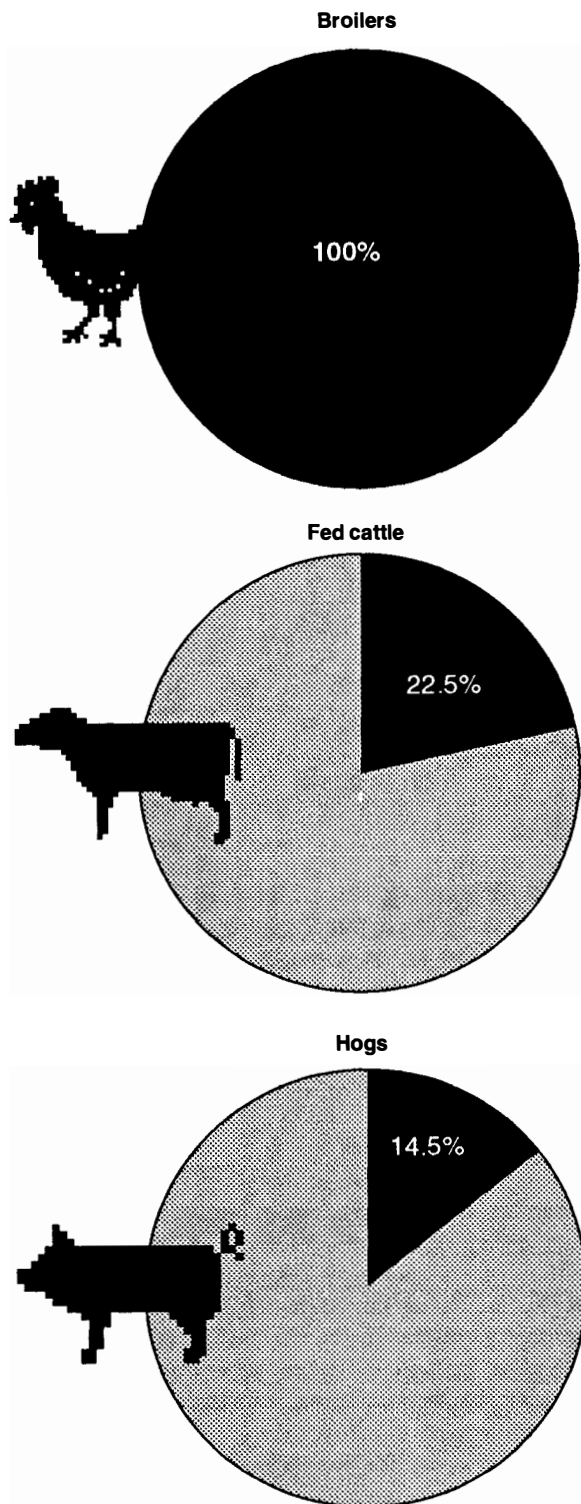
The average age of farmers has been increasing, as youths turn elsewhere, and relatively new farm ventures end in ruin. For example, the age of the average cattle rancher is 55 years.

The average age of machinery has been rising higher and higher, as most farmers have not had the means to replace their equipment.

The numbers of beef cattle, the dairy herd, and the hog inventory have all been declining over the past 15 years. Figure 4 shows the decline in U.S. numbers of cattle and hogs for the period 1945 to 1989. That trend continues.

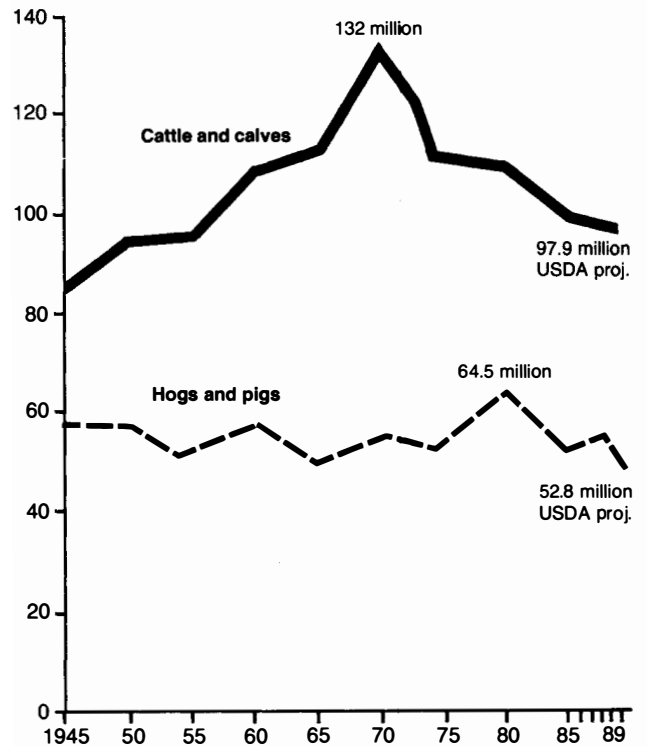
The proximate cause of this subversion of the family farm is the systematic lowering of prices paid to the farmer for his output, relative to the income needed to meet costs, make capital improvements, pay living expenses, and clear a return on his investment and efforts so that the next generation is trained and operates the family farm at even higher productivity levels. This was the original idea embodied in what in the nineteenth century was called the “American System.”

FIGURE 3
Percent of U.S. meat production under cartel control



Source: Kansas City Federal Reserve, *Economic Review*, 1990.

FIGURE 4
Decline in U.S. numbers of cattle and hogs, 1945-89
 (million head)



Source: *EIR*, December 2, 1988.

Figure 5 shows that over the last 30 years, the prices received by the farmer have been way below the prices paid out by the farmer. The disparity today is forcing family farmers to shut down, or become serfs to the cartel system.

The graph presents prices in a term frequently used in the United States—the “parity price.” This refers to the ratio that existed for U.S. farmers in the 1910-1914 period, relating their prices received to their prices paid out. In comparison to that, U.S. farmers today are in an impossible position. They are operating with negative incomes.

Figure 6 shows that the ratio of farmers’ parity price to costs has been falling for 75 years.

Table 1 (page 36) shows how the farm price has fallen for beef and cattle from 1945 to the present. Farmers are getting the same for their beef today as they were in 1970. They are getting half as much for their pork as they were in 1945. Today, the price they receive for a hundredweight of raw milk is the same level as it was in the 1970s.

Farm debt has crushed farmers

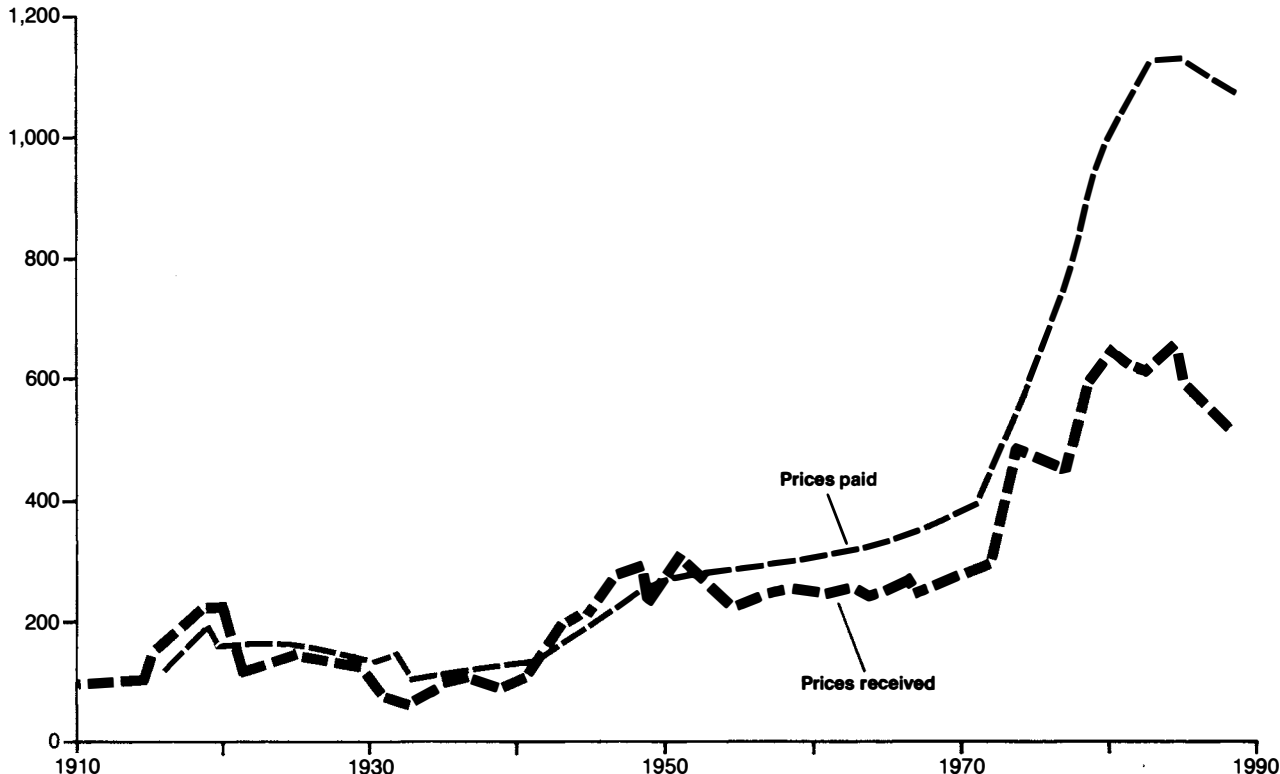
Figure 7 shows over the last 40 years how farm debt soared, while farm income was low and level.

Because farmers were hit by having to pay rising costs

FIGURE 5

Farmers' cost of production and living expenses outpaced what they received for farm production, 1910-90

Percentage of 1910-14 base



Source: USDA Economic Research Service Bulletin #531 (Sept. 1987), "Price Parity; An Outdated Farm Policy Tool?"

of production and living expenses—and the cartels did not pay them honestly for their output—farmers were forced into larger and larger debt obligations. This process was aided by banking functionaries colluding with the cartels and international banking interests, to countenance inflated farm land values as collateral for a ballooning in farmers' debt. Then, when the farmers could not pay their debts, and land values fell, the banking networks forced the farmers off the land.

Figure 8 shows the contrived rise in farm land values in Iowa, in the 1980s, and then the plunge. The sudden devaluation of collateral for farm debt that this caused fell on the farmers like a guillotine.

During the first part of this process, total U.S. national agriculture debt went from less than \$50 billion in 1970 to over \$200 billion by 1980. During the 1980s, Congress authorized spending some funds to shore up the farm lending agencies—in the name of helping farmers—but the corrupt officials of agencies, such as the Farm Credit System and Farmers Home Administration, foreclosed on the farmers anyway and channeled the funds to select private networks. Among these was, for example, the Rabo Bank of the Netherlands, which came into the United States farm scene in the

1980s to make a killing. From 1986 to 1989, an estimated 300,000 U.S. farms were forced out of operation.

During the past 25 years, the U.S. has become increasingly dependent on food imports, and there has been a persistent decline in the number of the pounds of beef and pork produced per capita since 1970. In that year, there were 192 pounds of beef produced per capita. Today there are fewer than 140 pounds. Pork production per capita has dropped from over 100 pounds to less than 85 pounds today.

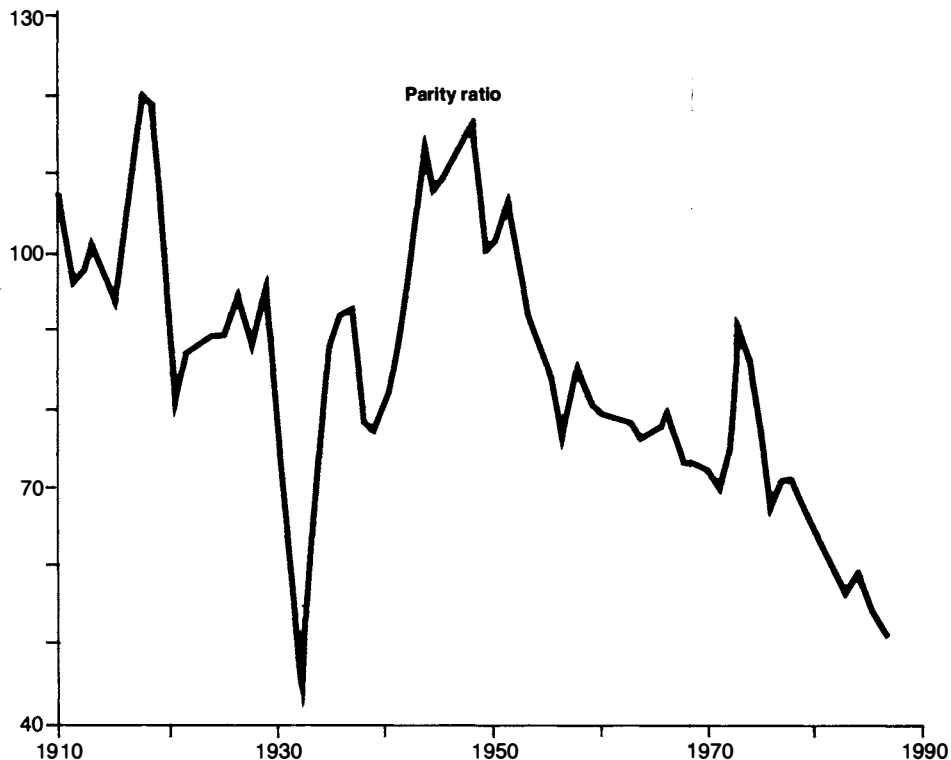
The same picture applies to fresh fruits and vegetables. Larger and larger tonnages are coming into the U.S. from Mexico, the Caribbean, and other points in Ibero-America.

The cartel companies have orchestrated this shift to their advantage, while farmers throughout the western hemisphere have been impoverished, and the overall nutrition levels are dropping. For example, 20 years ago, Cargill organized bringing orange juice concentrate from Brazil into the U.S., at ruinously low prices to independent Florida citrus growers. Cargill had the first juice concentrate ocean-tanker in the world. In Brazil, farm labor was paid only pennies a day to work on large citrus estates owned by Cargill and various European oligarchy investors.

FIGURE 6

Farmers' parity ratio has been falling for 75 years

Percentage of 1910-14 parity



The parity ratio is the percentage of relationship of what a farmer's commodity unit (ton of wheat, pound of poultry, etc.) would buy in the 1910-14 base period, compared to later points in time.

Source: USDA Economic Research Service Bulletin 531, Sept. 1987.

'Green' terror against farming and food

Bogus environmental arguments have been adduced as the rationalization for subversion of high-technology family farming over the past 25 years. Arguments are made against the use of farm chemicals, against cow manure, against draining swamps, and against even growing crops of any kind. Entrepreneurs who attempted to use food irradiation to provide safe food in large quantities have been vilified and jailed on fraudulent charges.

One sweeping action against sound farming has been a federal program to induce farmers to take land out of farming and lock it up in what is called the "Conservation Reserve Program" (CRP). This program was created by the 1985 five-year U.S. farm law, at the behest of such international oligarchical interests as the World Wildlife Fund. The law's goal was to take a total of 45 million acres out of food production for at least 10 years, and that goal has nearly been reached as of 1991.

The CRP offers a financially strapped farmer the inducement of receiving an annual per acre payment for land on which he contracts to grow *non-food* vegetation!

In addition, every year, at the discretion of the U.S. Department of Agriculture, a certain amount of crop land is "set aside," supposedly to control the amount of crop produced. The USDA offers the farmer an inducement of some income support for that year if he withholds a percentage of his farm land specified by the USDA from production of crops—wheat, corn, other small grains, and rice and cot-

ton—also specified by USDA.

Therefore, the total amount of land harvested in the United States—which could potentially be over 400 million acres, has been depressed by intervention of the U.S. Department of Agriculture, and interests that the USDA serves, including the World Wildlife Fund lobby and the food cartel, whose policy is to keep food scarce.

Figure 9 shows how the land area harvested has declined in the United States.

What 'free trade' cost farmers

In 1978-79 there was a national wave of farm protest against the destruction of the U.S. agriculture sector, but it then died back over the 1980s. Today, U.S. dairy farmers are renewing the fight, and, if the potential is actualized to link up with non-farm citizens, and go against Bush's evil policies across the board, there is renewed hope.

At the end of the 1970s, when farmers were hit by the double whammy of falling prices for their production, and rising interest rates and costs of production, a wave of revolt swept the farm belt. Thousands of farmers "went to town" with their tractors and staged tractorcades and huge demonstrations in state capitals and in Washington, D.C. over 1978 and 1979. The American Agriculture Movement (AAM), a new organization, came out of this protest movement.

An activist with the founders of the AAM, Billy Davis, ran for vice president on the 1980 presidential ticket with American System economist Lyndon LaRouche. They tour-

TABLE 1

Number of cattle and hogs and price paid to farmer per pound declined, 1945-89

| | Cattle & calves (million head) | Avg price to farmer (cents/lb) | Purchasing power in 1988 inflated dollars (cents/lb) |
|-------------|-----------------------------------|--------------------------------------|---|
| Beef | | | |
| 1945 | 85.7 | 12.1 | 94.5 |
| 1950 | 77.9 | 23.3 | 120.1 |
| 1955 | 96.6 | 15.6 | 70.6 |
| 1960 | 96.2 | 20.4 | 81.3 |
| 1965 | 109.0 | 22.0 | 80.3 |
| 1970 | 112.0 | 27.1 | 79.5 |
| 1975 | 132.0 | 32.2 | 66.8 |
| 1980 | 111.0 | 62.4 | 89.5 |
| 1985 | 110.0 | 53.7 | 59.6 |
| 1988 | 99.0 | 72.3 | 72.3 |
| 1989 | 97.0 | 78.0 | 78.0 |
| | | | |
| | Hogs & pigs (million head) | Avg price to farmer (cents/lb) | Purchasing power in 1988 inflated dollars (cents/lb) |
| Hogs | | | |
| 1945 | 59.3 | 14.0 | 109.0 |
| 1950 | 58.9 | 18.0 | 92.8 |
| 1955 | 50.5 | 15.0 | 67.9 |
| 1960 | 59.0 | 15.3 | 60.1 |
| 1965 | 50.8 | 20.6 | 75.2 |
| 1970 | 56.7 | 22.7 | 66.6 |
| 1975 | 54.9 | 47.9 | 99.4 |
| 1980 | 64.5 | 39.0 | 56.0 |
| 1985 | 52.3 | 44.5 | 49.4 |
| 1988 | 55.5 | 43.0 | 43.0 |
| 1989 | 53.4 | 43.0 | 43.0 |

ed the farm belt, and LaRouche aired national television broadcasts on the farm and food crisis in both 1980, and then again in 1984, when the situation worsened.

However, counterinsurgency experts sent out into the farm belt by the Reagan-Bush administration acted to divide, divert, and demoralize the farm protest movement. A network of telephone "hotlines" was offered to farmers "counseling" on how to "adjust" to the new—worsening—conditions in the farm belt. New farm help groups were set up by the Ford Foundation; other fronts for the cartel and banking interests' new farm advocacy groups bore such populist names as: Rural America, Prairiefire, and Groundswell. The AAM itself was bought off, and its national leadership became tame and started politely lobbying Congress by holding fish-fries and cook-outs.

The mainstream farm organizations even went along with the idea of free trade. In 1986, then-Special U.S. Trade Representative Clayton Yeutter went to the U.N. GATT conference in Punta del Este, Uruguay, which founded the "Uruguay Round," where he called for world "free trade" in agriculture in four years. U.S. farm organizations, such as the National Farmers Union, the National Farmers Organization,

and others, said that they would agree as long as there was a "fair" GATT deal, and "free competition" internationally.

The same game is now being played against the developing sector, by the same cartels and financial interests that crushed the American family farm.

In contrast to this, in his 1988 presidential campaign platform, Lyndon LaRouche initiated the effort for a fighting "Food for Peace" group to oppose free trade and all other forms of policy rationalizations for getting rid of farmers and causing starvation and genocide. The international Food for Peace group was founded in Chicago in September 1988, in the midst of the devastating drought that hit the North American grain belt that summer.

At present, a growing number of dairy farmers and supporters in over eight milk-producing states are staging a protest action against the Bush farm and food policies by donating milk powder to children in Iraq, who are dying at the rate of 500 a day because of Bush's continued embargo. This protest dramatizes the situation where family farms are forced out of operation by government-sanctioned low prices, while millions are suffering for want of food that could easily be produced.

Fake food

While the traditional family farm was being undermined, the American public, including the farm family, was being told by the media and cartel-owned government officials, that normal food is bad for their health, and they should switch to "health foods." What does this mean? Simply, those selected food items that give huge profits to the cartel companies, and allow them ever greater food control.

In a healthy population, dietary needs do vary from person to person, based on considerations ranging from age, sex, and activity level, to medically prescribed individual requirements. But that is no justification for wholesale scare tactics about, for example, cholesterol levels, and other factors that have been used to deter consumption of butterfat, animal proteins, and similar foods that are wholesome, and especially good for children.

