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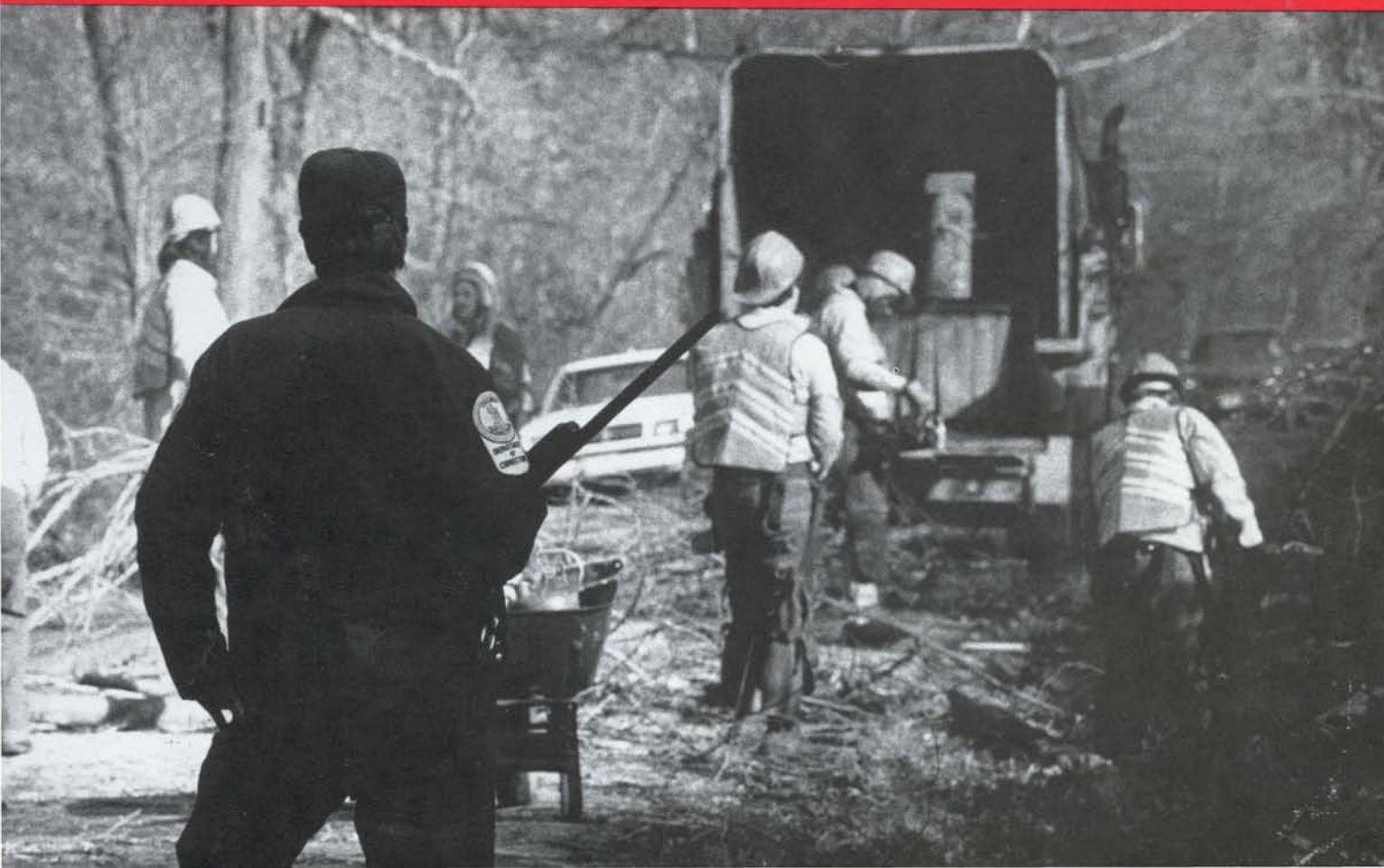
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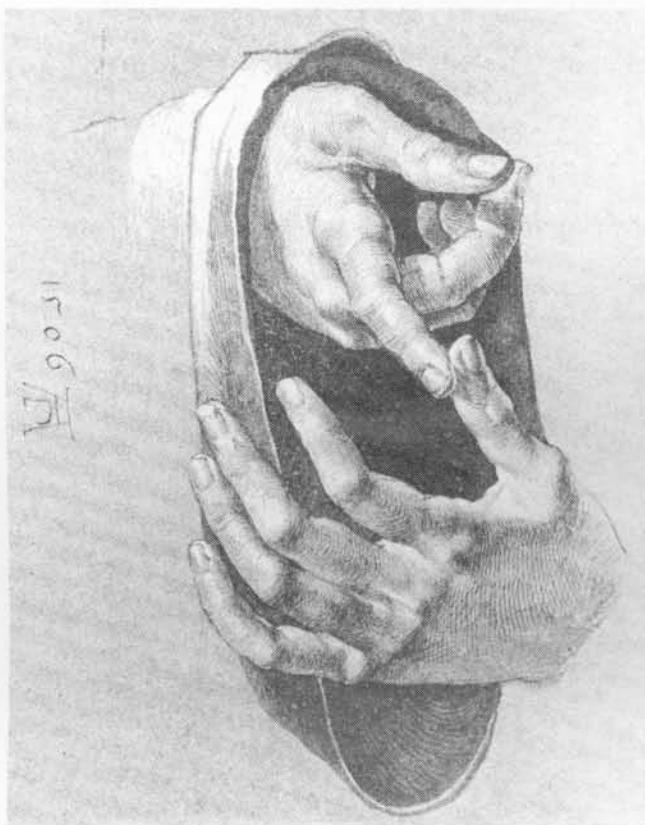
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From the Editor

In our last issue before 1992, *EIR*'s editors would like to close the year on a note of optimism, while extending warmest wishes for a joyful holiday season to every one of our readers. The year that is ending brought momentous changes to the world. It closed the chapter of history in which the "Soviet Union" dominated a large part of the world. We cannot help but recall Lyndon LaRouche's quip of a few years ago, that as Gorbachov's fortunes fall, his own will rise. We are convinced that world events have never been riper for the political mobilization that is needed to free LaRouche from his three-year-long unlawful imprisonment.