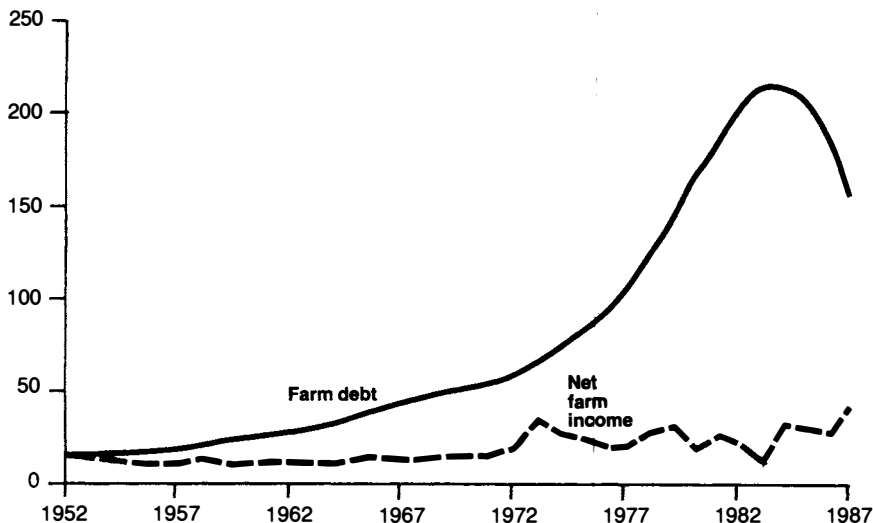
- **Poultry:** Over the last 30 years, while the cartel companies took control over production of broiler chickens (see Figure 3), a propaganda campaign was launched to convince the public to avoid eating beef and pork (red meat) in favor of chicken (white meat).

- **Margarine:** During the time that Cargill and ADM came to dominate the processing of the principal ingredients for margarine (corn oil, soy oil), propaganda pushed this product as a substitute for butter, while thousands of private, family-run dairy farms and dairy food-manufacturing businesses were bankrupted. In the 1940s, seventy percent of the population ate butter, and 30% ate margarine. Today the ratio of margarine consumption to butter is two-to-one. One giant company, Dean Dairy Foods, spends millions of dollars a year figuring out *how to dispose of butterfat* which is only "surplus" because it is no longer profitable.

FIGURE 7

U.S. farm debt soared, while net farm income stagnated in the 1970 and 1980s

Billions \$

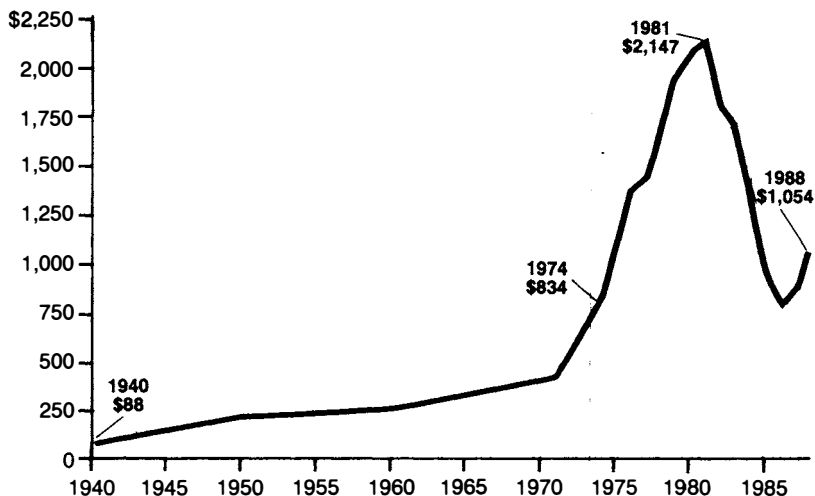


Sources: USDA, Iowa State University.

FIGURE 8

Iowa farm land values, 1940-88

(Current dollars per acre)



Source: *The Farm Debt Crisis of the 1980s*, by Neil Horl, Iowa State University Press, 1991.

● **Soyburgers:** This year, ADM/Töpfer began direct marketing of its fake meat burgers, called “Harvest Burgers.” You can buy this product through the mail, or in test-city supermarkets in Indianapolis and other parts of the Midwest; it is a dried product that you reconstitute with water into something that resembles ground meat but is actually vegetable matter, which ADM chemists call a “meat analog.” The price per pound of the hydrated, ready-to-cook ersatz food is still about \$2.00, which is more than the retail price for ground beef from the supermarket!

There are many other examples of cartel-sanctioned items that displace traditional wholesome products. There is a wave of “fake fat” items now appearing, from which to make fake cream, without even the vegetable fat present. Monsanto has had the patent on the first version of this substance, called “Simplese.”

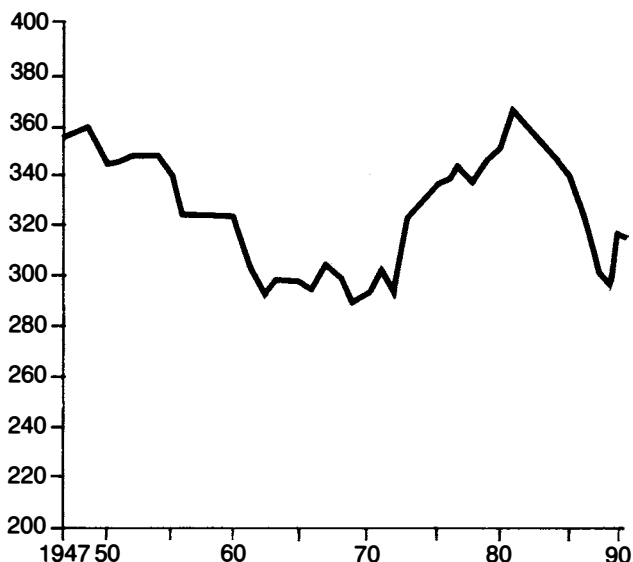
Figure 10 shows the proliferation of new food products on the supermarket shelves annually since the 1980s. Some 12,000

new products are expected to appear (foods, beverages, condiments, pet foods, etc.), offered to the public in one year alone! Cartel companies are offering dozens of new such products as “diet” dogfood, in order to make money from the “upper end” of the purchasing public, while millions of Americans—including many former family farm owners—on the lower end of the income scale, haven’t enough money to purchase basic foods they need just to keep from going hungry.

Why are Americans being so stupid?

Why have Americans let this happen to their farmers and their food supply, and regard the rest of the world to “be damned”? The cultural level of the American citizen is so low after years of television, Hollywood, and other cultural warfare operations, combined with the abandonment of an aggressive, positive approach to science and culture, that these days, you can lead most Americans by the nose to almost any stupid thing.

FIGURE 9
Land area harvested, 1947-89
 (millions of acres)



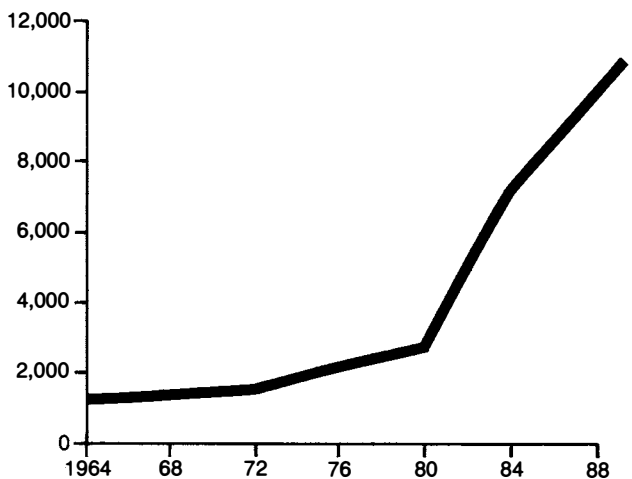
Source: EIR, USDA.

For example, over the 1980s, as the farm crisis worsened, thousands of farmers came to accept the propaganda line sponsored secretly by the food cartel, that they should accept what is called "sustainable agriculture" methods, a euphemism for *primitive*, labor-intensive farming. In 1989, a book came out from the National Resources Council (with federal government backing), endorsed by the U.S. Department of Agriculture, called *Alternative Agriculture*; the book was full of hocus-pocus about how the farmer can get by with a low income by forgoing the use of chemical fertilizers and pesticides, selling products directly to consumers along the roadside, and supplementing his income by turning his farmhouse into a bed and breakfast for tourists. The director of this study was later forced to resign in disgrace. But the "sustainable agriculture" movement continues.

The public has tolerated a pathetic Hollywood "star"/country and Western singer Willie Nelson being turned into a spokesman for the farmer. Nelson publicly advocates using drugs to ease your misfortunes. He advocates a "hemp-based"—marijuana cultivation—economy to solve the farm problem. Nelson is the head of "FarmAid"—the cynical entity that holds "country and rock" concerts to raise charity money for destitute farmers.

At the Labor Day protest rally in Washington, D.C. on Aug. 31, organized by the AFL-CIO, the National Association for the Advancement of Colored People, and 60 other groups, Willie Nelson was the lead speaker.

FIGURE 10
Number of new products in supermarkets is escalating, 1964-88



Source: *The National Grocer*, Vol. 5, Nov. 1990.

Canada: Crisis sweeps the prairies

On Oct. 9, seven thousand Canadian farmers demonstrated at the Manitoba Provincial Legislature to protest the financial disaster in the prairie provinces. The collapse of world wheat prices to \$2 per bushel brings the wheat price to its lowest level in two decades, while the costs to maintain a farm have increased. According to the Canadian Federation of Agriculture, farm income in 1991 will be 33% less than it was in 1989. The president of the federation, Ralph Jespersen, estimates that one-third of Canadian farmers are in financial straits. Speaking at the rally, one farmer told the assembled crowd: "Like an army whose retreat is cut off, we must win or die where we stand."

Farmers and rural leaders have been beseeching the national government in Ottawa for emergency aid measures. According to most farmers, the minimum required is a federal aid package of Can \$1.3 billion that would go to Canada's 250,000 farmers for the 1990 crop year, which ended 14 months ago. The entire wheat belt is in crisis. The Canadian Wheat Board—an agency set up for the stated purpose of protecting farmers from commodity price swings—is now itself insolvent. Over the last year, the board resorted to short-term borrowing on Wall Street—a recourse that cannot be continued.

However, on Oct. 10, Agricultural Minister William McKnight announced only a Can \$800 million package for farm relief, Can \$700 million of which would go to grain and oilseed farmers. This is fully Can \$600 million short of minimum assistance levels. The government's argument is that federal debt servicing must come first. McKnight said, "The decision of the government is that this package must not jeopardize our ability to make continued progress on the

deficit," and that, therefore, the money for the aid package would be raised by raising taxes and further budget cuts. McKnight also announced that deals worth Can \$500 million in sales to eastern Europe were being finalized.

McKnight, speaking for the government of Prime Minister Brian Mulroney, which enjoys a high place on the Anglo-American "free trade" totem pole, has attempted to focus farmers' rage against Americans and Europeans, which, he lies, are heavily supporting their farmers. In October, McKnight tried to divert blame from the Anglo-American cartel and financial interests, by denouncing a "stupid trade war" between the Americans and the Europeans which is collapsing grain prices. "The people in Europe would rather save seals in Canada and kill our farmers," he said. "The Europeans support their producers. The Americans support theirs. I'm confident the Canadians will support theirs." He said Canada might retaliate according to international trading rules, unless problems for Canadian farmers were eased by the end of the year.

Farmers on both sides of the Canadian-U.S. border have been hard hit since the U.S.-Canada Free Trade Agreement was signed two and a half years ago. The cartel companies, such as Cargill and Archer Daniels Midland, have been selectively buying up and selling off their grain-handling and storage facilities in order to reposition themselves to completely dominate the North American grain belt and use the output for power purposes.

Australia: Output potential being destroyed

Recent estimates by the Australian National Farmers Federation show that most farmers' incomes are expected to fall by 67% this year to Aus \$20,614. Wheat farmers are expected to earn only Aus \$3,875 in 1991. Those without an off-farm income have been plunged into disaster.

For a third of wheat growers, financing for this year's planting was all but impossible. June is the seeding time, and protest actions occurred almost daily. The government's response to date has been to encourage farmers to apply for welfare. In April, Minister John Kerin urged farmers to apply as hardship cases under the Social Security Act.

In the economy overall, the unemployment level is catastrophic with close to 1 million people out of work. The May monthly rise in unemployment was 9.9%, the highest on record. But these figures are known to be an understatement, and analysts predict that the official unemployment rate will soon top 12%. The rural areas are devastated. In one locality in the farm state of New South Wales, seven farmers committed suicide this year.

In this context, any adverse weather or other happenstance brings catastrophe. Drought in the farm belts of New South Wales and Queensland have wrought warlike devastation. Almost no rain fell in the autumn—March, April, May—in the main grain-growing regions, and thus, there was no subsoil moisture for seeding the winter wheat. Pre-

winter pasture growth was stunted, and graziers were forced to slaughter livestock, because they could not afford to hand-feed the animals.

Australia has long been lauded as the showpiece of the non-subsidized, low-cost agriculture that elite Anglo-American financial interests are demanding for all 100 member-nations of the General Agreement on Tariffs and Trade. However, now Australia stands as an example of why *not* to have free trade.

The Australian farm crisis is "the worst for a century," according to John Allwright, outgoing president of the National Farmers Federation. Speaking at the May NFF conference, he said the situation was worse than the 1982 drought, the Great Depression, and comparable only to crisis times in the 1890s. "You drive through country towns and all you see are service stations and small businesses closed." He scored government policies for causing record levels of business bankruptcies.

The immediate cause for crisis is the plunge in prices for wool, sheep, and wheat—the leading Australian export commodities. Wool prices are down 50% from last year; wheat prices have dropped 50% from earlier in the 1980s; sheep prices are so low that it doesn't pay to haul the animals to market.

The government's response has been to charge that there is a wool surplus, and to invoke the mythology of "supply and demand" to declare that farm prices will increase if there is a sheep kill-off. On Feb. 11, the Australian wool Reserve Price Scheme was suspended, after being in effect for 17 years and serving as the wool floor price. A flock reduction program was ordered by the Australian Wool Corp., the agency that has administered the Reserve Price Scheme. The plan calls for the sheep flock to be reduced by 20 million head, or about 12%, in 12 months.

Under the kill-off plan, graziers are to receive Aus \$1.80 per head, as the inducement to kill off the sheep. Since mutton prices dropped from Aus \$0.28 per kilogram in 1989-90 to Aus \$0.06 in 1990-91, producers cannot even afford to ship the animals to slaughterhouses. So far, 80% of the animals killed have been dumped into carcass pits on the ranch or elsewhere in the community. Financing for the kill-off is coming from the farmer-funded Wool Board's Market Support Fund, which collects compulsory levies from producers.

As of May, more than 840,000 of the 2.8 million sheep registered under the scheme have been certified killed. Continuation of the program will kill off farmers. Growers estimate that half of the wool producers in Australia will be bankrupted if the wool levy and low wool prices continue.

Meanwhile, the sheep-slaughtering capacity has been almost entirely taken over by the Anglo-American cartel companies. The U.S.-based ConAgra giant bought the slaughtering facilities of the Elders group, and the remaining slaughtering capacity, owned by Vestys, is due for purchase by Cargill. This will give Cargill and ConAgra jointly 95% ownership of the Australian sheep slaughter.

Ban on Iraqi science heralds world dictatorship

by Joseph Brewda

The U.N. Security Council voted to effectively ban Iraqi science and modern industry, in a U.S.-imposed unanimous vote on Oct. 11. Purportedly enacted to deal with the supposedly dire threat of war-ravaged Iraq ever developing nuclear weapons, Resolution 715 gives the U.N. dictatorial powers over the Iraqi economy and scientific work of any kind, including basic research, for the indefinite future. The resolution, which threatens the use of military action if it is not complied with, is intended to set a precedent for application against any Third World state.

"It's the most intrusive and extensive inspection regime ever imposed on a sovereign state," a U.S. official gloated to the Sept. 27 *Baltimore Sun*, in reporting on the resolution's draft. "When it comes to their nuclear program, they have no sovereign rights at all."

Iraqi Ambassador to the U.N. Abdul Amir al-Anbari reported that the resolution is meant to "place Iraq under the permanent trusteeship" of the United Nations. Under its logic, he said, the chairman of the U.N. commission implementing the resolution ought to be termed "a political agent or high commission for Iraq, as in the old colonial days." If the plan is implemented, he added, other countries may also fall victim to "a new occupation by remote control."

Preparations for imposing the resolution predate the August 1990 Iraqi invasion of Kuwait, which established the pretext for the Gulf war. As far back as September 1989, CIA director William Webster defined Third World economic progress as a threat to U.S. national security, in an address before the Los Angeles World Affairs Council. Citing Iraq among other Third World states, Webster called for banning

exports which could help develop those states' nuclear and chemical industries. Since that time, the CIA formed an entire new directorate, the Fifth Directorate, to oversee covert operations against Third World nations' economies, and against any advanced sector nations, particularly Germany and Japan, inclined toward exports to the Third World.

The term coined by the Parisian daily *L'Express* for the policy behind the CIA reorganization, "technological apartheid," also aptly describes the policy behind the new U.N. resolution.

A new colonial occupation

Under the pretext that Iraq may yet develop nuclear bombs, the resolution grants U.N. nuclear inspectors the authority to "carry out inspections at any time, without hindrance, at any site," whether civilian or military, government or private, of restricted access or not, or industrial or even residential.

The officials will have the authority to remove or photograph any document or sample item found in such inspections, install any surveillance equipment, or interview any personnel. They will have the right to travel anywhere in Iraq, at any time, by land, sea, or air, to carry out such inspections. They will also have the right to "stop and inspect" any vehicles within Iraq, including military vehicles, upon demand, as well as "inspect imports or exports" of any material they deem fit, at any air-, land-, or seaport.

Moreover, the inspectors will have the authority of "unrestricted entry into and exit from Iraq" without need of visa, without being subject to customs inspection, or even in

evasion of normal state-defined border crossings. They will have the authority to "remove from Iraq" any material they desire, unimpeded by any Iraqi authority.

In addition to granting its agents such astonishing supranational policing powers, the U.N. resolution also bans outright various industrial, military, and also scientific work or activity which the U.N. classifies as either aiding Iraq's alleged nuclear bomb program, or potentially aiding that program.

Under this same heading, the U.N. bans whole classes of materials and technologies supposedly either actually or potentially applicable to military, or military-industrial, uses. These technologies and materials, otherwise necessary for any modern economy, include: lasers, mass spectrometers, superconducting magnets, computers with the power to perform 12 million operations per second, high-temperature furnaces, high-strength steel, tungsten, lithium, titanium, high-purity calcium, and the like.

The U.N. also specifically bars the "import, construction or use of [nuclear] research and power reactors of any kind," since such reactors supposedly can aid a nuclear bomb program. All nuclear fusion scientific research is banned, and all research reactors of whatever capacity, are ordered shut down, at any university or any other site. Similarly, the import or construction of "neutron sources," "electron accelerators," "particle accelerators" and the like are banned, or any scientific research in "radiation physics and chemistry, and on the physical and chemical properties of isotopes."

This is the first known instance where the U.N. Security Council banned basic scientific research on pain of military action.

On Oct. 11, the Tunisian-based Arab Atomic Energy Agency denounced the U.N. resolution as unacceptable. The destruction of Iraq's nuclear reactors, they said, would be to "destroy part of the Arab national scientific heritage."

The only nuclear material or research henceforth deemed permissible in Iraq relate to the use of isotopes in medicine, and selected industrial-diagnostic work, and even there only with the prior case-by-case approval of the United Nations.

Moreover, the U.N. Security Council, in a display of its commitment to the principles of what it calls democracy, requires that the Iraqi parliament enact legislation declaring illegal all of the industrial and research activities that the U.N. has ordered banned. Under the wording of the resolution, the refusal of the Iraqi parliament to enact such legislation would be judged an act of war.

Eliminating scientists too

One of the most important, if implicit, components of the new resolution is the harassment or even execution of Iraqi scientists involved in any leading edge of Iraqi science—civilian or military. That the elimination of Iraqi scientific and industrial capacity is not conceivable without eliminating its intelligentsia was stressed in an Oct. 13 article in the *New*

York Times, entitled "Saddam's Nuclear-Weapons Dream: A Nightmare Come True." "Perhaps most chilling of all," the paper reported, "officials believe the Iraqi nuclear program is still functioning. Its key ingredient is not the hardware that the Iraqis acquired but rather the thousands of skilled, dedicated scientists and technical workers employed in the project."

Evidence that the U.S. government might be contemplating such clandestine actions first emerged publicly in early September, when a team from the U.N.'s International Atomic Energy Agency (IAEA), led by David Kay, tried to remove the personnel records of Iraq's nuclear scientists from an Iraqi ministry, records including such data as the ages of the scientists' children. The brief effort by the Iraqi government to block Kay, a former State Department official, from removing the records, led to overt threats of military action by the United States, France, Great Britain, and Russia, all permanent members, with China, of the Security Council.

While the Iraqi government's claims that Kay, a former State Department employee, was a CIA agent, were ridiculed by the White House, even U.N. Special Commissioner Rolf Ekeus has subsequently admitted that Kay had been covertly in contact with the U.S. government, by secure satellite-telephone, on the contents of the Iraqi files, and without U.N. knowledge. Despite this admission, Ekeus reported that on the next U.N. mission, inspectors will be detailed to "track down" Iraq's nuclear scientists in "house to house" searches for the nuclear bomb program's alleged "mastermind."

House to house searches for what? According to the Egyptian newspaper *Misr al-Fatah*, the U.S. government is currently profiling 150 nuclear scientists from Morocco, Algeria, Egypt, and Iraq—and according to other sources also from Pakistan—who have been employed in the Iraqi nuclear program. Citing high-level Arab sources, the paper says these scientists are targeted for liquidation by the CIA or the Israeli Mossad.

Earlier victims of the U.S. and Israeli policy of preventing the Arab world from "possessing the means of mastering modern science," according to Iraqi Information Minister Hamid Yusuf Hammadi, include Yayha al-Mashad, an Egyptian nuclear engineer killed in Paris in 1980; Abd-al-Rahman Abd-al-Rasul, an Iraqi engineer poisoned in Paris in 1980; and Salman Rashid, an electrical engineer poisoned in Geneva, Switzerland in 1981. In March 1990, well before the war, Gerald Bull, a Canadian scientist then believed to be in the employ of Iraq's weapons program, was shot to death in Brussels, Belgium.

Nor will the harassment of scientists and foreign governments stop there. According to Agence France Presse, the personnel data collected by Kay's team has established that Iraq's nuclear program was aided by personnel and equipment from China, Argentina, Brazil, and the former Yugoslavia—all targets in different ways of the new world order. The press agency projects further U.N. and related measures to prevent such industrial and scientific aid in the future.

India seeks change in IAEA priorities

by Susan Maitra and Ramtanu Maitra

Sharply criticizing the role of the International Atomic Energy Agency (IAEA), India's Atomic Energy Commission chairman, Dr. P.K. Iyengar, reminded attendees at the recently held General Conference of the IAEA in Vienna that the agency's statutes dictate that it "shall seek to accelerate and enlarge the contribution of atomic energy to peace, health, and prosperity, subject, of course, to safeguards against misutilization for any military purpose."

IAEA chairman Hans Blix told the U.N. General Assembly the first week in October that his agency will carry out special inspections of the nuclear programs of various countries, and that if the countries do not meet the criteria of the IAEA or do not fully cooperate with the inspections, then the agency will hand the matter over to the U.N. Security Council, which has powers of enforcement. Blix said that the nuclear programs of Algeria, Pakistan, India, and Israel are of particular concern.

Dr. Iyengar's criticism at the Vienna conference referred obliquely to the IAEA's role in the independent inspection by a U.N. team of the Iraqi nuclear facilities. Dr. Iyengar stated that such "intrusive inspection activities" are "well beyond the statutory role of the agency and the provision of safeguard agreements." Dr. Iyengar added: "A single international experience should not be allowed to fundamentally alter the character of the agency, as spelt in its statute." Iyengar called for a "return to first principles" in reviewing the role of the agency. Indeed, over the years, the IAEA has become highly compromising to the whims of the states with a developed nuclear weapons capability. In the early 1980s, when the United States backed away from its commitment to supply enriched uranium fuel for the two U.S.-supplied boiling water reactors at Tarapur, because India refused to bow to the Nuclear Non-Proliferation Treaty (NPT), the stranglehold of the nuclear powers and their allies over the agency became tighter. In 1983, an attempt was made to demote India within the agency and take away its permanent seat in the board of governors. At the same time, the IAEA's General Conference approved the membership of mainland China.

The 34-member board of governors consists of 12 "designated" members representing both globally and regionally

advanced countries. The remaining 22 are elected for two years, with 11 of them retiring and being replaced every year when all 111 members meet at the annual conference. India has been one of the "designated" or automatically reelected members since the IAEA's inception.

India has long been critical of the NPT itself, which has become a license for vertical proliferation and is used exclusively to prevent horizontal proliferation—a process which has created a handful of nuclear haves amidst a sea of nuclear have-nots. At the time of IAEA's birth in 1957, the father of India's atomic energy program, the late Dr. Homi Bhabha, declared that India was accepting the safeguard system only "provisionally" and in the hope that shortly, there would be enough progress toward disarmament and "these measures will apply to all countries equally or will become unnecessary."

Proliferation of 'safeguards'

One of the direct effects of the IAEA's capitulation to the nuclear weapons states has been the increasing allocation of the IAEA budget for safeguards. Dr. Iyengar pointed out that the provisions in the statute for safeguarding nuclear materials and facilities were laid to prevent misutilization of peaceful atomic energy. "However," Iyengar said, "these provisions should not result in a major proportion of the overall budget being consumed by the safeguards function alone."

Though the agency was established primarily pursuant to President Eisenhower's "Atoms for Peace" program, it has expanded its safeguards and regulatory functions at the cost of promotional activities. A former Indian ambassador to Vienna, referring to this phenomenon, mused, "The fomer duchy has become a kingdom within the empire, and now threatens to overtake the empire itself."

Addressing this disparity in activities that has made the IAEA less useful than it could be and calling for a "return to first principles," Dr. Iyengar continued: "In this context, the enormous energy requirements of developing countries is an area which suggests itself as an obvious choice for the agency to play a leading role. The recently held symposium on Electricity and Environment in Helsinki also highlighted the need to contain the carbon dioxide emissions through considerable reduction in burning fossil fuels for generating electricity. In this context, nuclear energy is an obvious alternative.

"There is an immediate need to develop new reactor designs to generate low-cost electricity, augment safety, and enhance fuel resource utilization for the energy-hungry developing world. In this context, I am happy that the secretariat in its draft Medium-Term Plan has proposed to devote attention to the development of small and medium-sized reactors and specialized reactors for desalination of water. This should be given the highest priority. Establishing the economic competitiveness of small and medium reactors would be of considerable relevance to the developing countries. Use

of thorium, which is as important a resource as uranium, also merits active consideration.”

Technology embargo

The other area of difficulty that Dr. Iyengar addressed, where the IAEA has seldom taken a separate stance from the nuclear weapons states, was the issue of “spin-offs.” Iyengar urged that “it is necessary to ensure that there is no interference in the internal policies of the member-states and no infringement of their fundamental right to carry out research and development, and thereby benefit from its spin-offs.” He insisted that emphasis of “special inspections,” or “what we may call as ‘challenge inspections’ beyond the provisions of existing documents, are bound to vitiate the atmosphere, for the simple reason that ‘challenge inspections’ by their very nature, presuppose acquisition by the agency of information through questionable means.”

Addressing the increasing difficulties faced by developing nations in obtaining essential technologies blocked by the powerful nuclear weapons states in cooperation with the IAEA, Dr. Iyengar cited the thin line that separates the “sensitive” technology from the “non-sensitive” variety. He pointed out that there is “a number of applications in which changing the ratio of isotope of naturally occurring non-fissile elements has significant advantages, such as nitride fuel in fast reactors and improving the efficiency of mercury vapor lamps.” He went on: “The dividing line between sensitive and non-sensitive technology is rather thin, and this essentially is the character of modern science and technology. To achieve its objective of promoting peaceful nuclear energy, the agency should ensure that no artificial barriers are raised to impede the development of high technologies.”

Dr. Iyengar also criticized the lack of an advisory scientific committee in the agency which he described as “a major lacuna which needs to be corrected.” In the 1960s and ’70s, the IAEA used to sponsor a number of international conferences to bring together scientists working in different areas of fundamental science. These interactions resulted in developing new areas of research, which often shaped the development of new technologies. “It is indeed unfortunate that in the recent past, there has been a dilution of these activities in preference to those that mainly deal with regulations, accounting, and safeguards,” Iyengar said. He urged the agency to “seek the advice of eminent international experts so that the activities of the agency are not reduced to merely carrying out tasks of a mundane nature.” Dr. Iyengar also cited the usefulness of the Regional Cooperative Agreement for promoting cooperation amongst developing countries. Urging the IAEA president to revitalize the practice, Dr. Iyengar said: “During the last year we [India] hosted regional training courses in research reactor safety and principles, and isotope techniques in hydrology. Three more programs and workshops are planned for 1991-92.”

High-handed U.S. memo outrages U.N. members

At the United Nations General Assembly meeting in New York in July, the U.S. delegation, led by Amb. Thomas Pickering, surprised member states by delivering to each a memorandum entitled “United States priorities for the forty-sixth regular session of the United Nations General Assembly.” The document contained a litany of U.S. priorities for the session.

While reviewing section 6, it should be kept in mind that millions of children in Iraq are facing starvation because of the U.S.-instigated United Nations economic embargo.

In section 7, the United States particularly singled out for verbal abuse the U.N. Fourth Committee, and threatened to pull out of the committee. The Fourth Committee has been the particular forum which has heard complaints that U.S. statesman Lyndon LaRouche has been the victim of human rights violations, a judicial railroad, and political imprisonment. We excerpt from the document here to give readers a flavor of the U.S. attitude.

1. Arab-Israeli issues

The United States has in recent years looked closely at the U.N. resolution on U.N. cooperation with the Arab League with a view toward developing a consensus text. . . .

Unfortunately, we have been unable to vote in favor of this resolution whose concept we support, because some very contentious language remains in the text. At last year’s UNGA [United Nations General Assembly], progress was made in working to excise some of the most egregious language. But we could not support a text that still includes references to implementation of UNGA resolutions the USG [U.S. government] had vigorously opposed, as well as reference to the 1980 Amman summit report which specifically criticizes the United States. . . .

In our view this plethora of measures is excessive and does nothing to help the situation between Arabs and Israelis. It also consumes a considerable amount of General Assembly time and energy in a duplicative effort. We should think about consolidation of a number of these resolutions and, where possible, the elimination of contentious and gratuitous rhetoric. We want your views and support for such an effort. . . .

One final key issue: The 1975 UNGA Resolution 3379, the so-called “Zionism is Racism” resolution, continues to tarnish the U.N.’s respectability and its ability to play a responsible and unbiased role addressing Arab-Israeli issues. My government remains committed to the repeal of this reso-

lution. We will be looking at prospects for repeal at the upcoming UNGA. *We urge your government to also publicly support a repeal effort. Specifically, you might urge your President or prime minister to include a call for repeal in his UNGA address* [emphasis added]. . . .

6. Human rights

. . . We hope that you will lend your support to efforts to continue the broad international condemnation of Iraqi human rights violations within Iraq and during its occupation of Kuwait. We also hope you will resist competing efforts to detract attention from Iraqi responsibility for gross and systematic violations of human rights. . . .

Similarly, we hope you will support the resolution on respect for the will of the people in Burma, as indicated in the May 1990 national elections. . . . There have been no signs of movement by the Burmese military authorities to respect the election results and return the government to civilian control. We hope you will give your support to the deferred resolution at the UNGA. . . .

We do ask that you help maintain the international pressure on Cuba to improve its human rights practices by monitoring the situation there and supporting a strong, active, and credible investigation by the UNHRC [U.N. Human Rights Commission] special representative.

The question of human rights in Afghanistan will again be considered by the UNGA, and special rapporteur Ermacora will present an interim report on the human rights situation there. Any resolution based on that report should be objective, recognizing the responsibility which must still be borne by the Soviet Union and the Najibullah regime, the parties which started the conflict in the first place. . . .

The Third Committee should also address issues of human rights violations in Africa. . . .

7. Fourth committee reform

We are following closely developments in the Fourth Committee/C-24 reform working groups and remain concerned about the committees' penchant for extraneous and anachronistic rhetoric.

The Fourth Committee's resolutions do not reflect the positive political evolution that has taken place in recent years. We cannot continue to accept the committee's outdated rhetoric, misguided assertions, name-calling, and other vestiges of the Cold War. *Our ability to remain on the Fourth Committee and to respect its work will depend on its ability to adapt itself to the new world reality* [emphasis added]. . . .

We oppose also a resolution condemning foreign economic and military interests which allegedly impede implementation of the declaration. The United States strongly disagrees with the premise that mere presence of foreign economic and military interests in non-self-governing territories is an obstacle to self-determination. . . .

Thailand

Depopulation program was 'too successful'

by Michael Billington

The northern sector of Thailand has been a target area for the various world bodies involved in birth control efforts since at least the early 1960s. According to the World Bank and others, this area, and Thailand as a whole, stand as a success story for having radically reduced the fertility rate of a relatively underdeveloped nation. But one of the Thai professionals most intimately involved with the implementation of that program has, since the mid-1980s, been attempting to warn his nation and the world at large that the program was "too successful," creating a disastrous demographic collapse of the towns and villages of northern Thailand. Thai officialdom has refused to respond, primarily because the population control policies have been adopted at levels which political leaders are hesitant to challenge. In particular, members of the Royal Family have backed the depopulation programs.

Dr. Tieng Pardthaisong, a demography professor at Chiang Mai University in northern Thailand, has now been rewarded for his courage and honesty by having all his funding cut, from the Ford Foundation and other institutions unhappy with the exposure of the genocidal results of their programs. Dr. Tieng's worldwide reputation as a leading expert in the field will not prevent his community medicine operations from closing down when his personal funds run out, which he estimates will be within two years.

Dr. Tieng actively participated in the numerous studies and projects in population control in northern Thailand over the past 30 years. It was not until the mid-1980s that he realized the devastating impact of the "success" of the programs. Fertility had been decreased from over six children per woman to less than two children per woman (known as replacement level) by 1980 in the north, and the rates in the rest of the nation also fell below replacement levels over the next decade. What Dr. Tieng saw in a 1989 study of the province of Chiang Mai was a breakdown of school systems, a shortage of labor, skyrocketing social and medical costs due to the relative aging of the population, and a death rate so rapidly surpassing the birth rate, that villages were facing

actual extinction.

The World Bank as early as 1959 had intervened against the pro-natalist Thai government policies, strongly "recommending" that the government implement population control policies. By 1970, with the help of several Thai health officials who had studied demographics on scholarships in the United States, the government officially adopted the idea of restricting population growth. Unlike most other nations, where the Judeo-Christian, Muslim, or Confucian traditions generated a strong resistance to such attacks on human procreation, there was and continues to be a rather stoic acceptance by the mostly Buddhist Thai society of the depopulation of their nation.

As revealed in the recently declassified U.S. National Security Study Memorandum 200 from 1974, the U.S. government adopted as a national security policy the reduction of non-white populations of the developing sector nations. It is by no means proven that a high density of population is a strain on an economy, as the malthusians assert; on the contrary, every economy which has rapidly industrialized, enjoys a high population density. Moreover, the U.S. and the World Bank population controllers publicly admitted that they had the "problem" to overcome the historically demonstrated fact that the only way to lower population growth rates, was to increase the standard of living of a nation to something approximating that of the advanced sector. This had been proven in Taiwan and Korea. But the emerging global debt crisis in the mid 1970s had already led the U.S. and the World Bank policies to shift against development. They needed to show that population could be reduced while still keeping a nation in economic backwardness. Thailand became a test case for this plan.

The Thai government provided its full support. Free condoms, pills, and sterilizations were soon being promoted. Sterilization has become the most common method. Private physicians receive a government bonus for each sterilization procedure they perform, either male or female.

The results

Of the 1,312 villages in the Province of Chiang Mai, over 50% had fewer than 9 births per year by 1986. In 25 villages, there were no births at all, and in 255 villages, there were fewer than 4 births. These are all villages that supported a school system, with an average of over 20 students per year in each class. Dr. Tieng reports that in the district of Doisaket, of the 59 schools, 8 have simply closed down, 18 have fewer than 9 children per class, while only 14 still have 20 students or more per grade level.

While the death rate in Thailand has remained at the relatively low level of 6 per thousand, the decrease in the birth rate has created a dramatic shift in the age structure of the population. An increasing ratio of the population is old, with a smaller percentage of working people to sustain the greater social cost of the aged. Because of the actual fall in

the overall population, the death rate has reached 13-15 per thousand in these villages. Dr. Tieng concludes that if this continues, the population collapse will accelerate "until in the end the villages must submit to extinction, while others lie in ruins."

The 'Condom King'

The infamous Mechai Viravaidya, known variously as "Mr. Contraceptive" or the "Condom King," became the symbol of the population control mafia, both within Thailand and internationally. Mechai is close to Henry Kissinger, serves on the executive board of the genocidal World Wildlife Fund, and became a spokesman for the draconian "Chinese model" of birth control, visiting the People's Republic of China and showing graphic Chinese films to Thai audiences on coercive techniques used to force women to undergo abortions.

While also promoting his own rise in the government bureaucracy and maintaining close relations with the Thai Royal Family, Mechai ran "vasectomy fairs" in Bangkok and elsewhere, blew up condoms like balloons in international forums, wore condom buttons, and other such boorish stunts. Behind the circus routines, Mechai was provided funds in 1983 by the Population Crisis Committee, run by William Draper, to set up a particularly repulsive form of economic coercion to force compliance with birth control measures by the peasantry.

Starting in the impoverished northeast region of Thailand, Mechai's Population and Community Development Association (PDA) set up a loan service in a series of villages. These loans, of only \$80-200 each, were used to merely sustain the peasants in the poorest area of the country. At first they were granted to anyone who needed the money. "However," says the Draper Fund Report from December 1986, "as the fund became established and the promotion of family planning grew, contraceptive use became an increasingly important factor in the loan review process." After two years, "75% of all village households had received at least one loan," and "contraceptive practice jumped from 46% to 75% of all married women." This was accomplished with a total of only \$72,000 worth of loans! The project was subsequently expanded into other parts of the country.

In addition to the "birth control" aspect of demographic collapse, is the fact that Thailand faces one of the worst AIDS pandemics in the world. In the same northern province of Chiang Mai debilitated demographically by the population control policies, four out of five prostitutes carry the HIV virus, and 14% of the men are infected. Nationwide the problem is only slightly less severe. With over 300,000 Thais infected, and with nearly one-half million visits to brothels per day, the World Health Organization predicts hundreds of thousands of deaths by the turn of the century, with other estimates reaching as high as 5 million infected by that time.

Brazilian military nationalists resist Green putsch

by Silvia Palacios and Lorenzo Carrasco

The closer Brazil gets to hosting next June's United Nations-sponsored Earth Summit, or Eco-92, the more intense the nationalist ferment becomes in this country, where George Bush's new world order is increasingly viewed as a very real threat to national sovereignty and, in particular, to Brazilian sovereignty over the immense Amazon region, the largest reserve of natural resources on the planet.

This nationalist ferment has surfaced in various sectors of the country, most recently through the Chamber of Deputies' commission to investigate the threat of "internationalization" of the Amazon. This ferment took concrete form at a recent symposium on "The Brazilian Amazon," organized by the Brazilian Army's Command and General Staff College (ECEME), in collaboration with the Brazilian Center for Strategic Studies.

The symposium was held Oct. 7-10 at ECEME headquarters—the military's leading think tank—and was attended by numerous prominent figures, including the governors of the Amazon states, high-level government officials such as the secretary for strategic affairs of the Presidency of the Republic (the state security agency), both active and retired generals, senators, deputies, university professors, and an audience of nearly 700 made up of both civilians and military personnel.

The civil-military consensus regarding the threat posed by Anglo-American efforts to "internationalize" the rich Amazon region, reached during four days of intense debate, triggered an immediate panic on the part of the Anglo-American establishment and its Brazilian supporters. Exemplary was the Oct. 13 lead editorial of the daily *O Estado de São Paulo*, which attacked the conclusions of the symposium.

In defense of the jungle

It was Gen. Antenor de Santa Cruz, Brazil's military commander in the Amazon, who inaugurated the symposium and expressed the point of view of the Brazilian Army. "I feel honored to be the military commander of the Amazon," said General Santa Cruz, explaining that the Armed Forces have never viewed the jungle as an enemy, but rather as its principal ally in defense of the territorial sovereignty of the area. Thus, he declared, the order of the day in the region must be "Defend the Jungle!" He reiterated what he had said earlier before a group of congressmen who recently visited

the Amazon capital of Manaus. "I gave a conference on the Amazon region, and the congressmen appeared surprised. One of them asked, 'How would your Army react to foreign threats?' I responded, 'We would turn this into a new Vietnam!'"

This evaluation is shared by other sectors of the Armed Forces. For example, Navy Minister Adm. Mario César Flores told the Chamber of Deputies' investigatory commission Oct. 8—while the ECEME symposium was in progress—that he saw strong indications of a U.S. military intervention in the zone surrounding Brazil: "This shows that they want to familiarize themselves with the theater of operations. People continue to deny it, but the possibility that a threat might come by an indirect route cannot be ignored." He also reported that the United States has been pressuring for its Armed Forces to participate in military maneuvers in the region with the Brazilian Navy. "These requests have been repeatedly denied," the minister added.

Returning to the ECEME symposium, the audience heard Gen. Leonidas Pires Gonçalves (ret.), formerly Army minister under the previous government of José Sarney, declare in his opening statement: "This symposium had to be held now, or never. . . . For quite a while I have dedicated myself, in various forums, to representing the viewpoints of the Armed Forces vis-à-vis the [Amazon] region."

"Ten years ago in the United States, I gave presentations to all the leading military schools, and it was there that I heard the first malicious questions on the Amazon. I would emphasize several points here. The Amazon has no ecological problem, nor Indian problem. It is a geopolitical and strategic problem upon which we must concentrate." General Leonidas, like other participants such as Amazonas Gov. Gilberto Mestrinho, described the "greenhouse effect" and "ozone hole threat" as colonialist hoaxes designed to provide the pretext for an assault on Brazil.