Without LaRouche's economic programs, indeed without a revolution in thinking that assimilates his method, the present turmoil in central and eastern Europe will lead to a physical breakdown that may spark a nuclear world war; or the global ecological holocaust that is portended by widening AIDS, cholera, and TB epidemics—or a combination of both. The meaning of LaRouche's 1992 campaign for the presidency of the United States is to prevent those disasters. More and more people are ready for the unconventional wisdom that LaRouche represents.

The Schiller Institute's new trilogy of LaRouche's three major prison writings, under the title, *The Science of Christian Economy*, will become the textbook for a new renaissance in economics, science, and the arts.

In addition, the first *EIR* of 1992 will be a special issue on "American System" economics, commemorating the bicentennial of Alexander Hamilton's *Report on Manufactures*, which was submitted to the U.S. Congress in December 1791. Hamilton's work was the fruit of the scientific discoveries of Leibniz, and LaRouche's own work represents the only real breakthrough in that science since the 18th century.

We are inaugurating a "Letters to the Editor" column. It will probably not appear every week, but we will print letters that we find to be of general interest; and where appropriate, also answer them in the magazine.

One administrative note: There are 49 rather than 50 issues in this volume of *EIR*, because No. 27 was published as a double issue.

Nora Hamerman

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While Washington selectively decries "human rights violations" abroad—including where they don't exist—the American prison system has become the largest gulag in the free world. At the head of the march back to the Dark Ages is the Commonwealth of Virginia, where 45% of the inmates on death row are black, and where associates of Lyndon LaRouche have been given prison sentences averaging 41 years, and as high as 77 years, for the "crime" of political organizing. A report by Anita Gallagher and Paul Gallagher, two of those so convicted.

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McNamara evokes ‘massive effort’ to cut population

by Marcia Merry

The principal topic on the agenda in Washington, D.C. today, and elsewhere around the globe, is the question of what emergency economic measures can lift the world out of the decay and suffering caused by economic decline. While many policymakers offer “solutions” that benefit a select few and harm millions of others, there is one character that stands out from the pack. Robert Strange McNamara, former defense secretary in the Kennedy and Johnson administrations, and former head of the World Bank, has come forward with a proposal to eliminate worldwide poverty by murdering poor people.

Though McNamara, now 75, is supposedly just a private citizen, his grisly proposal is sponsored by a United Nations agency, and is getting major play in the U.S. media, such as National Public Radio and the Dec. 16 *Time* magazine, just at the time when the debate over economic program is uppermost in the U.S. election campaign, in the new republics of the former Soviet Union, and almost everywhere else. For example, *Time* writer Strobe Talbott praises McNamara’s boldness in comparison to George Bush, in an editorial called, “How Bush Has Wimped Out.” What is McNamara offering? A blueprint for genocide.

On Dec. 10, at United Nations headquarters in New York City, McNamara said that new projections show that the world population, currently at 5.4 billion, could almost triple within 100 years, and this, he claimed, made rapid population growth the greatest barrier to progress, and a grave danger to the environment. He released a 56-page document at a special lecture honoring the U.N. Population Fund (UNFPA), called “A Global Policy to Advance Human Development in the 21st Century.” In his address, a lecture in memory of the first head of the UNFPA, Rafael M. Salas (1928-87), McNamara called for “massive global efforts” to curb

population growth during this decade.

The report features 18 pages of tables, listing figures for each nation for fertility rates, contraceptive use, expected lifespan, and other data, assembled in a way befitting the author, who came to be known during the Vietnam War years as “Body Count” McNamara. He specialized at that time in projections of war fatalities which were as coldblooded as they were inaccurate. Earlier, McNamara was a “numbers man” at Ford Motor Co., and subsequently, while head of the World Bank, he backed only those “investment projects” in the Third World that would lower population.

‘Absolute poverty’

The conclusion of the new McNamara report is that over 1 billion people live in conditions of “absolute poverty,” and that the U.N. must intervene to see that they don’t reproduce. His report states, “‘Absolute poverty’ is a word of art. When I coined it in the late 1960s, I did so to distinguish a particular segment of the poor in the developing world from the billions of others who would be classified as poor in western terms. The ‘absolute poor’ are those living, literally, on the margin of life. Their lives are so characterized by malnutrition, illiteracy, and disease as to be beneath any reasonable definition of human dignity.

“Today the number of such individuals approaches 1 billion. As a proportion of the total population, it has decreased over the past two decades (except in sub-Saharan Africa), but in absolute numbers it has increased. And the World Bank estimates that it is likely to increase further—by nearly 100 million—in this decade.

“A major concern raised by poverty of this magnitude lies in the likelihood of physical and intellectual impairment of children.”

McNamara's solution? Prevent the birth of those children. His report calls for step-by-step measures to cut birth rates in specified countries until a zero population growth level is reached. He estimates that the program would cost approximately \$8 billion in 1990 dollars by the year 2000, with \$3.5 billion coming from the developed countries and \$4.5 billion from the developing countries.

In addition to demanding this sweeping anti-birth project, the McNamara plan conspicuously avoids mention of measures to stop the death toll from diseases that are right now spreading and costing millions of lives—AIDS, cholera, malaria, measles, enteric illnesses, parasites, etc.

Are people the problem?

McNamara claims that the population growth of the past century has been responsible for massive degradation of the environment, and for an increase in poverty. He then tries to scare people by citing the increased need for food and industrial development if the population continues to grow, with the implication that this growth will definitely destroy the environment.

Of course, McNamara cannot prove his point. In his speech, he said: "Within the past decade, four global environmental phenomena have surfaced: the loss of bio-diversity, acid rain, destruction of the ozone layer, and climate change. All are a function of rising population levels and increasing consumption per capita." Ten pages of the new report are given over to pseudo-scientific discussions of each points. But, in fact, there is no evidence that these phenomena are catastrophes, much less that they are caused by overpopulation. McNamara is making a point of his pagan religious faith, nothing else.

Even more ludicrous is the idea that reducing the number of people will improve living standards. Will having fewer people to drink dirty water, actually build the infrastructure for clean water? Will having fewer people to feed, actually produce more food? No, all of these real problems can only be dealt with by a change in credit policy, that will allow developing sector countries to build up their infrastructure.