During the debate, and because of the clear role the Armed Forces are playing in defense of sovereignty, General Leonidas described the new demands of the International Monetary Fund and World Bank to cut back the military budgets as "manifestations of the Pax Romana, later called Pax Americana, and now called the Pax of the G-7 [Group of Seven]. But I declare that we will be a great nation."

The governors of two Amazon states, Gilberto Mestrinho

of Amazonas and Jader Barbalho of Para, stressed the urgency of economically developing their respective states through great infrastructural works requiring massive investment. Specific projects for the Amazon were presented at a special panel sponsored by the Brazilian Center for Strategic Studies, under the Brazilian national security doctrine combining national defense with economic development.

The truth about the Amazon

The ECEME symposium further served to unmask the myths promoted by the ecologists in their zeal to declare the Amazon the “patrimony of humanity.” For example, General Santa Cruz explained that a great deal of confusion had been introduced over the distinction between what is called the “legal Amazon,” which embraces an area of 5.6 million square kilometers, and the true Amazon jungle, which is but half of this area. Thus, when one asserts that 8% of the Amazon has been deforested, one must clarify the fact that this has not occurred within the jungle region proper.

Further, stated General Santa Cruz, “two-thirds of the hydroelectric potential of the country is centered in the region. Thus, if one were to carry out all the electricity-generating projects of the Plan 2010, 0.2% of the territory of the legal Amazon, that is, 11,000 square kilometers, would be flooded.”

Amazonas Governor Mestrinho charged that Brazil’s indigenous peoples, and especially the Yanomami Indians, are being used as an instrument by those who seek, for their own reasons, to carve a multinational Yanomami enclave out of the region along Brazil’s border with Venezuela. The truth, he pointed out, is that “the Yanomami are currently settled on lands rich in primary gold reserves. The Yanomami speak four different dialects which are unintelligible to one another. Their total number is slightly less than 3,000, and they would be located on 9.4 million hectares.”

Lutzenberger: a fox guarding the henhouse

A key element was introduced into the symposium through a question raised by *EIR* correspondent Lorenzo Carasco: “In recent testimony to the Chamber of Deputies’ investigatory commission on the internationalization of the Amazon, Environment Secretary José Lutzenberger denied he had received financing from foreign entities to promote the thesis of the preservation or untouchability of the Amazon region, a fact I had presented in earlier testimony to the same commission. Meanwhile, we have an official document of the British Gaia Foundation, dated 1988 and entitled ‘The Life and Work of José Lutzenberger, Leading Brazilian Environmentalist’ . . . which demonstrates precisely this connection, including a detailed picture of financial disbursements to assist Mr. Lutzenberger’s work, primarily against the projects of Calha Norte, Carajas, and the hydroelectric works of Eletrobras’s Plan 2010. How do you view this?”

Governor Mestrinho, an aggressive opponent of the ecol-

ogists, was the first to respond, stating, “I don’t know why he is environment secretary, when his links to foreign conservationist entities are known. It seems to me that he is the least appropriate person for the job.” Next came President Collor’s Strategic Affairs Secretary Pedro Paulo Leoni, who evasively commented that “Professor Lutzenberger is here to carry out the environmental policy of President Fernando Collor.” Gov. Jader Barbalho declared, “I don’t see anything wrong with international treaties. What has been made here is a very serious denunciation that goes against the Amazonas

“I gave a conference on the Amazon region, and the congressmen appeared surprised. One of them asked, ‘How would your Army react to foreign threats?’ I responded, ‘We would turn this into a new Vietnam!’ ”

—Gen. Antenor de Santa Cruz

development programs. . . . It should not fall to the governor of Para state to comment, but to the strategic affairs secretary, who must take into account the charges of this journalist.” Secretary Leoni did not care to address the issue further.

Over the next days, the protests against Lutzenberger did not cease. Congressman Atila Lins, president of the investigatory commission on the Amazon, declared during his presentation of the commission’s initial findings that “the great merit was to place the debate on the Amazon before the entire country.” Deputy Lins declared that “one of the four factors revealing the existence of a plot to internationalize the region”—along with the Indian question, contraband, and the drug trade—is the ecological radicalism of Lutzenberger. “All of his actions are anti-patriotic . . . he serves an international game . . . and I have proof that he is working against Brazil,” concluded the congressman. “Between 1988 and 1990, he received 50,000 pounds sterling to continue his work against Brazil. Therefore, he is an agent paid to immobilize the development of the region. His continued presence in the government has been highly detrimental to the interests of the Amazon.”

Sen. Aluizio Bezerra, vice-president of the Amazon Parliament, stated that “to ask Lutzenberger to guard Brazilian interests in the Amazon is like asking the fox to guard the henhouse.”

The strongest statements were from Gen. Leonidas Pires Gonçalves, who declared that “we must forge a movement to get this *apátrida* [man who betrays his country] out of the Environment Ministry. I feel the same hatred I felt when

Brazilian Army condemns 'new order' magazine

"Who could be interested in the strange and sordid campaign seeking to discredit the Brazilian Armed Forces that has been unleashed by the magazine *Veja*? Could the motivation for this unpatriotic stand be coming from abroad, since it is directed against a national institution?" Thus begins an unprecedented editorial of the official daily of the Brazilian Army, *Noticiário do Exército*, in its Sept. 26 edition.

Directly attacking Bush's new world order, the editorial continues: "At a moment when one sees international maneuvers which seek to maintain an unjust *status quo* by means of which the developing nations are prevented from rising to long-sought positions on the international scene, one would expect a patriotic position, an alert to the nation and support for the Armed Forces on the part of all the press. . . . The ominous actions of that weekly [*Veja*] could tend to confirm certain sectors' suspicions of clandestine relations between elements of our press and powerful foreign groups. Can there be any other explanation for this impressive coincidence of positions which, internally, cause the restructuring of our defense agencies according to parameters convenient to those who, externally, are suggesting a progressive attenuation of the Armed Forces of the developing countries?"

The importance of this editorial lies in the fact that, for the first time, the Brazilian Armed Forces has officially indicated—in fact, with surgical precision—the source of the insidious campaign against the continent's armed

forces. *Veja* magazine is edited by Abril publishing house, headed by Robert Civita. Civita is a member, together with other prominent Brazilians such as the sociologist Sen. Fernando Henrique Cardoso and writer Celso Lafer, of the Inter-American Dialogue.

Starting as early as 1988, the Inter-American Dialogue launched a campaign to reduce the role of the armed forces of the Ibero-American countries. Former U.S. Secretary of Defense Robert McNamara, who is also a member of the Inter-American Dialogue, is the author of the doctrine which is now in the process of being adopted by the International Monetary Fund and World Bank, according to which loans to developing sector countries must be made conditional upon cutbacks in their military budgets.

Civita is also a member of the executive board of the World Wide Fund for Nature (previously known as the World Wildlife Fund, or WWF), presided over by Great Britain's Prince Philip. The WWF is one of the world's leading environmentalist organizations, which has made Brazil a prime target of the Anglo-American new world order.

In early October, two weeks after the editorial of *Noticiário do Exército* appeared, the Brazil-United States Chamber of Commerce held a ceremony at the Plaza Hotel in New York, at which its directors presented their Figure of the Year award to Roberto Civita. Also receiving the award was Walter Weiner, president of the Republic National Bank of New York, the centerpiece of Edmond Safra's financial empire. Sen. Fernando Henrique Cardoso, together with former Brazilian Finance Minister Delim Netto, were among the invitees.

Perhaps it is among this prestigious gathering that the Brazilian military might find the answer to its question: "Who could be interested in *Veja*'s strange and sordid campaign?"

[Brazilian Communist leader Luis Carlos] Prestes said that if there were a Brazil-Soviet war, he would be on the Russian side."

Military nationalism

General Leonidas's statements, which tended to represent the majority sentiment of those in the symposium audience, were fiercely criticized by the daily *O Estado de São Paulo* in its Sunday editorial of Oct. 13. Under the title "Military Nationalism," *O Estado* revealed its fear of the nationalist movement's potential to take on a popular dynamic of its own, thereby checkmating the policies of Bush's new order:

Commenting on the seminar, *O Estado*'s editors lamented that the ECEME's "participation . . . in a movement

which already has a specific commission in the National Congress may gain its own dynamic and become a nationalist movement against anything 'foreign,' with no specific enemy or target."

Hysteria even led *O Estado*'s editors—supposedly anti-communist liberals—to state that there exist "international organizations interested in driving a wedge between Brazil and the United States (note that this is not a matter of the non-existent Communist International)," whose purpose is to "induce the Brazilian military to defend a sovereignty that was never threatened." In denying the green threat of the international oligarchy, *O Estado* has been forced to erase one of the most important moments in Brazilian history: the military's 1936 fight against the "Communist Putsch," organized under direct orders from the Comintern.

Haitians starved in name of democracy

by Carlos Wesley

A worldwide economic embargo led by the United States has been imposed against Haiti. The choke-hold is supposedly to force a return of democracy and the restoration of Jean-Bertrand Aristide, ousted as President by a military coup on Sept. 30. But, its immediate effect will be to starve to death an already starving population, and create the conditions for the Bush administration, working through yes-men such as Presidents Carlos Andrés Pérez of Venezuela and Carlos Menem of Argentina, to use the crisis to replace national sovereignty and national armies everywhere in the hemisphere with multinational "collective security" forces, nominally run by the Organization of American States (OAS), to collect debt on behalf of supranational bodies such as the International Monetary Fund (IMF).

"Whatever you could say about Aristide's government," said an unnamed Haitian economist cited by UPI, "they undertook negotiations with the International Monetary Fund for the signing of a stand-by agreement for \$21 million, and loans from bilateral and multilateral partners were estimated at \$511 million for current fiscal year. Now all of this has vanished. That's why serious people have to demand the reinstatement of Aristide." According to UPI, the economist said that unless Aristide was restored to power to get the embargo lifted, Haiti would have no U.S. dollars to pay for its imports, "nor to pay interest on its foreign debt."

The IMF accord negotiated by Aristide would have finished off impoverished Haiti. Little of promised international aid ever reached Haiti—35-40% of it was to cover salaries and expenses for foreign bureaucrats administering the aid programs, experts say. And, despite all the pronouncements in support of democracy and of Aristide, the Bush administration and its allies did nothing to help shore up democracy before Aristide's ouster. As of the day of the coup, which coincided with the end of the U.S. 1991 fiscal year, the United States had not even bothered to give Aristide's government \$66 million due it—fully 77% of the U.S. aid earmarked for Haiti last year!

Most of Haiti's over 6 million people earn less than \$50 a year. More than 80% of the population is illiterate; 75% lives below the poverty level established by the World Bank, which is itself ridiculously low. Only one-third of the land is arable. The population is dependent on wood for almost all

its energy needs, which has led to the destruction of all forests in the country. Deforestation will now worsen since Venezuela, which supplies Haiti with most of its petroleum products, has stopped shipping oil as part of the embargo, as has Mexico, in a break with its "Estrada Doctrine" of recognizing only nations, not governments.

A human rights government

To replace Aristide, Haiti's elected Congress named Supreme Court Justice Joseph Nerette as provisional President. On Oct. 11, Nerette named Haiti's best-known human rights activist, Jean-Jacques Honorat, as prime minister. Honorat has sterling credentials in the struggle for human rights. He fought against the brutal Duvalier dictatorship that ruled Haiti for almost 30 years. In 1980, he was forced into exile by the Duvalier regime. This year, Honorat was named as a recipient of the first International Human Rights Award of the American Bar Association.

After Aristide assumed office in February, Honorat accused him of being undemocratic and "more brutal than the Duvaliers." Aristide advocates "necklacing," the practice of burning alive political opponents by putting a burning tire filled with gasoline around their necks.

To prevent an invasion and to get the embargo lifted, Honorat said he would be willing to engage in negotiations with the OAS for Aristide's return to power, "under specific conditions."

But U.S. Ambassador Alvin Adams denounced the new government as a "travesty" and said that the United States will seize the assets of anyone helping Haiti to evade the economic embargo or providing financial assistance to the new government. Adams said that the "United States intends to copy its 1989 embargo against Panama, during which it blocked the accounts of individuals who backed Gen. Manuel Noriega," according to the Oct. 12 *Boston Globe*. "Certain people need to get this message," Adams said. The U.S., of course, followed up its blockade of Panama with an invasion.

As was the case with rich Panamanians during the 1989 embargo, most rich Haitians are expected to wait out the storm in Miami, while the poor majority starves to death back home. Adams's threat is seen as primarily aimed against the Dominican Republic, which shares the island of Hispaniola with Haiti, and whose government Aristide has been attacking since he took office.

Armando Duran, the foreign minister of Venezuela, where Aristide went to live following his overthrow, met on Oct. 15 with Dominican President Joaquin Balaguer, the only Ibero-American head of state to publicly oppose the military intervention into Haiti advocated by Bush's allies, Venezuela's Pérez and Argentina's Menem. According to sources, the meeting was to warn Balaguer that no one can go against the new world order. If his country breaks the blockade against Haiti, Balaguer was told, it, too, will have its oil cut off.

East Germany's revolution, as seen by a Leipzig industrialist

October is the first anniversary of German unity and the second of the peaceful revolution in East Germany. Karl-Heinz Rudolf, an industrial management expert from Leipzig who twice spent some years in prison for political reasons, reviews the East German revolution. This is the first in a series on developments in eastern Germany.

EIR: How did the opposition in East Germany come into existence?

Rudolf: In greater Germany after the Second World War, there was positive economic development. It was achieved by means of a forced development strategy that everyone had to join to stay at work or in business. The "social" aspect of the market economy in the West was developed by ever newer laws and regulations in the social area, the cost of which was borne by the mass of the population.

In [Soviet-controlled] lesser Germany, there was no positive development in favor of the broader population. But as long as the citizen had work and a relatively secure future, the ruling Socialist Unity Party (SED) was able to continue with its twisted truth. Under the pretext of social goals, it pursued the interests of the party. The common interest took priority over individual interests, and the common interest was determined by the party.

Under the SED regime, on all levels, rule was exercised by the party and the major organizations: the Free German Trade Union Organization, the Society for German-Soviet Friendship, the Free German Youth, the German Gymnastic and Sport Union, the German Women's Union, the Cultural Union, the Chamber of Technology, and so forth. There was always an SED majority on all committees and, in addition, the functionaries of the organizations held their offices only because of their membership in the SED. Since the SED early recognized that they were not well received in rural areas, the National Democratic Party of Germany and the Democratic Farmers' Party were formed with the express sanction of the SED and the victors from the East. Apparently, all opposition was brought into line, and the situation was ominously reminiscent of the beginning of the year 1933.

The opposition remained alive

But the opposition was alive. It first became visible in the popular uprising of June 17, 1953, which was crushed

with armed force. Thousands fell victim to the SED's purges. The SED installed a civil-war army in the "Battle Groups of the Working Class." Many could not stand the pressure, and left everything they owned and illegally fled into an uncertain future. The party reacted, literally locking up the entire population in 1961.

The phase of double- or triple-dealing also began in 1961 with the construction of the Wall. Everyone had a special phraseology: one for private use among friends and relations and one for official use. During this time, an extra-parliamentary movement also began, but it was, admittedly, still modest.

All the SED's actions were aimed at giving citizens the feeling that everything was being done for them. The formation of the agricultural production societies, the partial nationalization of private industrial firms, and the formation of production societies for handicrafts led in these years to a supposed improvement. This served as the pretext for the SED to neutralize anyone who even mildly warned against dangers, to discriminate against them professionally, isolate them socially, and persecute them legally.

But the regime went too far. The economic decline began at the start of the 1970s. With the full nationalization of the previously half-nationalized firms, the domination of the party over the economy was total. Plant managers became well-paid lackeys. The idiotic directives of party central were followed, because all key positions down to foreman were occupied by party members.

Production became more and more faulty. Material bottlenecks appeared, and costs increased. The planned commodity supply, which never satisfied real needs, was no longer attainable.

First, individuals openly turned against this economic policy—often insofar as they communicated their prognoses and proposals in writing to the party. Publication in the press or a radio broadcast was not possible because of censorship. But at this time, complete plans were developed for restructuring the economy, taxes, reasonable costs for rent, electricity, gas, public transportation, and even food—a sacred cow of the state ranking even higher than Lenin. Relations within Comecon were as much a topic as trade and emigration to the West. Only the official doctrine of socialism remained untouched, since that would have been life-endangering.

Groups were cautiously formed among individuals from all layers of the population. The party reacted, and had discussions with these people, but a breakthrough was not attainable since the political system did not lend itself to radical change.

Consumption declines

In the mid-1970s, the SED introduced a two-tiered price system: The old conditions remained for the population, while the economy as a whole had to pay considerably higher prices. Companies experienced more losses, and were subsidized at the expense of the public, as usual. Salvation was then promised by the “production step program,” according to which normal goods, goods of an improved quality and a somewhat higher price, and goods of the highest quality at still higher prices for luxury sale, were also to be produced. Additionally, the wise, omniscient ones at the top issued production quotas for every type of ware. The quotas were not, however, adhered to. What was to be done if not enough material was available for a business? Instead of normal goods, simply more of the luxury goods were produced, and those were out of reach for most citizens. Instead of filling consumption gaps, the gaps were enlarged.

Since 1972, growth stopped. The material bottlenecks became continually worse, and led to idle times of up to 50%. But for private use, the companies functioned; there was material and capacity. In the 1970s and 1980s, each sought to fulfill his own needs in this way. The power apparatus stood by helplessly, since even the bosses were vigorously joining in.

The visits by former West German chancellors Willy Brandt to Erfurt and Helmut Schmidt to Güstrov in the 1970s awakened the hope of an opening of the prison walls, but it was not fulfilled. Visits from relatives from the West to the East were desirable to the regime only as a one-sided tourist stream that yielded hard currency. But the citizens in East Germany were not allowed in the West. And when travel was approved, the other members of the family had to be left behind as hostages. Otherwise, only pensioners and people from the party or important to the economy were allowed to travel in the West.

Social control

Reprisals increased: In the schools, teachers were directed to organize grading in such a way in the eighth- and ninth-grade classes that only children of parents who were true to the party line were allowed to graduate and go on to further studies.

“Useful” citizens who were married to an unsuitable partner were supposed to get divorces. If anyone refused, professional or legal impediments were put in his or her way, and if that didn’t do the trick, the authorities were not afraid to use extortion and physical violence.

“Family reunion” existed only on paper; if anyone ap-

plied for it, he lost his job. Later, that would happen even to applicants for foreign travel.

In a quest for hard currency, the regime discovered the human commodity. On humanitarian grounds, West Germany paid money to the eastern regime, initially only for exit permits for the politically persecuted or political prisoners. Then, who was surprised when prosecutors increased their hunt for dissenters? After all, there was the prospect of good money. Applications for family reunions were permissible, and yet simultaneously subversive—since there was money from the West only for the politically persecuted. With physical terror, delayed processing, or conviction of those charged, the goal was reached. Either family members from the West intervened for release or the regime offered these individuals as a commodity to the West. No one can maintain that the population knew nothing of this traffic in human beings. Since 1973, it was known that even the Church took part, but there was silence abroad.

With these measures, a bankrupt system was kept alive. The economic collapse would have come earlier, and much suffering and misery would have been avoided, if West Germany hadn’t consciously given the SED leadership a helping hand. Each payment was a blow against those who were struggling for changed conditions.

At this time, the mood of the population turned. The people’s expectations for the Germany Treaty were not fulfilled. The door of Concentration Camp East had opened only for pensioners who still had money. They were allowed to travel, and it was hoped they wouldn’t return. The others were dependent on the mercy of the authorities. And whoever was considered a critic was not allowed to travel at all. That was too dangerous, because they could correctly analyze and interpret things. The number of such people grew from month to month.

Finally, a glimmer of hope appeared with Mikhail Gorbachev in 1985. The blockheads in East Germany feared that he would really change something, and made life difficult for him to save their own positions. The people thought otherwise, which led to the witchhunt being intensified against the opposition. Cautiously, the Church opened up, on the grassroots level, at least; the Church leadership held back where possible. They took in the motley mass of those who wanted a change. But the government security organs were still stronger, and new ways of evasion had to be found continually.

The economic situation became more and more difficult. Already, planned economic reforms had been terminated; they did not alleviate the situation. Mere personal motives were in the foreground; in short, everyone wanted to be free to move about. A new wave of refugees threatened. Many who had official duties in the West didn’t return, and family members staying behind filed for travel permits. This was still a minority until 1989, and then the wave of refugees through Hungary and Czechoslovakia unified the people, temporarily at least. And with that the revolution began.

Battle over EIR dope exposé heats up in Venezuela

by José Carlos Méndez

Ever since Oct. 1, when a group of 18 Venezuelan congressmen signed a letter in defense of freedom of expression and demanding that the “irregular and unconstitutional” ban in Venezuela on the circulation of *EIR*’s book *Narcotráfico, SA (Dope, Inc.)* be reversed, the battle to legalize the book has turned red hot. In February 1985, the Venezuelan political police, DISIP, raided *EIR*’s offices in Caracas, and those of the Venezuelan Labor Party (PLV). All copies of the book found were seized and four *EIR* correspondents were expelled from the country, including this author. The multimillionaire Cuban-Venezuelan Gustavo Cisneros sponsored these actions, apparently distressed by the mention of his name in the book.