McNamara admits that improved technology will allow "less damage to the environment." But he fails to acknowledge that it has been a denial of that improved technology to the developing sector, as well as a squelching of technological progress in the entire world, that is responsible for the real problems of people living in poverty.

McNamara challenged

At his pre-lecture press conference, McNamara was challenged on his proposals before the international press corps. Warren A.J. Hamerman of *EIR* put to McNamara that his program, like all previous population control programs, is nothing but malthusian genocide. Hamerman specified to McNamara that in the absence of debt moratoria, technology transfer, and a True Fourth Development Decade policy, this

program will constitute nothing but malthusianism toward the developing sector. He specifically challenged McNamara with the assertions by various leaders from Africa, Asia, and the Vatican, that such conditionalities for population control are against the will of the Creator.

McNamara gave a rambling reply with off-handed references to the Pope, and to the need to implement every possible population control method to advance progress, to save the environment and to end poverty. He also claimed, incredibly, that he does not know of any OECD nation which is pushing family planning as a substitute for technology transfer, debt relief, and development.

McNamara furthermore claimed that after he initially raised the need for population control in his inaugural speech as president of the World Bank in 1968, he was treated as an enemy by the developing sector, and was even expelled, or virtually expelled, from some countries. Today, however, he reported that many governments in Asia, Africa, and South America have accepted the idea and are attempting to implement it. Now, he calls for each developing country to agree to a target for a "population stabilization" level.

McNamara proposed that the World Bank organize this program, and that the International Monetary Fund and World Bank in effect impose formal conditionalities for population growth upon all nations of the world, in order to enforce it. McNamara also called for the establishment of a population commission to help in the preparation of the planned U.N. 1994 International Conference on Population and Development.

During an exchange with Hamerman, McNamara asserted that "we have not even begun to act on this population control program, and we must take strong actions." However, he claimed ignorance in reply to Hamerman's query about McNamara's familiarity with 1970s U.S. government policy documents on population reduction—National Security Study Memorandum 200, authored by Henry Kissinger, Brent Scowcroft, and others. These detailed memoranda, only recently declassified, state that it is in the national security interests of the United States that the populations of a specified list of countries be suppressed. In line with this, massive sterilization programs—sometimes involuntary ones—were undertaken in Pakistan, Brazil, and other locations. Earlier this year, lawmakers in Brazil began an investigation into the NSSM-200 scandal and the damage done to their nation by such malthusian policies, which included the sterilization of 40% of Brazilian women of child-bearing age.

However, when Hamerman raised this issue with McNamara, the latter claimed ignorance of the uproar in Brazil and other nations. He said that he could not conceive of Dr. Kissinger, or the U.S. government, or the National Security Council, ever having adopted such a policy—or if they did, ever putting it down in writing.

Hamerman informed McNamara that "murdering billions of poor people is not a desirable way to end poverty."

Brazil and Argentina prepare to surrender to technological apartheid

by Alberto Sabato

Presidents Fernando Collor of Brazil and Carlos Menem of Argentina are about to sign a monitoring agreement with the International Atomic Energy Agency (IAEA). For years, both nations have sought ways—with no international interference—to cooperate in the field of nuclear energy. However, as *EIR* has documented, there are intensive Anglo-American efforts under way to sabotage both nations' nuclear programs. In its March 16, 1990 issue, *EIR* exposed the maneuvers of American agent David Albright, who worked with collaborators in the Brazilian Physics Society (SBF) and the Association of Argentine Physicists (AFA) to destroy both countries' independent nuclear programs. Brazilian physicist Luiz Pinguelli Rosa was the key figure behind this effort.

The primary objective behind these Anglo-American maneuvers, as *EIR* explained then, was to halt the ratification of the bilateral cooperation agreement signed by then-Presidents José Sarney and Raúl Alfonsín, and substitute it with a policy of internationally supervised "joint monitoring." This could be expected to cause tensions between the two nations and destroy any chance for real cooperation in the nuclear field. The present agreement with the IAEA has become an obsession with Presidents Collor and Menem, backed by their respective Foreign Ministries. In Brazil, the head of the negotiating team is Clodoaldo Hugueney Filho, a member of the "internationalist" faction at the Foreign Ministry whose leaders are Collor's brother-in-law Marcos Coimbra, and Brazil's ambassador to Washington, Rubens Ricupero.

However, Collor's real "guru" on nuclear matters, a kind of ecological Rasputin, is Education Minister José Goldemberg, former science and technology secretary, who is openly opposed to Brazil's real scientific and technological advancement. As *EIR* reported in November 1990, it was Goldemberg who exposed to the international media an alleged Brazilian nuclear bomb program called the "Solimoes Project."

Negotiations on the proposed IAEA treaty began in May 1990, when Goldemberg met with Richard Kennedy, the U.S. State Department official for international nuclear matters. According to the Jan. 1, 1991 issue of *Relatorio Reservado*, the topic Goldemberg discussed with Kennedy was signing a treaty accepting international safeguards. In exchange for this, the U.S. was to have authorized export of a supercomputer for Embraer, Brazil's aeronautics company. While the supercomputer never made it to Brazil, the agreement with

IAEA is about to be signed.

José Luiz Santana de Carvalo, president of Brazil's National Nuclear Energy Commission (CNEN), functioned throughout this period to divert attention away from what was really happening. In an interview published in *O Globo*, he said that Brazil "would never sign the Nuclear Non-Proliferation Treaty (NPT)" which he characterized as the "Treaty for Maintaining the Status Quo." Later, when it was obvious that Brazil was going to accept the safeguards treaty, he told *Gazeta Mercantil* that it would be "non-intrusive."

The agreement was to have been signed in Vienna on Sept. 18. Pedro Paulo Leoni, strategic affairs secretary, was to have presided over the signing, during a meeting of the IAEA's board of governors. At the last minute however, Santana went in Leoni's place, and the agreement was not signed.

The Argentine and Brazilian scientists and technicians advising the bureaucrats and diplomats have tried in every way to stop the signing of the agreement. On the Brazilian side, however, those who dare to defend national interests are either summarily expelled from the negotiating team or are openly denounced as obstacles to negotiations by Ambassador Hugueney Filho. The Argentine team is led by Ambassador Rogelio Pfurter, and by the president of the National Atomic Energy Commission (CNEA) Manuel Mondino, who appears more willing to listen to his technical advisers, but is constrained by the dictates of the Foreign Ministry. The Argentine technicians even revealed to their Brazilian counterparts a secret document indicating the grave dangers to both countries' nuclear programs from the agreement.