On Oct. 11 of this year, Venezuela’s RCT television network began to air three explosive one-minute advertisements by the PLV. In the first, PLV General Secretary Alejandro Peña Esclusa says: “In 1985, the circulation of the book *Narcotráfico, SA* was banned in Venezuela, and journalists representing the book’s publishing house were expelled from the country. Who is harmed by this action? Let us see what one of those expelled journalists has to say.”

Interviewed from Washington, D.C., Carlos Méndez is asked, “Were you attacked by the Venezuelan authorities?” Méndez responds: “Well, I wouldn’t say I was attacked. I don’t consider it an aggression. I think that with the banning of *Narcotráfico, SA* and the confiscation of its copies, the first party attacked is the Venezuelan Constitution, the Venezuelan institutions, and, in general, the Venezuelan people, because they were denied information that I believe would have contributed a lot, or to a significant degree, to preventing the drug trade, the consumption of drugs, and the laundering of dirty drug money from growing in Venezuela as they have over the last five years.”

In the second broadcast, Peña says, “The country is in imminent danger of becoming a colony of the drug trade. And yet the book which explains how to confront and defeat the drug trade was banned in 1985. Why?” In response, one of the book’s co-authors, Dennis Small, is interviewed from Washington. Small says: “What the book explains is how it

works, what is behind it, and what are the interests that launder drug money, because the true beneficiaries of the drug trade are neither the consumers nor the producers, but the banks which launder dirty money from the drug trade.” In the third broadcast, Small says that *Narcotráfico, SA* explains how the foreign debt, the economy, the drug trade, and the International Monetary Fund, are all linked to each other.

The real Dope, Inc. responds

In response to all the ferment, the Cisneros-owned television chain, Venevisión, gave major coverage to an Oct. 9 interview with U.S. anti-drug “czar” Bob Martinez. The significance of this interview—later published by Venevisión in full-page paid ads in the Caracas dailies 2001, *El Nacional*, and *El Universal*—is that the interviewer Leopoldo Castillo did everything to get Martinez to attack *EIR* founder Lyndon LaRouche or the book *Narcotráfico, SA* by name—to no avail. For example, at the beginning of the interview, Castillo said, in evident reference to LaRouche: “There also is the case of individuals . . . who create conspiracy theories which in the end help the drug traffickers.” When Martinez failed to respond, Castillo tried a new tack: “Regarding economic aid, there are people like Lydon [sic] LaRouche and his group who maintain that this is a new form of imperialism in the Latin countries.” Martinez responded evasively, “Unfortunately, something like this always happens, but we recognize that, particularly in Peru and Bolivia . . . it is important to have an alternative economic opportunity.”

The defenders of the drug trade are also operating “anonymously” in Venezuela. For the past several weeks, two pamphlets have been circulating filled with slanders against LaRouche. One of these includes a compilation of the slanders that were published back in 1985 in several Venezuelan dailies, at the time of the prohibition of *Narcotráfico, SA*. Not included in the pamphlet, of course, is the lengthy front-page article published by the daily *El Mundo* on Feb. 4, 1985, which protested the arrest of the *EIR* journalists and charged that the arrests were conducted at the request of Gustavo Cisneros.

Also not included is an editorial published in late February 1985 by the Caracas magazine *Resumen*, and signed by its director Jorge Olavarría, which stated that the Diego Cisneros Organization “unleashed an illegal executive action against the authors of a book. . . . The Cisneroses have mobilized the political police of the state and have ignominiously expelled three journalists from the country.”

The second pamphlet, “Lyndon LaRouche in Prison,” is anonymous—no author, no publishing house—a violation of Venezuelan laws prohibiting such publications. The pamphlet includes an unsigned article by a journalist who claims to have interviewed LaRouche in the fall of 1985, but who never published the interview because his tape recorder “didn’t tape anything,” which he ascribes to “electronic interference!”

'Big 3' automakers make market grab

With the auto sector first up on the NAFTA agenda, Mexican auto-parts producers are panicking . . . and rightly so.

On Sept. 9, the "Big Three" U.S. auto companies (Ford, General Motors, and Chrysler), presented U.S. Trade Representative Carla Hills with a monograph regarding what should be negotiated in the automotive section of the North American Free Trade Agreement (NAFTA). According to Mexican auto-parts producers represented in the National Auto-parts Industry (INA), the Big Three's proposal is not a trade plan, but a blueprint for taking over the entire Mexican auto industry.

Their plan "does not contemplate increases in [Mexican] export capacity to the United States and Canada, but rather a concentration on the domestic market," INA complained. The U.S. car makers propose "converting the [Mexican] auto industry into assembly plants vertically integrated with branches in the United States and Canada, using Mexico for the production of low-cost, labor-intensive models, with [pre-set] fixed exports."

The fight over the auto sector, which will probably be the first NAFTA agenda item, is centering on the issue of so-called *rules of origin*, that is, what percentage of the final product has to be components produced in the region, in order to consider the final product "North American," and thus saleable in Mexico, the United States, and Canada.

To understand why this is a central issue, we must briefly explain the structure of the Mexican auto sector.

The final product is assembled in Mexico by the U.S. Big Three, and by German and Japanese companies

(Volkswagen and Nissan, in particular). The intermediate auto-parts which go into this final assembly originate in one of three places: 1) the Mexican auto-parts industry, as represented in INA; 2) the *maquiladoras*, or in-bond border assembly plants, which are owned mainly by the U.S. Big Three, and which ship part of their production back to the U.S. for assembly and part into Mexico proper for the same; and 3) foreign auto-parts factories, in Detroit, Japan, Germany, or elsewhere, which export their production to Mexico for final assembly.

The proposal of the Big Three car makers is that the *rules of origin* be 70%—in other words, that 70% of the value of the final autos assembled in Mexico would have to originate within the NAFTA zone (Mexico, Canada, and the U.S.). If adopted, this would wipe German and Japanese auto assemblers off the map in Mexico, because they cannot possibly produce 70% of their inputs within the NAFTA zone, given their heavy dependency on their own technology and engineering.

A second Big Three proposal, is that Mexico's Foreign Investment Law and Statute for the Development and Modernization of the Automotive Industry, which today governs auto production in Mexico, be altered to allow up to 100% foreign investment in the Mexican auto sector. Under the current law, a maximum 49% foreign ownership is permitted. Mexico's INA is lobbying for it to stay at 49%, arguing that otherwise foreigners will

totally take over the auto industry in the country.

The INA also points to the fact that the Big Three's assembly in Mexico is already largely geared for the domestic Mexican market, and not for export. For example, according to the Automotive Industry Association (AMIA) of Mexico, sales and production of Ford, Chrysler, and GM inside Mexico in the first quarter of 1991 were 281,000 units, approximately 60% of total Mexican output. Of these 281,000 units, 59% were sold domestically and 41% were exported. Yet during this same period, auto industry imports doubled—i.e., the assemblers were getting their inputs less and less from Mexican producers, and more and more from plants abroad. As a result, for the first time since 1983, the auto sector showed a negative trade balance of \$368 million.

INA has responded to the Big Three drive by presenting its own monograph to the Mexican government's NAFTA negotiating team. But the INA is fighting a totally unequal battle against the Big Three, for against it is arrayed not only the power of the U.S. car makers and the U.S. government, but of the Mexican negotiating team as well. For example, Mexico President Carlos Salinas de Gortari is threatening the automotive industry with the argument that "our country does not wish to become a trampoline for exports from other countries"—precisely the Big Three's argument for high *rules of origin* percentages.

Indeed, it would appear that the Big Three have already won the battle. In October, Chrysler began to promote its 1992 models with television commercials featuring company president Lee Iacocca. Although the commercials were presented on Mexican television, Iacocca's lines were delivered . . . in English!

Extremist revival being orchestrated

Allegations of a German "Fourth Reich" and "neo-Nazism" stem from East-West covert operations.

Since mid-September, Germany has witnessed a tide of extremist attacks. Those on the left are attacking Germany in the same way that certain British elite publications, like *The Spectator*, or Serbian journals have done: The new Germany is allegedly a cradle of a new Nazism and a "Fourth Reich." And there are those on the right that supply the justification for these allegations, setting fire to refugee lodgings, painting swastikas on homes, and singing Nazi songs.

But the sudden explosion of these attacks, coupled with broad domestic and international media coverage, indicates that it is not the result of a generic trend in Germany. There is hostility to foreigners among many Germans, and racism can be observed, but there has been no violence against foreigners on a broad scale. For what it's worth, a FORSA opinion poll published in mid-October found 70% of the population in favor of tolerance, and only 16% intolerant. Why, then, this explosion of violence now?

In 1989, immediately after the fall of the communist regime in East Germany, a similar pattern of incidents occurred. Suddenly, the media were giving much coverage to the right-wing radical group Republikaner (REP), which popped up with provocative slogans against refugees seeking asylum and foreign workers. Incidents like these served as a pretext for the media to portray the future united Germany as a "brown" state reminiscent of the Nazi past.

This author witnessed one such orchestrated incident at a rally of more

than 200,000 in the east German city of Leipzig in January 1990. A television team of North German Radio was focusing on a small, provocationist group of REP youth chanting right-wing slogans about a Germany that should be reserved for the Germans. Protests from passers-by—this author included—against this interplay between NDR and REP provocateurs, were defamed as "authoritarian" by others who apparently were playing a role in orchestrating the scene.

At the same time, the SED, the former ruling party of East Germany that had hurriedly renamed itself the Party of Democratic Socialism, was launching a black propaganda campaign against unification. A chain of strange incidents involving the anonymous painting of swastikas on Soviet Army installations suddenly emerged, and PDS propagandists, like party chairman Gregor Gysi, were quick to denounce these incidents as fresh evidence of their warning "Against Reunification and the Brown Plague!" that could be read on thousands of posters in Berlin and other cities from 1989 to 1990.

The black propaganda suffered a severe blow, however, when it was revealed that Hans-Rudolf Gutbrodt, self-proclaimed leader of the REP party group in the east German city of Parchim, had worked for years as an informant for the Stasi, the communist secret service. A local police officer assured the media that Gutbrodt had been and still was an "unofficial collaborator of the Stasi"—an outside operative on a Stasi payroll.

Revelations that many of the youths in the new right-wing groups had an SED/Stasi family background, and that some leaders of the former SED youth organization had become leaders of right-wing groups in east Germany, contributed to a sudden decline in the media's and PDS's allegations on the rise of "neo-Nazism." By early February, opinion polls among the east German population cited the widespread belief that "the Stasi is behind all these things to smear those that are for unification."

Despite the propaganda, the PDS remains a tiny group with less than 5% of the vote nationwide. But Stasi specialists in disinformation have remained active in the political underground, even building two front organizations (ODOM and ISOR) to fight for the interests of members of the armed units of the abolished east German regime. One may assume that a good deal of the right-wing extremist incidents these days were set up by these same hands.

Other groups are involved. Recruitment activities of the U.S. Ku Klux Klan and its sister organizations in Canada are known. Dennis W. Mahon, a KKK organizer from Texas, was paraded on German media in mid-October as engaged in efforts to build a KKK branch based on "Germanic heritage . . . from the Teutonic Knights to the Waffen SS," as he told an RTL Plus television team.

There are also the activities of a German-Canadian, Ernst Zuendel, which are on the police record, who is trying to build a neo-Nazi organization in the tradition of Hitler's "Munich movement." Zuendel, known for anti-Semitic provocations in KKK-related activities in Canada and Mexico, was arrested in Munich in March, released on bail, and is facing trial. He is said to have very close ties to British and U.S. secret intelligence circles.

López Michelsen is back!

Colombia's narco-terrorists continue to murder and blackmail, while the government pursues its "peace talks."

Ruling Liberal Party president and former Colombian head of state Alfonso López Michelsen has resurfaced in the political arena, this time as a government-appointed "mediator" in peace talks with the narco-terrorist guerrilla forces still at large.

López's most memorable, and infamous, appearance was in 1984, when he met at the Marriott Hotel in Panama with the heads of the Colombian cocaine cartels, just one week after cartel hitmen assassinated Justice Minister Rodrigo Lara Bonilla. López, who claims he was merely listening to "their side of the story," in fact conveyed the cartels' demand for a political amnesty in exchange for paying the Colombian foreign debt, to then-President Belisario Betancur. From then on, "The Godfather," as López came to be known, has represented the interests of the drug cartels and their terrorist junior partners.

López's current role as "peace negotiator" is hardly new. In 1990, he headed the so-called "Group of Notables," which served to negotiate a plea-bargain offer by the Gaviria government to the cartel chieftains, all in the name of peace. The result of that effort is that a handful of drug lords are passing the time in gilded bunkers, provided at government expense, while the drug trade continues to prosper.

On Oct. 1, members of one of the groups of the so-called Simón Bolívar Guerrilla Coordinator (CNGSB) ambushed a motorcade of former Senate president and Cauca Valley senatorial candidate Aurelio Iragorri Hormaza. Iragorri miraculously survived the at-

tack, but seven others, including five bodyguards, a former mayor, and another civilian, were killed.

The Gaviria government responded to widespread outrage following the attack by suspending the "peace dialogues" that were ongoing in Caracas with the CNGSB's chieftains. Gaviria said that "just as millions of Colombians have demanded, dialogue with the guerrilla organizations must be carried out under minimal détente conditions. Dialogue with the terrorists is clearly and simply impossible at this time."

Colombians breathed a sigh of relief at the expectation that the government would finally put an end to the farce of peace talks with the murderous narco-terrorists. But presidential "peace adviser" Jesús Antonio Bejarano quickly clarified: "The peace dialogues have not been terminated; only suspended."

The narco-guerrillas responded with self-righteous indignation to the government's suspension of the talks, calling the move "arrogant and hasty" and "fickle." They threatened that only a bilateral cease-fire could provide for secure congressional elections on Oct. 27. Even as the CNGSB protested, however, the assaults continued. A military patrol was ambushed with dynamite, leaving two soldiers dead; a kidnap victim was killed in Caqueta province, after one year in captivity; a Conservative Party leader in Boyaca department was kidnaped, tortured, and murdered; a former governor and mayor barely escaped assassination attempts; two

bombs exploded in the city of Cartagena, one at a military recruitment office and one at a supermarket.

In the midst of this, "The Godfather" entered the scene to save the day. López Michelsen traveled to Caracas, where he engaged in "lengthy talks" with the guerrilla chieftains. He then informed the news media that the terrorists had promised not to interfere in the Oct. 27 elections. López went so far as to defend the guerrilla chiefs' claims of innocence in the latest terrorist acts, insisting that "they do not have total control over their combat fronts." López later explained that *both* sides in the negotiations had problems controlling the "extremists" in their midst, apparently a reference to those elements in the military who have resisted the Gaviria government's appeasement policies.

López recommended that the official peace negotiations continue, after the Oct. 27 elections. On the day that López cemented the so-called "rapprochement" with the narco-terrorists in Caracas, the Venezuelan national radio chain RCN announced that it had "completely confirmed" reports that López's eldest son, Alfonso López Caballero, was to become the next Colombian foreign minister. López Caballero will reportedly leave his ambassadorial post in France to take over the ministry immediately following the elections.

The Colombian population, left defenseless by a capitulationist government, nonetheless has a voice to protest with. The daily *El Espectador*, which has been the victim of repeated narco-terrorist attacks over the years, editorially denounced the fact that "violence is now everywhere: in the actions of the guerrilla and of the drug trade, and in the omissions of the government and of justice which, with their permissive attitude, offend the public conscience."

International Intelligence

Israeli settlers seize Arab homes in Jerusalem

A group of 50 Jewish settlers seized control of seven Arab homes in East Jerusalem on Oct. 9, evicting their tenants. The group, El Ad, was joined by Yuval Neeman, Israeli minister of science and technology. They were later ousted by the police. The event took place one year and a day after the Israelis slaughtered 21 Arabs at al Haram al Sharif—Jerusalem's Temple Mount—after a settlers' group attempted to attack the Al Aqsa mosque, one of Islam's holiest sites. Israeli authorities banned all Arabs from Jerusalem on the anniversary of the massacre.

On Oct. 11, an unidentified Arab driver drove his van into a group of Israeli soldiers in Tel Aviv, killing two and injuring 11. The Israeli government is reportedly considering banning all Arabs from the city.

Croatian Jews denounce Serbia's genocide

Croatia's Jewish Congress in Zagreb issued an appeal to the world on Oct. 7 to stop Serbia's aggression. Representatives of this 200-year-old Jewish community "state with sadness, desperation, and shock that the Republic of Croatia, of which we are citizens, is being attacked by a brutal army force which is conducting genocide," according to the statement. "That the population of the Republic of Croatia is being exposed to heavy physical and psychological and economic slaughter without regard for nationality, race, color of skin, religious or political beliefs. That the Jews of Croatia and their institutions, their private and state property, are suffering from the same danger. And that this damage to Croatia and her cities and villages can mark the end of Jewish heritage which has existed on this soil since ancient times."

This appeal says that "even though claims are made trying to show that the Republic of Croatia is anti-Semitic and neo-fascist, the Jewish community has enjoyed all rights of a

religious and ethnic minority without obstruction or any kind of discrimination. Therefore, we express our full support for the declared policies of the Republic of Croatia, which desires to build a new and democratic state in which human and political rights, and ethnic and religious rights for all citizens or groups will be honored.

"In particular we are appealing to our brothers in the Jewish community and individuals around the world, including public opinion, to put pressure on their governments and international organizations to achieve a ceasefire in Croatia leading to the protection of human life. We will never forget how the Jewish people perished in the Holocaust before the eyes of the world, who stood silently watching on. We do not wish that this tragic history be repeated in Croatia."

Britain's 'skinhead' movement is spreading

"Britain has an appalling record for exports in recent years, but in one field she has done remarkably well, namely in spreading the racist and violent sub-culture of the skinheads," states a European Parliament report compiled by British Parliamentarian Glyn Ford. The London *Sunday Times* of Oct. 6 reported that a number of the skinheads involved in recent racist attacks in Germany were actually Britons.

Ford's report on *Racism and Xenophobia* states: "Skinheads first appeared in Britain in the late 1960s and were involved in what was known as 'Paki bashing.' . . . In the early 1970s they went into decline but found a natural home in the British Movement from the late 1970s until about 1982. . . ."

"Over the next five years the racist skinheads built up their organization by means of a series of bands playing racist music. . . ."

"During the 1980s the skinhead cult spread from Britain to West Germany, Belgium and Holland and then to Scandinavia. The cult also gained popularity among young unemployed racists in France, and it eventually reached Hungary, Poland and

East Germany. . . .

"What has been one of the most startling developments has been their success in the U.S.A. About three years ago . . . they had about 400 followers. Within a year this has grown to 4,500. . . ."

"The established racist groups see them as cannon fodder . . . which can cross international borders. . . . They are also viewed as a huge financial benefit for the racist movement. In Britain they are capable of generating income to the tune of around £1 million a year from sales of concert tickets, videos, shirts, boots, records, and tapes. They also sell protection for other people's concerts and public events."

As *EIR* has documented, such groups as the skinheads are cannon fodder, not only for what Ford identifies as "established racist groups," but also for intelligence services engaged in dirty tricks. It is notable in this regard that the British press has taken the lead in accusations that recent racist outbreaks by skinheads in Germany are a "characteristically German" phenomenon.

Red Army challenged to leave Transcaucasus

The Parliament of Azerbaïdzhân on Oct. 10 rubber-stamped a series of provocative decrees by President Ayaz Mutalibov, directly challenging the Soviet Armed Forces based in Azerbaïdzhân. The move is fraught with the potential for creating a new round of inter-ethnic warfare in the area.

The decrees ordered the Soviet Army to leave behind all stored arms and equipment in its garrisons once troops leave Azerbaïdzhân, so that this equipment can be transferred to the newly created Azerbaïdzhân National Guard. They furthermore placed all Soviet Army forces in Azerbaïdzhân under the control of President Mutalibov. Mutalibov, who had publicly supported the Aug. 19 Moscow coup attempt, gave as an excuse "a tense situation" in the capital of Baku.

Other measures in the decrees called on all 140,000 Azeri conscripts now in the So-

viet Army to be sent home (which Russia had intended to do over the next year) and appealed to all Azeri officers to leave the Army and to staff the new National Guard. Not in the final published version, but included in the first draft—and possibly retained as a secret protocol—was an order positioning Azerbaidzhan Guard units along the border with Armenia.

Mexican daily slams 'Americas Watch'

In response to the escalating campaign of the international human rights lobby against Mexico, the daily *Unomasuno* fought back with a front-page article published Oct. 3, exposing the "selective" nature of this lobby's human rights campaign, giving as an example biased treatment of the case of U.S. political prisoner Lyndon LaRouche by the private human rights group Americas Watch. The article, part of a series by Washington-based journalist Rodolfo Medina, begins:

"There are those who resent Americas Watch in the United States. One of these is Lyndon LaRouche, a former contender for the presidency of the United States, a political activist, and currently a prisoner in a prison in the state of Virginia [sic], near the U.S. capital.

"LaRouche has alleged he is a victim of a political conspiracy by President George Bush. The former attorney general Ramsey Clark, followers and sympathizers of the political activist, who is described as 'radical' in certain circles, feel that there is a political hue to the accusation of fraud against him.

"The LaRouche case was submitted to Americas Watch for consideration as a violation of human rights, but no positive response was forthcoming.