It is inevitable that the agreement with the IAEA will be signed by the Argentine and Brazilian Presidents, despite the opposition within both countries' civilian and military scientific circles. On Nov. 19, in a speech before the plenary of the lower House, nationalist Brazilian Deputy Mauro Borges violently denounced the treaty and warned that its signing would merely represent a disguised acceptance of the NPT, which has been historically repudiated by both military and civilian governments since first implemented in July of 1968 (see *Documentation*). On Dec. 6, the Brazilian government orchestrated a vote of approval for the IAEA treaty in the lower House and the Senate is expected to follow suit. At this writing, Collor and Menem are preparing to leave for Vienna to sign the agreement.

IAEA 'safeguards' are new colonialism

The following excerpts are from the speech given Nov. 18, by Brazilian Deputy Mauro Borges (PDC-GO) before a session of the lower House. Subheads are added.

Mr. President, Mssrs. Deputies:

I come here today to denounce the Executive's intention to shortly sign an International Safeguards Agreement with the International Atomic Energy Agency (IAEA) in Vienna. This agreement could compromise everything Brazil has done in the nuclear field, going back more than 40 years ago with the extraordinary efforts of that great patriot and scientist Adm. A. Alberto.

History of 'technological apartheid'

This treaty would be the crowning point of a historical process of colonialist discrimination—known more recently as "technological apartheid"—to which our nation is being subjected.

In 1785, Minister Martinho de Melo Castro, of the Portuguese crown, stated in Lisbon:

"In most of Brazil's Captaincies different factories and manufacturing entities have been established, and are constantly increasing, [producing] not only various qualities of textiles, but even military decorations of gold and silver. If these pernicious transgressions are allowed to continue, all of the profit and wealth of these important colonies will end up belonging to their inhabitants, and [they] will become completely independent of their capital [Lisbon]. It is therefore immediately necessary to abolish these factories from the state of Brazil."

That is, it was necessary to prevent technological freedom in order to maintain control over the colonies. This statement . . . resulted in the Jan. 5, 1785 decree by which textile and linen machines and factories were shut down in the entire Captaincy of Minas.

This same process of colonialist oppression continues today just as acutely as it did 200 years ago.

The best example of how this "technological apartheid" oppresses us today is the enormous pressure exerted on Brazil over the past 40 years, to prevent our nation from developing

peaceful uses of nuclear energy. Those pressures were described very well by then-Minister Renato Archer, in his Oct. 27, 1988 presentation before the National Congress's Joint Budget Commission.

Dr. Archer reported on a private conversation he had had in the 1950s with the director of the Center for Nuclear Research at Harwell, England, in which the director told him, "I hope you . . . are alive on the day that your country has the right to use nuclear energy." He went on, before a shocked Dr. Archer: "You certainly don't think that the more developed countries are going to let the largest capability for energy production based on conventional fuels to become obsolete, just because Brazil has radioactive minerals, do you? You should know that it will be a long time before your country has the right to use it."

Dr. Archer continued:

"During my last day there, we were walking along a corridor where there were storage areas on either side. He opened one up and said, 'You're not supposed to see this, but I'm going to show it to you so you won't think we're crazy, since you undoubtedly already know this exists.' We went upstairs and he said, 'This is a reactor of the thorium-uranium-233 cycle, which is much more efficient than uranium, but England doesn't have thorium, so this would only be of interest to India and Brazil.' He turned around and told me: 'If you say a word of this publicly, I'll call you a liar. I'm Harwell's scientific director, and *Nucleonics* magazine says you're a communist, so I'm not really worried.'

Mr. President, Deputies: "Technological apartheid" continues today just as fiercely as it did in the 1950s, and, unfortunately, our country has accepted this just as submissively as it did in 1785.

Group of Seven imposes control

Today, our difficulties stem from the world's seven largest economies, gathered together in the famous "Group of Seven" to determine the fate of humanity and of the planet, such that their nations' economic and social conquests will be preserved as a priority above all other nations.

When the meeting of the G-7 approved a resolution which guaranteed the United Nations the right to directly intervene in any country in the world to "defend human rights and guarantee peace," it was clear that an important step had been taken for implementing the so-called new world order. Pointing to the recent multinational intervention in Iraq, the document asserts that the U.N. must be prepared for similar actions in the future. Not accidentally, during the same meeting, the G-7 praised Brazil and Argentina for permitting international inspections of their nuclear installations.

Signing a treaty with the IAEA, now in its final stages of negotiations, is the equivalent of disguised acceptance of the notorious NPT—Nuclear Non-Proliferation Treaty — which has been systematically rejected by all Brazilian gov-

ernments since its implementation on July 1, 1968.

Retired diplomats who participated in the 1960s United Nations Disarmament Conference in Geneva, report that "the NPT became known as an aberration in terms of international law, as it divided the world into responsible nations—those which already had the atomic bomb—and others, considered to be irresponsible which, as such, had to submit to international inspections performed by the IAEA—itself at the service of the advanced nations.

The essential point behind the NPT is that it allows international inspections to be performed unconditionally—at any time and at any civilian or military installation handling uranium or other nuclear minerals. These inspections are a flagrant violation of the basic principles of national sovereignty, as they allow intrusive and detailed observation of the level of technological development achieved, as well as knowledge of technical and commercial aspects which could inhibit participation of the inspected countries in the profitable nuclear minerals market, worth more than \$50 billion annually.

The agreement which is about to be signed is a unilateral initiative of the Brazilian and Argentine governments. It should have evolved from the Argentine-Brazilian Bilateral Safeguards Agreement signed last June in Guadalajara, but in fact has grown into something much larger, which prevents implementation of the plans established by Brazil and Argentina to put their bilateral safeguards into place.

Despite the fact that the president of the National Nuclear Energy Commission told *Gazeta Mercantil* on July 31, 1991 that the agreement with the IAEA would be "non-intrusive," there are indications to the contrary. The Congress must investigate what's really happening. The conclusions of the joint commission of inquiry (CPI), whose final report was authored by then-Deputy Ana Maria Rattes, must be respected.

IAEA demands unilateral control

In this new agreement, the IAEA insists on the following points:

1) The IAEA has the right to inspect all nuclear materials in all their peaceful applications within the territory of the signator nations.

2) The IAEA will determine the "strategic points" for observation, where the inspections of the flow of the monitored materials must be carried out.

3) The IAEA must receive extensive information on the characteristics of the monitored nuclear installations, including general objectives, nominal capacity, layout and ordering design, which will make it possible to monitor the production flow and determine the "strategic points" of the inspection.

4) The IAEA reserves the right to carry out planned inspections as well as *ad hoc* ones. In the latter case, it must give the signator nations 24-hours advance notice. In special

cases, the agency reserves the right to perform surprise inspections with no prior notice. . . .

In the G-7's view, which the IAEA reflects, Brazil must submit all of its nuclear installations to international inspection, including those of the Atomic Program despite the fact that this was successfully built with no foreign contributions. No! It's one thing for Brazil and Argentina to monitor each other, for their common good. Why does the IAEA have to interfere? Are Brazil and Argentina not reliable?

That the national installations at Aramar, developed by our Navy and approved by then-Deputy Ana Maria Rattes' commission of inquiry, as well as the production lines for the Brazilian nuclear submarine, must be subject to inspection by international bureaucrats is not only a grave violation of national sovereignty; it is an affront to all those technicians who made a superhuman effort in independent training. Why? Do they want to cut us off?

Especially in the case of the ultracentrifuge, this is a clear capitulation to the G-7's will—after this technology was explicitly denied to Brazil by the multinational conglomerate Urenco on the occasion of the Brazilian-German Nuclear Agreement. Once we were able to develop the process ourselves, at our own risk—including with a certain lack of understanding at the time on the part of the local scientific intelligentsia—we now have to answer to the planet's controllers. No! What counts in international affairs are bilateral relations. If the planet's controllers, together, want to monitor our nuclear technology unilaterally—since they control the IAEA—before that, as a demonstration of good faith, they should hand over all of the technology at hand for the peaceful use of nuclear energy. If they want to dance, let them take the first step. . . .

Is 'safeguarding' the Amazon next?

This could set a dangerous precedent for other types of international inspections, perhaps in the Amazon region, to defend the human rights of the "forest people" or to prevent the destruction of "the lungs of the world."

In conclusion, I want to express my concern that the IAEA's interference with the Brazil-Argentina nuclear agreement might mean handing over Brazil's independently developed nuclear technology to the countries of the First World which have had difficulties in this area. Upon learning of the exact stage of Brazil's development, these countries might make much more difficult the country's future advancement in search of modernization, in that world market worth \$52 billion annually.

Those nations which claim to be the trustees of nuclear technology will never permit inspections of their levels of development. They will never transfer technology for nuclear development—whatever the recipient. The IAEA's presence in this agreement is clearly an indirect way of giving the First World an efficient means to control Brazil's nuclear program, developed for peaceful purposes. . . .

Japan protects its internal food supply

by Kathy Wolfe

The Bush administration and the British bankers who run the General Agreement on Tariffs and Trade negotiations announced in early December that, if Japan will not open its internal rice market to foreign dumping, then it will be blamed for the collapse of GATT. While Japanese newspapers have been floating rumors that the new government of Prime Minister Kiichi Miyazawa will cave in and open the rice markets, so far, Miyazawa has stood firm.

U.S. Special Trade Representative Carla Hills visited Japan late last month and bluntly told Miyazawa and others in their meetings: "If Japan finds itself unable to negotiate in agriculture, then I think Japan stands in large measure to be blamed for causing the Uruguay Round [of GATT talks] to fail."

European Commissioner Frans Andriessen also visited Tokyo on Nov. 25, and upped the pressure. He told Prime Minister Miyazawa, "We insist that all parties accept tariffication, including Japan," referring to a GATT program whereby Japan would open the rice markets, but would at first charge tariffs to cushion the blow to its farmers, then gradually lift the tariffs to allow in a flood of foreign rice.

'No more concessions'

Reality showed its face in the streets of Tokyo, where more than 8,000 Japanese farmers protested outside Parliament during Andriessen's visit. Yoshitaka Mashima of the Japan National Farmers Organization told the rally, "Japan has made enough concessions." Farmers wore green costumes resembling vegetables, imprinted with the demand, "Ban Rice Imports." Others carried an angry scarecrow. "Japan is already importing beans, wheat and other products," said demonstrator Eijiro Shimada. "If rice is next, that will be a serious matter."

Both Prime Minister Miyazawa and his new Agriculture, Forestry, and Fisheries Minister Masami Tanabu, continue to back rice self-sufficiency for Japan. A Miyazawa spokesman told the press on Nov. 27, "There is no change in our longstanding policy." Tanabu told the Parliament on Dec. 3, "There will be no change in Japan's basic negotiating stance of maintaining self-sufficiency in rice. . . . It is im-

possible to accept." On Dec. 5, the Agricultural Trade Committee of Miyazawa's Liberal Democratic Party formally rejected the idea of opening up rice imports.

The Japanese government "food security" program has long maintained a ban on rice imports to protect domestic growers, and more importantly, to protect domestic consumers. The rice program is Japan's last line of defense, since the GATT bankers have already forced the country to open up the rest of its agricultural market: Japan now imports 50% of its food and is the world's largest net food importer.

Food is an extremely emotional issue in a country where a generation nearly starved to death after the war. "Right after the war, I still remember there was nothing for us to eat," said LDP parliamentarian Kosuke Hori at a debate recently. "Many Japanese still share that feeling."

Two systems

Since the Bush administration in Washington does not want to increase industrial production, the only way they can compete with Japan, they figure, is to destroy Japan's economy the way they have destroyed that of the United States.

Since 1971, Washington has systematically allowed the British and Swiss grain cartels such as Cargill and André to take over U.S. agriculture, by flooding the U.S. with temporarily cheap imports. This reduced the number of U.S. farmers from 2 million in 1971 to under 800,000: Cargill and the other cartels simply bought up U.S. farmland, as farmers went bankrupt. The global banks and the grain and food cartels they own have one thing in mind: world food control. They want to use a selected series of food wars, to flood every national market with cheap produce, bankrupt domestic farmers, and depress land prices so cartel agents can buy up the farmland cheap.