"Juan Méndez, director of Americas Watch, points out that the investigations they carry out are based on priorities. The resources of the organization are devoted to those cases where charges of violation of

human rights are most frequent.

"There are urgent cases. For example, in Mexico—he says—there have been denunciations of human rights violations against the population."

Moscow reverses policy on Kurile Islands

The Soviet daily *Izvestia* on Oct. 4 reversed longstanding Moscow policy and effectively recognized Japanese claims to the Kurile Islands. The newspaper published documents from Russian czarist times substantiating the claim that the four islands are indeed Japanese. The paper said that the Soviet Foreign Ministry had found the documents, and asked *Izvestia* to publish them. The paper stressed that the Soviet public has been indoctrinated for decades with inaccurate information about the Kuriles.

The islands were seized by the Soviet Armed Forces in the final days of World War II, and the issue has been an obstacle to diplomatic and financial relations between the two countries ever since. Japan and the Soviet Union never signed a postwar peace treaty because of the issue of the Kuriles.

The most important document published by *Izvestia* is a secret handwritten instruction by Czar Mikhail I, in 1853, to Admiral Count Putyatin, for negotiations with the Japanese. Russia was then trying to gain access to Japan, in the wake of the British and the Americans. The admiral was told to inform the Japanese that the borders in the Kuriles should be north of Iturup and south of Yurup, as Japan has always insisted.

On Oct. 8, Japan announced a \$2.5 billion aid package to the Russians, reversing their own previous policy. A Japanese spokesman said that the islands are no longer an obstacle in relations with Moscow, and that the turning point in the situation was the failed coup.

Also, according to the London *Guardian*, a Japanese mission has been to the Soviet Far East, to investigate the food and medical needs there.

● **FORMER STASI** operatives are a fertile ground for extremism and terrorist actions, says a new report of the BfV, the German agency for constitutional protection, which lists two groups of former East German intelligence officers, the ODOM and the ISOR, as a threat to domestic security.

● **SEVENTY PERCENT** of the Russian KGB "gave notice" on the first day of the Aug. 19 coup that they would support President Boris Yeltsin, said Sergei Stepashin, chairman of the Russian Republic's parliamentary committee on state security.

● **TURKEY'S** former top secret intelligence official, Gen. Adnan Ersoz, was assassinated at his home in Istanbul on Oct. 13. The terrorist organization Dev-Sol claimed responsibility. General Ersoz, who retired as head of the MIT intelligence agency in 1979, is said to have played a role in the military coup of September 1980. Ersoz was the fifth senior army general assassinated this year.

● **CZECHOSLOVAKIA'S** Civic Democratic Party is making a bid to ban for five years from public functions all those who may have collaborated with the communist political police in the period 1948-89. According to the French daily *Le Monde* of Oct. 11, the move is a power play by Finance Minister Vaclav Klaus, who wants to replace Prime Minister Marian Calfa, and put "his people" in all the key government positions.

● **OTTO HAPSBURG** charged that the policy of the Serbian leaders resembles the Khmer Rouge of Cambodian dictator Pol Pot, referring to the "indiscriminate slaughtering of the population" and "the destruction of churches, historic monuments, and cemeteries." The interview with Hapsburg, a German member of the European Parliament, was published in the daily *Deutsche Tagespost* of Oct. 8.

Senate 'New Age' soap opera takes U.S. into the gutter

by Leo F. Scanlon and Edward Spannaus

By a vote of 52-48, the U.S. Senate confirmed the nomination of Clarence Thomas to be the 106th justice appointed to sit on the Supreme Court of the United States. The vote concluded a 10-day spectacle in which the Senate became the forum for a pornographic propaganda campaign in support of the New Age ethics of the radical feminist mob. The fiasco, accurately described as a "travesty" and a "Roman circus" by Thomas and his defenders, brought to an end a three-month inquisition which showed the Senate to be incapable of seriously discussing the qualifications of a Supreme Court nominee on the level of the philosophical and constitutional issues facing the court. (See LaRouche, p. 60.)

The decision to open a special "X-rated" session, to air an allegation that Thomas had sexually harassed a colleague 10 years ago, came after the anti-Thomas forces were about to go down in defeat. The disgusting events which ensued served only to degrade the citizenry, disgrace the Legislative Branch, and undermine what is left of the rule of law in the United States.

The primary architects of this spectacle were the National Organization for Women (NOW), the National Abortion Rights Action League (NARAL), the People for the American Way (PAW), their associates among the staffers of the Senate Judiciary Committee, and reporter Nina Totenberg from the government-financed National Public Radio (NPR). On the day the Thomas nomination was announced by the Bush administration, a coven of 1960s feminists representing these and similar groups, announced that they intended to "Bork" this man . . . take names and kick ass." They scoured the nation for gossip, rumors, and derogatory material which might be circulated outside the Senate confirmation hearings, in order to taint the nominee, or quash the appointment by blackmail.

Ultimately, this search converged on a charge of "sexual

harassment" which could be thrown at the nominee as well as the senators, and which turned the committee deliberations into a procedure combining New Age irrationalism with the police-state methods typical of Thomas's sponsor, the Bush administration.

Profile of a lynching

In order to give the maximum power to the slander campaign, the accusation against Thomas was framed in the most lurid, prurient fashion possible. Anita Hill, a Yale Law School graduate, and former employee of Thomas at the Equal Employment Opportunity Commission, was paraded before the Senate, and national television, to report conversations wherein Thomas had allegedly described pornographic movies and his own sexual prowess.

Judge Thomas responded by denouncing the Judiciary Committee for carrying out a "high-tech lynching," and pointing to the ugly wellspring in American society from which these allegations drew their sensational power:

"Language throughout the history of this country, and certainly throughout my life, language about the sexual prowess of black men, language about the sex organs of black men and the sizes, etc. That kind of language has been used about black men as long as I've been on the face of this earth, and these are charges that play into racist, bigoted stereotypes, and these are the kind of charges that are impossible to wash off. And these are the kind of stereotypes that I have in my tenure in government and conduct of my affairs attempted to move away from and to convince people that we should conduct ourselves in a way that defies these stereotypes."

He continued, "In the 1970s, I became very interested in the issue of lynching. And if you want to track through this country in the 19th and 20th century the lynchings of black men, you will see that there is invariably, or in many in-

stances, a relationship with sex and an accusation that that person cannot shake off.”

Such lynchings have occurred within the living memory of many Americans, and were by no means merely the frenzied acts of mobs. They were ritual events, carried out according to satanic rites popularized by the followers of freemasonic leaders such as Albert Pike, and were widely reported by national newspapers. The crime typically included the mutilation, castration, and immolation of a victim who had often, but not always, been accused of sexually threatening or raping a white woman.

Kennedy, Metzenbaum, Simon make the rope

The truth or falsity of Professor Hill's allegations against Judge Thomas had ceased to be an issue, even before she regaled the senators with graphic talk about the sexual organs of a nominee to the Supreme Court. The point was made repeatedly by elated feminists, Anita Hill herself, and numerous senators, that the hearings were designed to “sensitize” the nation to the issue of sexual harassment. The available facts of how this came to be, are as follows:

Hill was coerced into making her allegations by a network of aides—associated not with the Judiciary Committee but the Senate Labor Committee—who work for the unholy senatorial trio of Howard Metzenbaum, Edward “Ted” Kennedy, and Paul Simon.

Hill was first contacted by Gail Laster, a Metzenbaum aide who was trolling for derogatory material among Thomas's acquaintances. Hill made no allegations against Thomas at this time. She was then called by Kennedy aide Ricki Seidman (former legal director of People for the American Way), and by James Brudney, who works for Metzenbaum. Brudney, a former classmate of Hill's at Yale, works with sexual harassment issues on the Senate Labor Committee. This is where the dirty stuff really began.

Hill has stated that one of the aides claimed that they had a “mountain” of information against Thomas concerning sexual harassment, and that her name had been mentioned. According to the *Washington Times*, “Miss Hill said the aides also told her that her name was going to come out with the others unless she cooperated. Accordingly, Miss Hill said she decided to work with the committee, but only if her name was kept confidential.”

Not only was Hill threatened with public exposure if she didn't “cooperate,” but she was promised that if she *did* cooperate, her name would not be made public, and Thomas could be quietly blackmailed into withdrawing his nomination. Metzenbaum aide Brudney told her, according to *U.S.A. Today*, “her signed affidavit would be the instrument which quietly and behind the scenes would force him [Thomas] to withdraw his name.”

Hill's conflicting testimony concerning Brudney's statements led Sen. Arlen Specter to accuse Hill of “perjury” during the hearings. In fact, the methods used to blackmail

Hill were precisely those used every day to induce plea bargains and to suborn perjury in U.S. courtrooms.

As a result, Hill eventually gave statements to the Judiciary Committee and the FBI. Her original statements were far less lurid than her public testimony; in fact, she said that she was not charging Thomas with sexual harassment. Her reports were investigated, dismissed by the FBI, and presented to the full committee, where they sat, ticking.

On the eve of the Senate vote to confirm the nominee, the affidavit Hill gave to the committee was illegally leaked to Kennedy-linked attorneys at the Leadership Conference on Civil Rights, and to Nina Totenberg of NPR, who then induced Hill to go public with her story, by reading back to her the contents of her secret affidavit. The story grew with each telling, soon including descriptions of pornographic movies, and intimations of zoophilia. The revelation sparked a sensation, and a phalanx of feminist congresswomen staged an unprecedented march across Capitol Hill, to force a full hearing on the issue.

The extent to which the spirit of the lynch mob and blackmail tactics permeated these proceedings is illustrated by two particular developments.

The first was a nasty operation run by Sen. Howard Metzenbaum and his staff, during live TV coverage of the Thomas hearings late Sunday night. The incident came to light during the testimony of John Doggett III, a black Yale Law School and Harvard Business School graduate who is a colleague of both Thomas and Hill. Doggett had submitted an affidavit describing a bizarre incident involving Anita Hill which led him to conclude that she is fantasy-ridden and delusional.

While questioning Doggett, Metzenbaum began to read from a transcript which sounded like an official deposition of Doggett. The transcript contained charges of sexual harassment against Doggett made by a former female employee of the international consulting firm where Doggett once worked. Doggett angrily interrupted Metzenbaum, shouting that this is “part of the reason this country is falling apart. This is exactly what happened to Clarence Thomas.”

Doggett explained that he had been called by Metzenbaum's staff and interviewed. The allegation of sexual harassment had been made in an unsworn and unverified statement, accusing him, among other things, of walking up to a white 19-year-old employee on her first day of work and kissing her on the mouth. A transcript of the telephone interview with Doggett, including sections of the woman's unsworn statement, was being read into the record as if it were a sworn deposition!

Committee chairman Joseph Biden (D-Del.) was forced to reprimand Metzenbaum for violating the committee's ground rules by introducing an unsworn statement into the record. Doggett then said that when he decided to come forward with his statement, “People told me I was insane to subject myself to the opportunity to have something like

this crawl out from under a rock. I expected someone to do something like this, because that is what this process has become.”

The second incident involved Juan Williams, a black writer for the *Washington Post* who had written several articles about Thomas in the past. Breaking ranks with his editors, Williams wrote a column on Oct. 10, entitled “Mean-Spirited Mudslinging,” which described how he had been inundated by phone calls from Democratic Senate staffers looking for any dirt to use against Thomas. The Williams column was widely circulated and was read into the record of the hearings by Republican senators.

By Oct. 14, local television stations were reporting that anonymous sources claimed Williams had been guilty of sexual harassment in the *Post* newsroom. Williams declared the charges “absolutely false.” On Oct. 15, the *Post* “suspended” Williams by asking him to stay off television and to write nothing further on the Thomas case.

On Tuesday, Oct. 15, the Senate finally approached its long-delayed vote on the nomination. Although the anti-Thomas lynch mob lost the vote, they won the day. The eight hours of floor debate were dominated by the sexual harassment issue, with only a handful of senators even mentioning Thomas’s legal philosophy or constitutional law. The United States Senate had entered the New Age.

Documentation

Candidate LaRouche: Let’s put issues in perspective

Lyndon LaRouche, candidate for the 1992 Democratic presidential nomination, stated on Oct. 13:

“Time has come that I must say something about the Senate confirmation hearings on the subject of the nomination of Judge Clarence Thomas to the U.S. Supreme Court.

“I am not an advocate of Judge Thomas. He has associations, or his wife does, he through her, with two cult organizations, both of which have been my adversaries in the past, one of which has been a part of the strike force of Henry Kissinger in the attempt to put me into prison. That’s not exactly a good recommendation for Judge Thomas. I would like to have seen those questions cleared up as opposed to the kind of garbage which is dominating the airwaves and television screens right now.

“Unfortunately, I have to agree with Judge Thomas’s characterization of the current attacks on him now before the committee as tantamount to a lynching. The logic is well known to all of us who are old enough to remember the lynchings by the Ku Klux Klan of black men in the South

from former times. Or those of us who perhaps younger have done studies of that process. These lynchings were not impulses, they were rituals associated with exactly the kind of sexual imagery which have been aired throughout the press against Judge Thomas. . . .

“Now I think most of the members of the committee would not disagree with me, nor I with them, that this is a most unfortunate business from the standpoint of the committee itself. This matter, if it were to come before the committee, should have come through a proper process in which no inadmissible material was leaked out of the committee investigation into the public domain in the way it has been. This particular committee hearing has been turned into the worst parody of the greatest mistrial of all time on that account.

“The greatest issue here now is no longer the issue of Judge Thomas’s nomination as such; the issue now is who did this to the Senate confirmation process? Who leaked this operation in such a way as to cause the matter of Prof. Anita Hill’s charges to be aired in the irresponsible way which has been imposed upon the committee by the mass media?

“I would propose that the whole process be held up, the Senate not act on this issue, until we’ve gotten to the bottom of discovering who leaked this business, who set this operation up? This is an operation against the Constitution, . . . against orderly self-government by the people of this Republic. When you sit back and cheer for one side or another, you’re making a mistake. We are now in the process of losing our Bill of Rights, we’re losing our government, we’re losing our freedoms.

“The only defense we have, except revolution, if you want that, is Law! Institutions of Law! You are watching people, largely in this feminist mob, under the pretext of a social issue tearing the constitutional process of law, institutions of law, apart. That must not be allowed!

“Now how important is the issue that Anita Hill raises respecting Judge Thomas? Let’s put this thing in perspective.

“How many people in the U.S. are going to die as a result of being thrown off General Assistance in the state of Michigan, Maryland, Massachusetts, and so forth?! How many people around the world are dying as a result of a bad foreign policy of the Bush administration in particular?! How many people are dying as a result of an HIV pandemic which the U.S. government refuses to combat?!

“Think of all the issues, life or death issues, in foreign policy and domestic policy. How important is the issue that Judge Thomas might or might have not whispered a few dirty words to a tough woman lawyer—Anita Hill—about ten years ago? A report which is just coming uncorroborated to the surface now.

“Let’s get things in perspective! Yes! Sexual harassment in the work place, and other places, is an issue. It should be dealt with. But it is not the only issue. There are much bigger ones. This has been Lyndon LaRouche speaking.”

Weld enforces cuts with jail threats

by H. Graham Lowry

Massachusetts Republican Gov. William Weld threatened Oct. 9 to jail state officials who refuse to implement his budget-cutting decrees. This latest move by the blueblood bankers' boy sets a new precedent in his drive to impose austerity through outright dictatorship, as the state is transformed into a hideous model for the new world order.

The threat of jail terms and removal from office was delivered to members of the state's Group Insurance Commission, just one week after they rejected his demand to cover a claimed \$45 million deficit in the state employees health insurance fund by cutting back on benefits. Weld's action also sent an unobvious message to the legislature's Democratic leadership, which had promised the insurance commissioners that a deficiency budget would be passed to maintain the fund.

In a letter drafted by Weld's Secretary of Administration and Finance Peter Nessen, the commissioners were informed that refusing to make the cuts demanded by the governor "raises important legal issues for each of you." In chilling, police-state language, the letter declares, "By refusing to make any changes of consequence, you have effectively decided not to live within your appropriation. . . . The governor has asked me to make clear his deep concern. . . . He is prepared to take whatever action is necessary in order to insure that the Commission lives within its budget. In this context, I draw your attention to section six of chapter 29, which established criminal penalties for violation of the state finance law."

The law prescribes up to \$1,000 in fines and a year in prison, but even the *Boston Globe* reported: "Never in recent memory has a governor used the threat of criminal penalties and jail terms to coerce recalcitrant political opponents on commissions and authorities to toe his fiscal line." Several commissioners reached by the local press were unwilling to comment on Weld's threat; but one responded, "If I have to go to jail to represent my constituents, I'll do it. . . . This is a rape of every public employee." Weld, of course, is well versed in police-state tactics, dating back to his stint during the Reagan administration as head of the Criminal Division of the Justice Department, and coordinator of the "Get LaRouche" task force.

'And the House sat mute as a mouse'

On the same day that Weld's Gestapo-like message was delivered, the Massachusetts House of Representatives

caved in to his demand to slash \$80 million from General Relief for the poor, and impose a spending cap of \$102.5 million through June 30 of next year. As many as 14,000 people will be cut off from state assistance, nearly 37% of the current recipients. Harsher medical criteria will eliminate aid for about 4,000 disabled persons; nearly 4,000 more over the age of 45 will be cut off for lack of a work history; and 2,200 families will lose their assistance because their total assets exceed \$250!

Even the fate of those still receiving aid is far from secure. The House bill also granted Weld the authority to reduce benefits and restrict eligibility as he sees fit for the remainder of the fiscal year, whenever it appears that benefit payments might exceed the cap. Weld had previously sought similar authority over virtually the entire state budget, through a proposed Emergency Control Board to be appointed by the governor, and empowered to cut spending without legislative consent. Though the scheme was rejected by the legislature last summer, the precedent for such rule by decree has now been established by the House bill.

Budget swindles enforcing collapse

The devastating collapse of the Massachusetts economy has only accelerated with the \$2.5 billion worth of cuts Weld has rammed through since taking office in January. Unemployment has increased by more than 50%, much of it in construction, and Weld's efforts to gut capital spending for vital infrastructure have further worsened matters. The austerity-mongering *Boston Globe* issued an unusual blast at Weld Oct. 15, attacking "his decision to tolerate an unprecedented collapse in the construction industry. With bank credit evaporating, with private construction at an anemic pace, with massive layoffs in the financial, real estate and defense industries, the whole economy here is in broad retreat."

Pouring everything he can grab into filling a constantly expanding budget deficit, Weld has also drawn the ire of organized labor for his seizure of \$240 million in gas tax revenues which had been earmarked for public works. Joseph Faherty, head of the Massachusetts AFL-CIO, declared, "What Weld did with the gas-tax money is just what Reagan and Bush did with Social Security funds—use it to balance the budget, to cover the deficit."

Of the 35,000 union construction workers in the Greater Boston area, about 50% are unemployed, according to the Building Trades Council. The unions have charged that Weld's budget swindle affected hundreds of construction projects—not only in the Boston area, but in other cities such as Springfield, Worcester, and New Bedford, where unemployment among union members is reportedly running at 70-90%. In May, Weld provoked angry union demonstrations when they learned he was using convict labor—at \$2 a day—for construction and repairs at the State House. The policy continues.

Death lobby targets Washington voters

by Linda Everett

On Nov. 5, the voters of Washington State will decide whether theirs will become the first state in the world to legally embrace euthanasia, the crime against humanity for which Nazi doctors were condemned and hanged at Nuremberg. The Hemlock Society, a national organization dedicated to making physician-assisted suicide and murder a fundamental constitutional right as well as routine "medical treatment," has brainwashed Washington voters to believe that its Initiative 119 will provide patients with just another treatment option called "aid-in-dying." That "option"—to be killed by doctors armed with lethal syringes—is the first step to establishing in this country Hitler's solution for victims of disease or disability and anyone perceived to be a burden to the economy.

Washingtonians are also falling for Initiative 120, which significantly expands abortion rights beyond *Roe v. Wade*, the Supreme Court decision which opened the floodgates for "abortion on demand." It allows women of all ages to have abortions up to the last 2-4 weeks of pregnancy, and can be performed by "anyone under the general direction of a physician." Initiative 120 would force every state agency that funds well-baby programs to fund programs that kill them.

Hemlock's political arm, Washington Citizens for Death with Dignity, will use Initiative 119 to amend Washington's Natural Death Act in several ways. It will redefine the definition of "terminal illness" to mean any "irreversible" condition which, in the opinion of any two doctors, who need not even be acquainted with a patient's illness, will result in death within six months. The initiative would let "terminally ill" patients refuse all medical treatment and food and water. Any patient in an "irreversible" coma or a post-coma level of consciousness called "persistent vegetative state" would be called "terminal."

This is absurd, as *EIR's Feature* story last week proved (Oct. 17, p. 20). Such patients can live for 30 years, if given proper treatment. But, under I. 119, instead of the quick aggressive intervention that often revives such patients, they will be starved to death. Finally, so-called competent, terminally ill adults can sign a request for doctors to kill them—called "aid-in-dying."

Each change Initiative 119 proposes is disastrous, designed to dupe voters into demanding death as a right. The labels "terminally ill" and "irreversible" are geared to an

ever-changing medical protocol that eliminates broader and broader layers of patients who would otherwise be treated and saved, but conditions of worsening fiscal constraint are perceived as having lives "not worthy" of the expense. "Terminal" once applied only to those within weeks of death. Now, courts call people with Alzheimer's disease—who can live for more than five years—"terminal," once they can no longer feed themselves, simply because they are expected to die—of starvation. Hemlock guarantees that only "competent" adults will get physician-assisted suicide. Really? It is well known that patients in intensive care, recovering from surgery or newly arrived at hospitals or nursing homes, are often depressed, disoriented, or delusional, with a diminished cognitive capacity. Yet, instead of protecting such patients, under I. 119, doctors would have to kill those who ask for death. Even in the nearly half-page *New York Times* ad that Hemlock Society founder Derek Humphry recently took out to proclaim that Hemlock does not support suicide for the depressed, he contradicts himself several times, saying: "Everyone has the right to suicide" and that his organization "supports suicide prevention in appropriate cases." What does that mean?

Selling suicide

Since its inception, Hemlock has been a magnet for experts who are shifting policy in their various health care fields to make suicide part of "care." Maggie Battin, philosophy professor at the University of Utah and frequent speaker at Hemlock events, says "suicide advocacy, like suicide prevention, is humanitarian at root." "What suicide advocacy stands to contribute to suicide prevention is a new sensitivity to the issue of when suicide prevention is no longer humane." Battin says society must reconsider whether suicide isn't "morally correct" and "obligatory" in old age. She proposes that it is unethical for society to stop suicidal patients with a poor quality of life from committing suicide.

Psychiatrist Allan Pollack told a Hemlock conference, "Everyone has the right to end their life—even a child. We can help them to consider and make the choice carefully, but no one should be stopped." Jane Boyajian, Washington State ethicist and ombudsman for long-term care, told members that her job is developing state policy that assures that AIDS victims receive "help" in dying like that Hemlock's Initiative 119 proposes—even if they are demented. Hemlock experts in Holland are forging new rationales to "voluntarily" kill patients to relieve everything, including "psychic" pain. The same Dutch experts propose that it is necessary to kill thousands of demented patients with AIDS or Alzheimer's disease for purely economic reasons.

The opposition to I. 119, from the Washington State Medical Society, the Catholic Church, and a lobby called "Initiative 119, Vote No!" is playing a losing game, because it endorses all the forms of killing that I. 119 proposes, except physician-assisted suicide.

America's Gestapo, IRS targets LaRouche

by EIR Staff

The Internal Revenue Service, America's Gestapo, has recently escalated a politically motivated campaign aimed at Democratic presidential candidate Lyndon H. LaRouche, Jr. The conduct of the IRS toward LaRouche is consistent with its long-standing practice of targeting political enemies for harassment, criminal frameups, and abuse, under the pretext of "tax collection."

In three ostensibly separate, but clearly coordinated cases, the IRS has made wild and frivolous assertions that taxes are owed by LaRouche personally and by some of his political associates.

LaRouche was jailed in 1989, for an unheard-of 15-year prison term, after conviction in Alexandria, Virginia federal court—a court known as the "rocket docket." He was convicted on an assortment of "conspiracy" charges, including conspiracy to obstruct the IRS "in the ascertainment, computation, assessment and collection" of his income tax. He was never accused of tax evasion, contrary to many reports in the media.

Targeting political enemies

The new actions against LaRouche are typical of the use of the IRS as a Gestapo against the government's political enemies, and have nothing to do with collecting taxes. Even though the IRS is one of the largest enforcement agencies in the United States, "Direct enforcement accounts for less than 3% of total tax revenues, but fully two-thirds of IRS's money and staffing are devoted to enforcement," according to a 1981 study (*Sage Annual Reviews of Studies in Deviance*).

A wealth of documents released over the years under the Freedom of Information Act (FOIA) reveals the unconstitutional nature of the IRS's assault on the First Amendment. The project really took off at the end of the Kennedy administration. An internal IRS Memorandum to Regional Commissioners, dated Aug. 27, 1963, and titled "Audit of Ideological Exempt Organizations," reveals how the IRS set up a political police unit. The memo detailed how the project was initiated in November 1961 with a test audit of 22 "extremist groups" on both sides of "center," to determine whether the IRS could put them out of business.

By 1965, the structure for a political "thought police" at IRS was well in place. A Dec. 31, 1965 assessment of the "Ideological Organizations" project, written by William Lehrfeld, Senior Tax Law Specialist, praised the program for

having started a project to "purge from the rolls of exemption alleged propagandists, extremists, and such other movements whose ideals and opinions did not conform to those in America's mainstream." So much for democracy. In a footnote, Lehrfeld admitted, "The use of the terms 'extremist,' 'right wing,' 'left wing,' etc. is for rhetorical purposes only and does not represent a legally appropriate characterization of organizational ideology."

From 1969 until 1973, the IRS established the Special Service Staff. During its four-year official life, the SSS compiled files on more than 2,873 organizations and 8,585 individuals. These were targets of that intelligence-gathering Gestapo, not because of known or even suspected tax violations, but rather because of their "extremist" political activities. The SSS was officially disbanded in 1973, but its functions were transferred to other units within the IRS.

Frivolous charges

The latest outrages toward LaRouche are:

1) The IRS has conducted what it calls a "review" of the 1988 Alexandria, Virginia trial testimony and, based on wild assumptions, has fabricated what it claims was LaRouche's income from 1979 through 1986. Based on this non-existent income, the IRS now claims that LaRouche owes over \$5 million in taxes and penalties plus interest!

2) The IRS is attempting to collect taxes of the three companies associated with LaRouche that the U.S. government shut down via an illegal involuntary bankruptcy seizure, from the directors and officers of those companies. The IRS is doing this despite the fact that from April 21, 1987 on, these companies were under the control of Bankruptcy Trustees for the U.S. government, and therefore ceased to exist. During the entire time that these companies were under control of the trustees, the IRS made no attempt to collect any outstanding taxes. LaRouche, as a former member of the board of directors of the Fusion Energy Foundation (one of the three companies), has been targeted personally for taxes the IRS claims the FEF owes, despite the fact that his only role with the foundation was to promote scientific research projects.

3) An IRS auditor recently told an accountant representing the firm Publications and General Management that the IRS intends to declare all loans to PGM to be fraudulent, and therefore they are to be deemed income to the company and subject to tax. The auditor said his evaluation is based on information from Virginia State Police officer C.D. Bryant, a former IRS agent and key operative of the "Get LaRouche" task force.

The IRS targeting of LaRouche is blatantly political. In its 1989 annual report, the IRS enforcement division cited the prosecution of LaRouche as one of its major accomplishments. In its May 1989 *Bulletin*, the Anti-Defamation League of B'nai B'rith claimed to have initiated the IRS case against LaRouche.

Henry Kissinger escapes scrutiny in October Surprise scandal

by Edward Spannaus

George Bush may think he has the “October Surprise” probe under control, but before it’s over, he may be the one to be surprised.

On Sept. 24, the U.S. House of Representatives designated a special task force to investigate allegations that the 1980 Reagan-Bush campaign delayed the release of the American hostages in Iran. The Senate had previously designated its Foreign Relations Subcommittee on Near Eastern and South Asian Affairs to conduct the Senate inquiry. But knowledgeable sources around Washington are predicting that the Bush administration will prevent the long-awaited probe from ever getting off the ground.

A larger problem facing proponents of the “October Surprise” probe is that a number of the key witnesses are now being discredited. But this could prove to be a blessing for those determined to get at the real truth. Far too much attention has been devoted to the secondary issue of whether George Bush was personally in Paris in October 1980, negotiating with representatives of Ayatollah Khomeini. The entire Bush-in-Paris matter may turn out to be a straw man designed to discredit the “October Surprise” allegations.

A number of leading investigators and reporters are now taking a fresh look at the entire “October Surprise” story—starting with the 1980 and 1983 reports published by this news service. A major theme of these earlier stories was the prominent role of Henry A. Kissinger in the hostage affair. One unifying feature of all the versions of the “October Surprise” which have been circulated since 1987 is that Kissinger has disappeared off the radar screen altogether.

By “starting from scratch,” as a handful of serious investigators are now beginning to do, it may be possible that the cloud of disinformation and false leads which has confused the issue since at least 1988 can begin to be cleared away.

Kissinger and the British

In 1983, the first coherent account of a Republican plot to delay the release of the hostages was written by this author—an *EIR* editor—and published in *New Solidarity* newspaper. The article was entitled “How Kissinger Delayed the Release of U.S. Hostages in Iran,” and added new information to an earlier report published in the Dec. 2, 1980 issue of *EIR*.

The December 1980 report, written in late November,

and called “Strange Diplomacy in Iran,” included the following passage:

“It appears that the pattern of cooperation between the Khomeini people and circles nominally in Reagan’s camp began six to eight weeks ago, at the height of President Carter’s efforts to secure an arms-for-hostages deal with Tehran.

“Carter’s failure to secure that deal, which a number of observers believe cost him the Nov. 4 election, apparently resulted from an intervention in Teheran by pro-Reagan British intelligence circles and the Kissinger faction. ‘Remember the walkout of a certain hardline faction of the Iranian clergy?’ said one source. ‘That was no accident. It was orchestrated with the Fedayeen-e Islam by the Reagan people.’ The walkout postponed the Iranian Majlis’s (Parliament) acceptance of the Carter offer until it was too late to affect the outcome of the election.”

The 1980 article pointed out that Kissinger, who had posed as a friend of the Shah, was in fact carrying forward the policy developed by the British and adopted by the Carter administration, that of promoting Islamic fundamentalism. This was part of a broader policy for destabilization of the entire Middle East, known as the “Bernard Lewis Plan.” Secondly, Kissinger was also trying to move in on the Carter administration policy of an arms-for-hostages exchange with the Khomeini regime. By these means, Kissinger intended to insinuate himself for an influential position within the incoming Reagan administration.

In 1982, Kissinger made a public confession which has a great deal of bearing on our story. In an address to his long-time British intelligence sponsors at the Chatham House headquarters of the Royal Institute for International Affairs in London, Kissinger announced that he had been a British agent-of-influence in the United States government throughout his career. Kissinger declared as follows:

“The ease and informality of the Anglo-American partnership has been a source of wonder—and no little resentment—to third countries. Our postwar diplomatic history is littered with Anglo-American ‘arrangements’ and ‘understandings,’ sometimes on crucial issues, never put into formal documents.

“The British were so matter-of-factly helpful that they became a participant in internal American deliberations to a

degree probably never before practiced between sovereign nations. In my period in office . . . I kept the British Foreign Office better informed and more closely engaged than I did the American State Department.”

Thus, to understand Kissinger’s policy, one must understand British policy. This is nowhere more true than with respect to the Middle East. We now see that there are *two* major players—Kissinger and the British—who have been altogether omitted from the currently circulating “October Surprise” scenarios.

Our 1983 story

This writer’s 1983 story resulted from a series of discussions with Jamshid Hashemi, an Iranian businessman and arms dealer who has in later years become a principal primary source for the “October Surprise” revelations.

Jamshid’s brother Cyrus Hashemi—who died mysteriously in London in 1986—was one of the principal participants in arms-for-hostages negotiations undertaken by both the Carter administration and the Reagan-Bush team. Cyrus Hashemi first came to *EIR*’s attention in May 1980, because of his role as the Ayatollah’s banker in the U.S.: Intelligence reports reaching *EIR* as well as government intelligence agencies identified Cyrus Hashemi as the financial conduit for pro-Khomeini terrorism and militant protests inside the United States.

After a prominent anti-Khomeini Iranian, Ali Tabatabai, was assassinated near Washington, D.C. in July 1980, *EIR* and a number of other media outlets published accounts of Cyrus Hashemi’s activities. In early September, Cyrus sued *EIR* for libel, as well as the *Washington Post*, the *Boston Globe*, Cable News Network, and others. Hashemi’s lawyer was J. Stanley Pottinger, a fact whose significance only became apparent later.

It was in connection with this lawsuit that I met with Cyrus Hashemi’s brother Jamshid in 1983. Although I was focused on Cyrus’s relationship to the Carter administration, Jamshid told me, to my surprise, that his brother was in fact much closer to the Reagan-Bush administration, and specifically mentioned the “Texas crowd”—Baker and Bush. Jamshid Hashemi told me that both he and Cyrus had been intensely involved in the negotiations which led to the actual release of the hostages, and he said that he had himself spent months shuttling back and forth between the U.S., London, and Madrid. Although reluctant at that time to say very much, Jamshid Hashemi led me to believe that both Henry Kissinger and William Casey had been quite involved in whatever the Hashemi brothers were doing.

A review of *EIR*’s files, and everything else I could find published on the hostage crisis, led me to the conclusion that what Kissinger and Casey had been involved in was an effort to delay the release of the hostages. Further discussion with Jamshid confirmed that this was the operation in which the Hashemi brothers had been involved.



Reynald Rouleau

Henry Kissinger is not yet under investigation before Congress, but he is not out of the public eye.

When I first asked specifically about Kissinger’s role, Jamshid Hashemi said, “there are things I can’t comment on, but you know what that means.” After I had pieced together the hostage story, I asked about Kissinger a second time. Jamshid told me I was treading on “very dangerous ground” and refused to discuss it further.

Jamshid Hashemi also told me that his brother was still being protected by “one of the top five men” in the Reagan administration, but he complained that his own protection had been withdrawn. He was clearly frightened.

Under the ground rules of my discussions with Jamshid Hashemi, I could use the information but not his name. I therefore wrote and published the *New Solidarity* Kissinger article in August 1983, without attributing any of the information to Hashemi.

Since this was apparently the earliest published account of what has now become known as the “October Surprise” story, it is useful to quote parts of that article:

“To the numerous acts of treason committed by Henry A. Kissinger over the years must be added another count: that he acted to prevent the release of the U.S. hostages in Iran during 1980, both to further his own political interests and to aid the Soviets in extirpating U.S. influence in Iran.

“During the 1980 election campaign and the following period, Kissinger intervened to prevent the hostages from

being released before the elections, and then tried to insinuate himself in the middle of the hostage negotiations so that President-elect Ronald Reagan would be forced to turn to him as the crisis negotiator for Iran and the Middle East.

"In the weeks before the election, the Carter administration was desperate to make a deal with Iran, believing that if the hostages were freed before the elections, this would ensure a Carter victory. It is well-known that the Reagan campaign set up a task force to monitor the potential for such an 'October Surprise'

"It is less well known that Henry Kissinger, acting in concert with the British and the Soviets, was equally desperate to postpone the release of the hostages for as long as possible. Soviet and British policy was to drag out the crisis on the belief that every day the hostage crisis continued, anti-American fervor increased in Iran and American influence was diminished. . . .

"Kissinger's fingers were in the middle of the hostage crisis from the very beginning: He had personally helped to trigger the taking of the hostages in the first place, by putting heavy pressure on President Carter to admit the Shah to the United States for medical treatment. . . . At one point Carter was warned by his aides that Kissinger would have a field day if the Shah were to die in Mexico. . . . Carter is reported to have responded: 'To hell with Henry Kissinger! I am President of this country!'

"But finally, under heavy external pressure from Kissinger and Rockefeller, and inside pressure from Zbigniew Brzezinski and Cyrus Vance, Carter agreed in late October to admit the Shah to the United States. The embassy was stormed on Nov. 4. . . ."

The 'Kissinger comeback'

The 1983 article pointed to some crucial aspects of the "October Surprise" events that have been almost completely overlooked in the past few years, in the heat of the obsessive competition to identify ever more participants in the 1980 Paris meetings. Some of Kissinger's most revealing actions were right out in the open. This is what this news service wrote, eight years ago:

"During the pre-election period, Carter and his crowd were desperately trying to negotiate a deal based on arms and spare parts shipments, which Iran desperately needed after the outbreak of war with Iraq on Sept. 22.

"The deal that was being worked out right before the elections fell through when the hardline mullahs boycotted the Majlis (Parliament) in late October. Ayatollah Behesti—known as the most pro-Soviet of the mullahs—was the key mover behind this, urging that the parliamentary debate be postponed and announcing that the hostages would not be released before the U.S. elections.

"It was reported to this news service at the time that Kissinger, allegedly representing the 'Reagan camp,' had established contacts with the mullahs starting in October,

and that the walk-out in the Majlis was coordinated by the Kissinger group and British intelligence circles working through the Fedayeen-e Islam. *Corriere della Sera* reported on Nov. 12 that British secret service was conducting negotiations between the Reagan camp and the Fedayeen-e Islam.

"On Nov. 5, the day after the elections, Kissinger announced that the hostages would not be released until after the inauguration. But by mid-November, Kissinger was predicting (accurately) that the hostages would be released before the inauguration of Reagan, and that this would wipe the slate clean between the U.S. and Iran. By this time, the press was full of talk of a 'Kissinger comeback,' and reports that Kissinger was angling for a Middle East envoy post in the coming Reagan administration."

Where the arms came from

The 1983 article reported that arms started flooding into Iran soon after the elections, and identified Israel and the Soviets as the two major sources which were used to sabotage the Carter administration's attempted deal with Iran.

In 1984, another channel for military equipment was publicly identified which could have provided conclusive evidence of the Reagan-Bush "October Surprise" deal. This was the Hashemi-Pottinger channel.

In 1984, the Hashemi brothers were indicted for illegally shipping military equipment to Iran in 1980-81. Named in the indictment as an unindicted co-conspirator was J. Stanley Pottinger, the very same lawyer who had filed suit against *EIR* and others on behalf of Cyrus Hashemi in September 1980. According to the indictment, Pottinger began advising the Hashemis how to circumvent the U.S. arms embargo on Oct. 21, 1980. News reports at the time said that the FBI had wiretapped Hashemi's New York offices and recorded the Pottinger-Hashemi meetings. The tapes were subsequently "lost" by the FBI, and Pottinger escaped indictment.

Like all of Cyrus Hashemi's lawyers, Pottinger is a Republican. In fact, he is a rather interesting type of Republican. An Evans and Novak syndicated column at the end of 1980 reported that Pottinger, a former Assistant Attorney General in the Nixon-Ford administrations, "has been given the top rating for a sub-cabinet position in the Reagan administration." Evans and Novak thought this a bit peculiar, since Pottinger had backed the John Anderson campaign instead of Reagan-Bush.

Perhaps not so strange. The general counsel for the Anderson campaign was Mitchell Rogovin, a good friend of Bush who served as general counsel to the CIA in 1976 when Bush was CIA director. Rogovin himself was up to his ears in the "October Surprise" affair, as the lawyer for Iranian arms dealer Houshang Lavi, who has been identified as a key conduit for negotiations between the Reagan camp and Iran. Lavi also worked closely with Cyrus Hashemi.

According to various accounts, Lavi met with Carter State Department aide Hal Saunders in early October 1980

along with his lawyer Rogovin and another official of the Anderson campaign. Lavi has said that he initiated contact with the Reagan-Bush camp through James Baker III, and that he subsequently met with Reagan-Bush aides Richard Allen, Laurence Silberman, and Robert McFarlane to propose a deal between Khomeini and the Republicans. On the same day that Pottinger began advising Cyrus Hashemi on how to ship military supplies to Iran, Rogovin told Hal Saunders that the Iranians were no longer interested in dealing with the Carter administration.

Abol Hassan Bani-Sadr, the former President of revolutionary Iran, reported that Lavi was no longer working for him at this time, but rather for the radical fundamentalist leaders Ali Akbar Hashemi Rafsanjani and Beheshti. This was the faction, Bani-Sadr reported, who concluded the real arms-for-hostages deal with the Reagan-Bush team, bypassing his own ongoing negotiations with the Carter administration.

The Pottinger tapes—which could undoubtedly shed enormous light on the “October Surprise” affair—have never surfaced. Cyrus Hashemi’s lawyer says he has some transcripts, but that he has been threatened with prosecution by the CIA if he makes them public. *EIR* reporters have an ongoing Freedom of Information Act case in federal court in Washington, D.C. to attempt to obtain the tapes and other records, but to date the FBI has stonewalled on any disclosure.

False trails and confetti

EIR had the essential elements of the “October Surprise” story in 1983 and 1984. Since 1987-88, an overwhelming amount of new detail on the “October Surprise” story has been put into circulation by dozens of investigators and new sources. For a while, it seemed that every day more participants were being added to the famous Paris meetings, so that it looked like it would have taken a Madison Square Garden to hold the crowd. It’s enough to drive one crazy. But maybe that’s the point.

The bulk of the attention and effort was directed at proving or disproving that George Bush was personally in Paris during October 1980. Otherwise, the central plotter was identified as William Casey, an appropriate but conveniently dead target, which led to no end of speculation in the press.

Recently, serious questions have been raised about two of the primary sources for the Bush story, Ari Ben-Menashe and Richard Brenneke. Both men came forward in 1988 with a significant amount of new, provably accurate information, which lent credibility to their accounts that Bush was in Paris. But Israeli agent Ben-Menashe’s account has been questioned for many reasons, not the least of which is that he totally flunked a lie-detector test given him by ABC News. Former CIA agent Victor Marchetti has been quoted as saying that Ben-Menashe “is a liar. He’s still working for the Israelis and is putting out bullshit.”