Japan, by contrast, has a competent national farm policy, because it treats agriculture as part of its sovereign right to ensure food for its people. A national food supply is the cheapest—and most secure—source of food for a nation. The Japanese ban on rice imports is necessary, because, although its rice farmers are the world's most mechanized and most productive, Japan's small land area makes production in scale difficult. Plots are tiny, land prices are astronomical, and, as a result, the internal rice distribution system is extremely fragmented. Thus, prices are inevitably higher than for foreign rice, and justifiably so. Dr. Fumio Egaitsu, professor of agriculture at Tokyo University, estimates that opening the rice market would reduce domestic production from the current 10 million tons a year to under 2 million tons.

Rice is not only the staple food of Japan, but also is used in many civil and religious ceremonies. Dependency upon the U.S. or some international cartel's rice plantation worked by slave labor in Southeast Asia, would put Japan at the mercy of every whim of the Bush administration.

China economy fuels social explosion

by Michael O. Billington

As the Chinese communist regime watches the collapse of the last vestiges of even the Gorbachov form of communism in the former Soviet Union, and takes note of the political troubles of their friend George Bush as the U.S. economy tumbles out of control, it is anxious to portray a sense of calm and stability in the Middle Kingdom, both for the world audience and for domestic consumption. However, recent internal Chinese policies reveal the reality of an emerging food disaster, a breakdown in basic industry, and a pending social explosion.

China's leaders are desperate to expand, or at least maintain, the flow of foreign investments into the growing number of free trade zones—the low-technology, cheap-labor revival of the 19th century “foreign concessions.” Although this economic policy has proven to be of no value to the development of the rest of the country, the free trade zones are the only sector of the economy that is not collapsing. The International Monetary Fund and U.S. and British policy-makers are demanding that the real economy—the agricultural base, the medium and heavy industrial sector, and the civil service system that supports it—must be subjected to radical shock therapy, the same insanity that has brought collapse and civil war to eastern Europe.

While the Deng Xiaoping regime is perfectly willing to impose austerity on the already destitute population, it is increasingly aware that the regime's “mandate of heaven” has been lost in the eyes of the population, and that there are limits to what will be tolerated.

Bankruptcy proceedings against state firms

The government announced in November that for the first time in the history of the communist state, bankruptcy proceedings would begin against many of the state sector industries which are losing money. Of the 400,000 state sector firms, over a third are in the red, costing the government over \$10 billion a year in subsidies while simultaneously eating away the primary source of tax income for Beijing.

But then, in early December, the government announced that the closures had been stalled “due to the consideration that we have to preserve social stability. We have yet to put in place the necessary social security measures.” The

implication is that there is stiff resistance to ending the “iron ricebowl” (lifetime job guarantees) without providing something to replace it. Also, if the government were to implement unemployment benefits for the soon-to-be unemployed state sector workers, but failed to offer something to the 100-200 million “blind flow” of rural unemployed, an even greater social upheaval could result.

But the government simply cannot continue bailing out these losses by further expanding the escalating budget deficit. The way this crisis developed is a classic case of the combined insanity of both communist and “free market” economic incompetence. In the early 1980s, Deng Xiaoping and then-Premier Zhao Ziyang adopted the Henry Kissinger-World Bank proposal to concentrate financial resources on the development of the free-wheeling free trade zones along the coast, at the expense of agriculture investments, national infrastructure, or the maintenance of basic industry. The only policy towards these neglected sectors was more free market sophistries, allowing them “more freedom” to determine their production and marketing policies. Previously, state sector firms turned over all profits to the government. Henceforth, they would be allowed to retain all after-tax profits, but would also be responsible for their own maintenance and technological development. But in 1980, the ratio of taxes to profits was 34 to 66; by 1990, this had collapsed to 81 to 10, meaning the firms had nothing to work with after taxes!

Nor can this be explained away as “poor management.” As even the *People's Daily* admitted in a Nov. 1 report on heavy industry: “No major technological transformation programs have been carried out, so their technology and equipment have become old and outdated and have lost their competitiveness. In recent years, taxes and interests have squeezed out profits, and all sorts of apportionments, fundraising programs, bonds, and expenses have chipped away at enterprise profits. What is worse, is that China's current depreciation policy not only uses a low depreciation rate but also has not taken into account the influence of inflation on compensation and the renewal of fixed assets.” These firms have thus been granted the “freedom” to slit their own throats.

The shock therapy policies are hitting the population from other directions at the same time. “High Costs Push State to End Free Health Care,” headlined the *China Daily* on Nov. 22. Said the official newspaper: “State and local governments simply can no longer afford to offer free health care.”

Also, seniority pay raises in the state sector were eliminated. They will now be dependent on “merit.” However, state sector firms which are not making a profit (36% of the 400,000 firms) will receive no pay raises.

Mass layoffs are also in store for the civil service. All 15 million state sector employees are to go onto a “job contract” system. The Communist Party Organization Department “urged” firms to issue contracts to all employees, allowing those who are “unqualified” to be fired. This is being run in collaboration with the U.N. Development Fund, which has

demanded the end of lifelong tenure for civil service employees, bragging that they would dump another half a million people into the gutter.

Conserve grain

The government's public pronouncements assure the world that despite the severefloods of the summer, the harvest will be adequate for the needs of the population. However, a dramatic increase in grain imports which the government can ill afford, and the preoccupation with the grain problem at the just completed plenum of the CP Central Committee, indicate a serious problem.

The plenum, held in almost total secrecy, decided to implement a "mixed" system of communal and family farming. The government has gone to great lengths to assure the world that there will not be a return to the failed communal farming system that led to millions of deaths by starvation under Mao Zedong's bloody reign. But, in fact, that is the direction of policy. During the summer floods, the decayed state of the water conservancy and irrigation systems of the country caused massive unnecessary death and destruction. Rather than learning the awful lesson of neglecting infrastructure as a national priority, the regime blamed the peasants. The solution: Groups of peasant families or small villages will be held collectively responsible for the water and irrigation projects, while retaining the family contract system (allowing them to market their own product over a set government quota).

The point is that no new investments are to be expected for the precarious agriculture sector. Since new investments in agriculture collapsed in the mid-1980s to accommodate the free trade zone policy, there has been a net decrease in grain production per capita. The government solution is like Jimmy Carter's energy program: use less. A Maoist-style national campaign to "cherish and conserve grain" has been launched, geared to restricting grain consumption. The government even announced that squads have been deployed throughout the country to bludgeon dogs to death in order to save grain! The official *Workers Daily* reported: "Dogs eat a kilogram of grain per day, twice as much as the average Chinese. The grain supply can't meet the demand posed by dogs." China has about 100 million dogs.

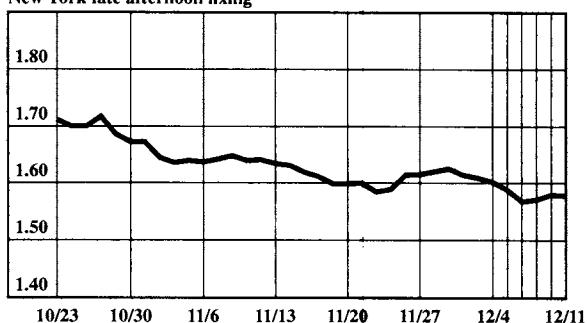
In a similar sign of desperation, the government issued a circular to "prevent the expected surge of feasting to celebrate the New Year and Spring Festival by either central or local government officials." They plan to check up on officials to stop this "unhealthy trend."

Perhaps the most telling sign of the threat of instability is the announcement of a new series of trials of students and workers involved in the Democracy movement, despite the public effort to assure the world of Beijing's concern for human rights. As the economy unravels, the continued use of terror to control the population will not long suffice to contain the explosion.

Currency Rates

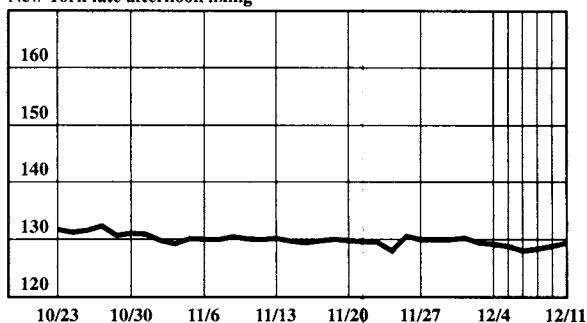
The dollar in deutschmarks

New York late afternoon fixing



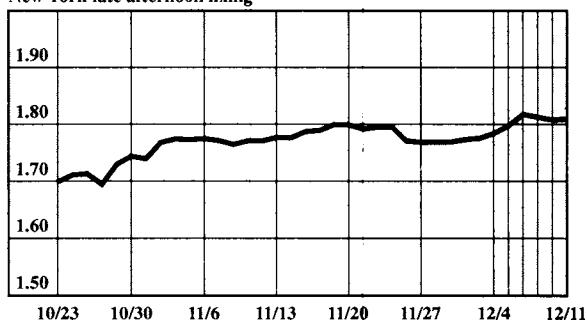
The dollar in yen

New York late afternoon fixing



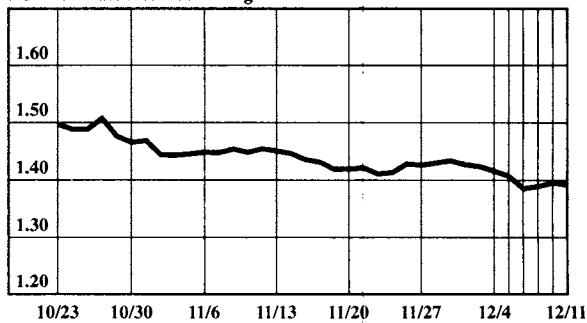
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Ibero-America becoming a drug money-laundering center

by José Carlos Méndez

The Ibero-American economies are rapidly being transformed into drug money laundromats, through the International Monetary Fund's insistence that repatriation of what it euphemistically calls "foreign flight capital" must be welcomed with open arms, unquestioned as to origin and unlimited in its amount. In the past decade, only a few of the hundreds of billions of dollars generated yearly by the drug trade stayed within the region, the majority being deposited abroad in the offshore banking centers linked to the advanced sector.

Now, however, more of the money is being encouraged to return to Ibero-America—at least long enough so that it can be recycled as payments on the foreign debt. As a few brave national businessmen and officials have protested, other than financing debt payments, this stepped-up recycling has only brought inflation and devalued the local currencies, driving already-struggling legitimate businessmen more rapidly into bankruptcy.

Peru: coca sets the exchange rate

Such is the case in Peru. On Nov. 28, former Agriculture Minister Carlos Amat y León exposed the fact that the growing amounts of drug monies returning to Peru "have been negatively influencing . . . the exchange rate." Peru now finds itself in the ridiculous situation, he said, where "the productivity of coca and coca paste determine . . . the competitiveness of the entire formal sector. The value of our currency on the market depends on the productivity of the coca sector and the level of demand of [drug] consumers in the importing countries."

Today, some 120,000 families are involved in cultivating coca in Peru, he noted. He specified that that means that approximately 600,000 people are directly dependent on the drug trade for their existence—around 3% of the population as a whole, and 10% of the rural population.

Given the enormous gap between the growing labor force and shrinking number of jobs, "We should not be surprised

by the flood of youths who, in their unending and frustrating search for employment, find in the drug trade an alternative income, easy, quick, lucrative, and without grave danger of police repression," the former minister added.

The head of the Santa Lucía anti-drug base in Peru's jungle has stated that "within one week they could control the activities of the drug traffickers, using radars and projectiles to down their small airplanes," Amat y León noted. "Is there really a will to end this harmful phenomenon? Or is it a problem of how to substitute the \$2.5 billion which the drug trade generates a year" in Peru? he asked.

Colombia: the drugging of an economy

In Colombia, the board of directors of the Banco de la República was forced in November to request that the government of President César Gaviria exercise greater control over the laundering of drug monies, because Colombian exporters were being wiped out by the effects of the drug money entering the economy, Carlos Ossa Escobar, a member of the bank's board, told journalists on Nov. 18.