Brenneke’s credibility has been devastated by revelations in an article by Frank Snepp in the *Village Voice* showing that Brenneke was in the U.S. on many of the dates when he claimed to be in Paris with Bush. Snepp’s account is based on Brenneke’s own signed credit card receipts which show him dining out and otherwise spending money in Portland, Oregon on the relevant dates. Brenneke has not denied Snepp’s account.

While some attribute the disinformation campaign to an effort to protect the Israelis, its origins are probably much

EIR wrote in 1983, that “by mid-November, Kissinger was predicting (accurately) that the hostages would be released before the inauguration of Reagan, and that this would wipe the slate clean between the U.S. and Iran. . . . The press was full of talk of a ‘Kissinger comeback,’ and reports that Kissinger was angling for a Middle East envoy post in the coming Reagan administration.”

closer to home. It is George Bush himself and the CIA which are the primary beneficiaries of the maze of false leads and confetti which are intended to discredit any attempt to put George in the picture. Not to mention Kissinger, whose name never even comes up in the post-1988 accounts.

Clearly, if the “October Surprise” investigation is going to go anywhere, it is time for a fresh look. The place to begin, as this news service has emphasized all along, is to examine policy decisions and events which are largely already known and recorded in the public domain. Go from policy to the implementation, don’t try to reconstruct a policy from the details. From this approach, there is no doubt that a deal was made between the Reagan-Bush team and the radical fundamentalists running Iran at the time. No such deal could have been made, involving the Reagan-Bush campaign, the CIA, and the Israelis, without George Bush and Henry Kissinger being right in the middle of it.

William Casey’s well-known penchant for cloak-and-dagger games may make interesting reading, but Henry Kissinger’s policy interventions are a far more fruitful line of inquiry.

Edward Spannaus, former Law Editor of EIR, is a researcher for the Constitutional Defense Fund.

House Republicans demand tougher crime bill

House Republicans are up in arms over the fate suffered by President Bush's much-touted crime bill, which has been partially "de-fanged" by the House Judiciary Committee.

The bill, as passed by the House, included major changes in judicial procedures, a significant reduction in the time allotted for *habeas corpus* procedures for persons on death row, and revisions to expand admission of evidence seized without a search warrant, as long as the evidence had been gathered in "good faith."

The committee succeeded in eliminating many of the more controversial elements of the bill in House-Senate conference. The expansion of the death penalty, a key element of the Bush anti-crime "offensive," was restricted by the committee, which mandated that certain court circuits, where a large percentage of blacks have been sentenced to death, would be limited in meting out the death penalty. Republicans have committed themselves to replacing the clauses, and to eliminate what they consider "racial quotas," when the bill comes to the floor.

Serbian atrocities assailed by D'Amato

Sen. Alfonse D'Amato (R-N.Y.) introduced a resolution on Oct. 2 which calls for a halt of all loans and credits and the imposition of a complete trade embargo against Serbia until Serbia has "ceased its armed conflict with the other ethnic peoples of Yugoslavia" and its "pattern of systematic violations of human rights within the borders of Yugoslavia."

The continuing bloodshed against Croatia and the failure of the Serbian

Army to adhere to any cease-fire have increased concern in Congress over the situation, and prompted the D'Amato resolution.

Other congressmen want to go further than an embargo, and some are calling for the recognition of the independence of Croatia and Slovenia.

In floor comments on Oct. 9, Rep. John Kasich (R-Ohio) pointed to the responsibility of Secretary of State James Baker III in encouraging the Serbian hardliners in the belief that the United States would tolerate unlimited force against Croatia. Kasich said, "It is time the United States government faced reality and recognized the independence of Croatia and demand an end to Serbian violence against Croatia."

Sen. Don Nickles (R-Okla.) expressed similar wishes in comments on the Senate floor Oct. 4: "I think it is time," said Nickles, "that the United States considered recognizing the governments of Croatia and Slovenia." Other congressional offices have expressed interest in sponsoring a resolution calling on the Bush administration to recognize Croatia.

MFN proposed for Hungary and Czechoslovakia

A resolution was introduced into the House on Oct. 8 which would extend Most Favored Nation status to Czechoslovakia and Hungary on an unconditional basis. Hungary has had MFN status since 1978, while Czechoslovakia first received it in 1990 following congressional approval of a bilateral trade agreement.

Currently, the MFN status of these countries must be reviewed each year to see if they are adhering to the Jackson-Vanik rules on emigration. The

resolution was introduced by Rep. Dan Rostenkowski (D-Ill.). Separate legislation is pending which would eliminate the Jackson-Vanik restrictions for the Baltic states.

AIDS infects 4-5 million Americans, says Burton

Rep. Dan. Burton (R-Ind.) warned Oct. 2 about the need for national legislation to stem the spread of the deadly AIDS epidemic. Burton disputed claims by the Centers for Disease Control in Atlanta, Georgia that there were only 1.5 million people infected with the virus, stating his belief that there were more like 4-5 million Americans infected.

"We had 1 to 1.5 million five years ago," said Burton, "and it was doubling then every year to 18 months. It is inconceivable to me that we would still have only 1.5 million people infected, especially in view of the fact that we are going to have 250,000 people dead or dying by the end of this year alone."

Burton noted that the disease is now spreading rapidly into "the young heterosexual community. . . . It is going to spread like wildfire unless we do something about it." Said Burton, "For each person who gets AIDS, it costs this country and the health community \$100,000 to \$150,000 from the time they get the disease until they die. If you put a pencil to that, it means that if we get 4 million or 5 million people dead or dying of the AIDS virus, which is likely, we are going to destroy the health-care system in this country or else we are going to give much less care to those who are infected with this virus."

Burton called for a comprehensive program to meet the crisis, which

would include requiring a national program to test every adult in the country annually; increased research to find a way to cure or to stop the spread of the disease; a program of education to encourage monogamous relationships; and penalties for those who knowingly spread the disease.

"The longer we ignore this, the longer we keep our head in the sack hoping this will go away, doing very little or nothing," Burton warned, "the more people we are condemning to die and the bigger the drain on the future of the United States of America, both as far as human beings are concerned and as far as our economy is concerned."

Legislation, introduced by Rep. William Dannemeyer (R-Calif.), is now pending in the House which would require health-care workers infected with the HIV virus to inform their patients prior to treating them.

Gonzalez to Bush: 'It's a depression!'

House Banking Committee chairman Rep. Henry B. Gonzalez (D-Tex.) attacked efforts by the Bush administration to "pass the buck" for the economic depression, in floor statements on Oct. 11.

Gonzalez called the plans by the administration to loosen regulation of the nation's 12,200 commercial banks "a step so reminiscent of the 1980s when so-called forbearance, and that is a fancy word in banking jargon that means you hold up enforcing such things as adequate capital standards and the like. That was the order of the day in the early 1980s."

Such a policy, Gonzalez warned, would "create a brand-new crunch, a bone-crunching of taxpayers who will

pay a heavy price for a new round of regulatory laxness."

Gonzalez asserted that the country was in the midst of a depression. "The economists, all of the big-shot economists, used to define a depression if it was a recession that lasted more than a year. Well this is what we have had, and nobody wants to call it that because everybody seems to be scared to confront the reality of what our country is facing. We have an unacceptably high rate of unemployment. We have an unacceptable debt structure on every level of our society, governmental, private, you and I, and corporate, the greatest debt structure in the total history of mankind." Gonzalez pointed to the fact that the U.S. has ceased to be a manufacturing nation as the root cause of the present crisis.

Texan points to rule of 'higher law'

Rep. Henry B. Gonzalez (D-Tex.) decried the "erosion" of the "old moorings to which we are tied, institutions, moral standards," and warned that the United States will face the repercussions of its failure to recognize a law higher than man-made law.

Referring to the attempts to pay debt which have led into the wars of the 20th century, Gonzalez said that "mankind just cannot have the kind of bloodletting that these wars in the 20th century have recorded."

"And even the Persian Gulf," he said, "in which we actually eliminated even civilians, but even excluding civilians in the Persian Gulf, we had over 100,000 Iraqi Muslims killed by us. You cannot have that without having some repercussion somewhere down the line. There is a higher law than our

man-made laws that govern, a sort of a law of compensation that seems to be operative in human destiny . . . in which even today we must debate fundamentally whether we are going to adhere to it, as we have already gone a long way in abandoning it."

House highway bill bumps budget agreement

The House Public Works and Transportation Committee voted 52-3 on Oct. 15 to approve a \$151 billion highway transport authorization bill for highways, bridges, mass transit, and transportation safety. The House proposal is \$28 billion more than the Senate version, which was kept within the limits imposed by last year's budget agreement by axing a number of programs contained in the House bill.

The House bill would finance programs in part by extending for four years half of last year's 5¢ gasoline tax increase. The administration, which has been opposed to any bill which would go over the limits of the budget agreement or would require new taxes, opposes the legislation.

Transportation Secretary Samuel Skinner called the bill a budget-buster and said that he would recommend that the President veto it.

No unemployment benefits as Senate override fails

The Senate failed to override President Bush's veto of the extension of unemployment benefits on Oct. 16. The Democratic leadership failed to garner the 67 votes necessary to override. The Senate vote was 65-35, with many Republicans voting to override. The Senate has yet to override a Bush veto.

National News

Report finds Americans don't believe in 'truth'

The Barna Research Group of California has produced a report which profiles the religious beliefs of Americans. Of those surveyed, 62% said that "there is no such thing as absolute truth" and "that different people can define truth in conflicting ways that will still be correct." That figure rises to 74% for 18 to 25 year olds, according to an account of the study published in the Oct. 9 *Washington Times*.

Most people, 63%, think the "purpose of life is enjoyment and personal fulfillment." The report concludes that "in line with the secularization of the nation, Americans typically view life as a temporary effort to obtain all the satisfaction and pleasure possible during their tenure on this planet."

This view is underlined by the 63% who agree that "when it comes right down to it, your first responsibility is to yourself." The report says, "Over the last 25 years we have consistently built a mind-set which allows us to view each person as responsible only to himself" and other views which are the hallmarks of New Age thinking.

Supreme Court curbs anti-abortion protests

The U.S. Supreme Court refused without comment on Oct. 7 to hear a challenge to an injunction restricting protest demonstrations outside any abortion clinic in Atlanta, Georgia. In a separate action on Oct. 7, the court also turned down an appeal by nine anti-abortion protesters arrested in front of the U.S. Supreme Court building on Jan. 22, 1988.

In both cases, the appeals had been based on claims that restrictions on such activities violated the protesters' free speech rights under the First Amendment.

The Atlanta case stemmed from protests against abortion throughout the city, held during and after the July 1988 Democratic National Convention. In early 1990, the city

of Atlanta obtained an injunction barring "demonstrations, pickets, or protests" within 50 feet of any abortion clinic in the city.

The injunction also states that no one may "pass a leaflet or handbill" or "engage in oral protest, education, or counseling" within five feet of any person outside the clinic, unless the person first "gives express oral consent."

In the second case, *Pearson v. U.S.*, the Court refused without comment to intervene on behalf of nine people arrested in 1988 as they knelt and prayed in front of the Supreme Court building. The nine, who had crossed a police line to enter the barricaded plaza area in front of the building, were convicted of unlawful assembly and unlawful entry. Each was sentenced to probation.

Term limitation plan upheld in California

The California Supreme Court ruled on Oct. 10 in favor of a far-reaching term-limitation plan which is heralded as a model for state legislatures around the country. Under the terms of Proposition 140, all current legislators must be removed from office by 1999, and will be banned from running again, unless they run for office in a different branch of government. The measure is accompanied by budget-cutting proposals which are being championed by groups such as the National Tax Limitation Committee.

The term-limitation scheme is expected to be copied in at least a dozen other states this fall, and the proposal's sponsors hope to eventually extend it to Congress. Despite the populist rhetoric of the measure's sponsors, the idea is the brainchild of a Republican Party think-tank in Washington which has members of the Trilateral Commission and Council on Foreign Relations on its board.

In New Orleans, a term-limitation referendum which would limit the number of terms of city council members is being attacked as an attempt to erode the city council's black majority. A similar referendum in Washington State, which would limit the time a U.S. congressman or senator may serve to 12 years, is threatening to prevent

any incumbent congressman in that state from running for reelection, including House Speaker Tom Foley (D-Wash.).

President Bush has made term-limitation a part of his program of congressional reform, and Vice President Quayle has said that this will be come a major theme in the presidential campaign.

American vets condemn war against Iraq

Six American war veterans condemned the U.S. bombing of Iraq during the Gulf war and the U.N. trade sanctions, while in Baghdad Oct. 8. The veterans, five men and one woman, have toured southern Iraq and Baghdad to see the results of the allied bombing in January and February and the effects of the sanctions imposed after Iraq invaded Kuwait in August last year.

"History will judge that 42 days of bombing and economic war against the innocent population of Iraq one of the crimes of the century," said delegation leader John Schuchardt, a former U.S. Marine Corps captain from Ipswich, Massachusetts.

"We have come with great shame," Ellen Barfield, a former U.S. Army sergeant and laboratory technician, told a news conference.

She said the bombing had wrecked the water supply system. "Rivers are now open sewers. Even without sanctions, it would take two years to restore water supply to Baghdad, five to restore sewage treatment," she said.

"We fought a vicious war against a wonderful, lovely people," said Philip Roettinger, a retired U.S. Marine Corps colonel and former CIA officer. "I want to try to stop the killing, cheating and lying. . . . The American people are completely ignorant of much that is done in their name," he told the news conference, which was organized by the Iraqi Red Crescent Society.

All six are peace activists at home. The others include Rick Droz, a former Marine and Vietnam veteran, and William Kelsey, a former U.S. Navy pilot discharged as a conscientious objector.

The U.S. economy will not recover with Bush

As long as George Bush is in office, the U.S. economy will not recover, Harvard economist Paul Krugman told *Wirtschaftswoche*, the German business and industry weekly, in early October.

"The United States needs an industrial policy like Japan or Europe," said Krugman, "and that requires state subsidies." He answered the interviewer's remark that Bush has an opposite view, saying: "Right. That is why such an industrial policy will not come that soon. . . . Maybe in seven years," after Bush's second term.

"The U.S.A. cannot become a nation of hamburgers and flippers. We also need factories. It is pure nonsense to believe that we could turn into a pure information and servicing society. All big industrial nations need products for world trade," Krugman said.

In a similar vein, Michael Prowse wrote in the Oct. 11 London *Financial Times*: "Rarely in U.S. history can a President have felt as boxed in economically as Mr. George Bush," and this, only 13 months before the next presidential election.

"In the past fortnight, the once-sanguine White House has shown signs of losing its economic nerve." Bush, claims Prowse, "must hate this feeling of helplessness." He quoted Spanish Finance Minister Carlos Solchaga, who "probably speaks for other European finance ministers," saying he is "absolutely terrified" about U.S. monetary policy.

Bush focus of new angle on Atlanta child murders

Defense attorneys William Kunstler and Alan Dershowitz, lawyers for Wayne Williams, who was convicted in 1982 for the Atlanta child murders, called for President George Bush to be subpoenaed to testify. The call came in a hearing held to determine whether Williams should have a new trial.

According to the Oct. 10 *Atlanta Constitution*, Bush, who was the head of the South Florida Drug Task Force at the time, made numerous trips to Atlanta during the investigation and took a personal interest in the case.

"We believe President Bush attended a meeting of top officials at the governor's mansion and at that meeting he pushed a reluctant [Fulton County District Attorney] Lewis Slayton into indicting Wayne Williams," Kunstler said. "It was at that meeting that the officials decided they could not indict a Klansman in the slaying or it would start a bloody race war in the streets of Atlanta. . . . And if Bush attended that meeting, he's no different than the average citizen in being required to testify as to what happened."

According to testimony at the hearing, Georgia Bureau of Investigation tapes implicated Klu Klux Klansmen in the killings of 28 black children.

'Respect Life' walk nearly 1 million strong

The pro-life Respect Life Walk, part of the Respect Life Sunday, mobilized close to 1 million people in more than 200 sites across the U.S. on Oct. 6. In most cases, demonstrators formed human chains protesting abortion.

The walk is an annual event, but this year was particularly well-attended in Boston, Massachusetts because of outrage against proposals by Gov. William Weld. Led by Cardinal Bernard F. Law, the activists marched through downtown Boston in "an impassioned show of defiance against Governor Weld's attempt to eliminate restrictions on abortion," the *Boston Globe* reported.

Numerous marchers in Boston said they were participating in their first pro-life protest because of outrage at the package of abortion bills Weld recently filed which would, among other things, lower from 18 to 16 the age at which a minor must obtain her parents' consent to have an abortion. Weld's bill would also prohibit pro-life demonstrators from blocking the doors of clinics where abortions are performed.

● **GEORGE BUSH** has authorized the formation of the "Bush-Quayle '92" campaign reelection committee, headed by Midland, Texas oilman Bobby Holt. GOP sources have said the campaign hopes to raise the maximum amount of \$26 million.

● **NEW YORK** Gov. Mario Cuomo told a meeting Oct. 11 that he would "think about" running for President. "A time frame has been set for a decision within the next few weeks," said Paul Tully, political director of the Democratic National Committee. "That's a change on the part of the governor."

● **THE EXECUTION** of juveniles in the United States was attacked by Amnesty International in a recent report. Only Iran and Iraq have a worse policy, the report charged, accusing the U.S. of having taken a "retrograde step for human rights."

● **BILL BASS**, a judge in the 12th Circuit Court of Appeals and a former Texas legislator, called for the recognition of Croatia. Bass, calling from a bomb shelter in Osijek, Croatia, told Rep. Charles Wilson (D-Tex.), "It's time for somebody in Washington to stand up and raise some hell," the Oct. 8 *Dallas Morning News* reported.

● **ORAL ARGUMENTS** were heard by a panel of the Virginia Court of Appeals in the appeals of Donald Phau and Michael Billington on Oct. 8 and Oct. 9. The two associates of Lyndon LaRouche were convicted on concocted "securities fraud" charges as part of the national "Get LaRouche" task force operations.

● **MILITARY** officials from Russia and the U.S. met in Washington for a conference sponsored by the International Security Council, the Oct. 10 *International Herald Tribune* reported. Writer Jim Hoagland said the Russians were anxious to cooperate with the U.S. on the Strategic Defense Initiative against threats from "the South."

Pope gives an alternative

While some of the most evil men in the world were meeting in Bangkok during the week of Oct. 14—site of the International Monetary Fund (IMF) meeting—Pope John Paul II began a 10-day visit to Brazil. He began his visit on Oct. 14 by counterposing the dignity of man to a bankers' dictatorship. "One must state firmly," he said, "so that the whole world hears it, that a country's foreign debt can never be paid at the expense of the hunger and poverty of its people."

This is precisely the opposite of the message coming from Bangkok, where the arrogant representatives of the British Crown and its American followers, not only demand that debt repayment be made sacrosanct, but have spelled out the means to enforce this at the cost of human lives. The message from Bangkok is austerity, and then more austerity. This, of course, is not new—the IMF and the World Bank have already written off the whole of Africa, put the dope mafia into power in Ibero-America as their debt collectors, and are deployed to impose a bankers' tyranny on nations newly freed from the enslavement of the Soviet empire. What is new is that now they are turning their attack on a major industrial nation—and one with a relatively healthy economy—Germany.

Thus, they had nothing but praise for the brutal George Bush, who has vetoed extension of unemployment benefits in the United States. Right now, in the U.S., as industry and state and local governments are laying off thousands and tens of thousands of workers, and as there are fewer and fewer jobs to be had, unemployment insurance is the only lifeline for families as their savings vanish. This is especially so in states such as Michigan, which are denying home relief to men and women who do not have direct responsibility for caring for young children and are of working age.

When their unemployment insurance runs out, these people become homeless drifters, dependent upon private charity for bread and soup to sustain them. Already in major U.S. cities such as Detroit, cardboard shacks are turning vacant lots into shanty towns for these people. These people are being condemned to slow death.

This brutal, godless state of affairs is being praised by the bankers who sit on top of the world financial system, and moreover they have attacked the German government for failing to follow the American model, for failing to lower wages and cut social benefits. They would force Europe to destroy that remaining industrial and agricultural potential which is the only hope for the peoples of eastern Europe and the republics of the former Soviet Union.

This is a turning point for Germany. There is no longer any room for compromise possible. The German government can no longer afford to capitulate or compromise with the Anglo-Americans who are using trade war and every other sort of pressure, to destroy the economic potential of Germany—and therefore of the whole of Europe. One can clearly say that Europe missed the historic chance of 1989 with the reunification of Germany, by sticking to its pragmatic idiocy. Then, again, with the failed coup in the Soviet Union, there was another chance. But potentials do not remain there in the refrigerator. If the time for action is not seized, then it is missed. At this very moment we are very, very close to missing the second historic opportunity.

At the very moment of the IMF meeting, the signs are of impending bank collapse as banks in Scandinavia, Britain, and the United States admit huge losses. This is merely fueling the hysteria of the Anglo-Americans who are trying to impose their wreckage on every other country so that somehow in the face of economic bankruptcy they will still retain political hegemony over a dying world.

The Anglo-American rulers are the scourge of the earth. They are bringing war to every part of the globe, killing whole continents. This is sheer madness, a dark age worse than any which mankind has suffered before. Either the Pope's message is heeded, either Lyndon LaRouche's infrastructure development policies are followed, or we will soon reach a point of no return.

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