Ossa Escobar noted that there are no exact figures on how much illegal capital is entering the country. "But the influx of funds originating with the drug trade is evident," he added.

"It is a secret to no one that this influx began after the agreements with the drug-traffickers were reached at the beginning of the year. Now there is no extradition here. Colombia is a type of sanctuary for these gentlemen. . . . So if their bank accounts are pursued abroad, they bring their dollars here, because here they feel secure."

"It is necessary to thoroughly go after money laundering if we don't wish the economy to become drugged."

Spokesmen for the exporters likewise complain that the government and the Banco de la República are "mixing legitimate capital from the exporters with hot money sought abroad" and treating both as equal. They suggested to Foreign Trade Minister Juan Manuel Santos that a different ex-

change rate be set up for dollars obtained through the sale of tangible physical goods, than for dollars obtained through services and financial transfers.

The Gaviria government has made clear that it has no intention of giving up the hot funds—and that it has the backing of the International Monetary Fund for that policy. In his speech to an extraordinary Congress of the National Association of Exporters on Nov. 19, Finance Minister Rudolf Hommes took the tack of simply denying that the influx of dollars had anything to do with drug trafficking at all, claiming "returning flight capital" accounted for everything.

Roberto Junguito Bonet, a member of the government's monetary council, asserted that the influx of monies was due to interest rate differentials. Why? Because "the IMF has proven that what is entering Colombia is due to the difference in interest rates."

Even London's *Financial Times* has been more honest than that. In a four-page special survey on Colombia Dec. 6, the internationally read paper wrote bluntly that "the opening of the economy has also had the unfortunate side-effect of encouraging the reentry of drug money. . . . Disturbingly, much of the capital influx—probably over half—is money being repatriated by drug traffickers."

Inside Colombia, *El Espectador*, the one newspaper which has refused to waver in its campaign against the drug trade, despite assassinations and bombings, demanded that Ossa Escobar's charges be investigated.

Noting that the charges are "too serious to overlook," *El Espectador* stressed in its Nov. 24 editorial, "We are at the point that the drug trade is extending the net of its economic power and absorbing our industry, transforming it into an instrument of the total corruption of the country." Drug money-laundering has been increasing in Colombia since the creation of the "sinister window" at the central bank, allowing dollars to be turned in, no questions asked, the paper wrote.

"Today, under measures of a similar nature adopted by the current government, it can well be said without exaggeration that the state has become the principal launderer of dollars in the country." President César Gaviria should personally look into the matter, the paper urged, since he is responsible "not only for orienting economic policy, but also for the moral behavior of Colombians."

Gaviria answered on Nov. 27, dismissing the impact of drug monies in Colombia as "marginal."

Venezuela, laundering paradise

Likewise in Venezuela. On Nov. 17, the president of the National Commission against Illicit Drug Use (Conacuid), Enrique Rivas Gómez, stated that if controls were not established over Venezuela's financial system, drug money would destabilize national finances. Interviewed on one of the prime-time talk shows of Venezuela's Radio Caracas Television, Rivas Gómez called for the imposition of exchange

controls as well, because "we are in a situation in which, if we don't maintain controls, [the drug traffickers] are going to penetrate us with greater sums . . . and they will destabilize our economy through the very finances of the country."

On Nov. 25, a column in the Caracas daily *2001*, reported that the U.S. "Drug Enforcement Administration is truly amazed at the depth and extension of drug money-laundering in Venezuela." As things are now going, the column added, "we shall soon witness trials in the U.S. and here; we will see how many sudden fortunes . . . are explained. . . . The faces of people of 'responsibility' and prominent philanthropists will come out into the public light."

Even so, U.S. authorities revealed on Nov. 26 that last August they had seized in Miami nearly 12 tons of cocaine which had originated in Puerto Cabello, Venezuela. The shipment, the second largest ever seized by U.S. officials, had arrived on a Danish-flag ship named the *Mercadiant Continent*.

According to a report in Venezuela's *El Nacional* newspaper Dec. 5, that ship is the very same one which transported a shipment of 230 kilos of cocaine from Venezuela, hidden in barrels of industrial glue, which were captured in December 1988 in Miami. The latter shipment is notorious in Venezuela, because it was sent to the Miami-based company, Celere, Inc., a company headed by Lázaro Rogelio Ugarte Bresselau, former chief of security for President Carlos Andrés Pérez. Just when the furor over that had begun to die down, the Caracas daily *El Globo* reported that the business interests of Gustavo Cisneros, the "Rockefeller" of Venezuela, were the real owners of the dope company Celere, Inc.

Despite adamant denials, and wild media and judicial witchhunts against anyone who ever dared oppose him, Cisneros has not been able to silence continued rumors that he was the real hand behind Celere, Inc.

Mexico: drugs yield more than oil

Mexico, from all reports, is not far behind in this pattern of drug money corruption.

According to a report by the head of the Attorney General's anti-drug office at the end of November, drug traffickers operating in Mexico "earned" the equivalent of the total foreign exchange earnings of Mexico in 1990. The official, Jorge Tello Peón, specified that total drug monies for Mexican traffickers was equal to the combined earnings from Mexican oil sales, non-oil sales, and the value added by the *maquiladora* assembly plants in northern Mexico.

Where has that drug money gone? Mexico, too, has been the recipient of suddenly "returning capital" which has buoyed up the stock market to unprecedented heights. Some in the Mexican press have noted with worry, that without that foreign capital pouring into Mexico's stock exchange—no questions asked as to origin—Mexico's capital account balance would have been negative this year.

Highway bill: a road to nowhere

While the nation's infrastructure collapses with the economic crisis, Washington's policy continues to travel in circles.

In late November, the House and Senate passed a compromise 1992 Surface Transportation Act. While the bill significantly increases the level of federal funding for highways, bridges, and mass transit, it is actually another example of the inability of both parties to lead the nation out of its economic morass. The bill will not even begin to reverse the effects of over a decade of chronic underfunding of both capital improvements, and maintenance.

The bill provides \$151 billion for land transportation over the next six years. It authorizes \$119.5 billion for highways, or \$19.9 billion a year, for a 40% increase in funding over previous years. Of this, \$24 billion would be earmarked for a new Surface Transportation Program that could be used for either highways or mass transit in metropolitan areas. Only \$16 billion is designated for bridge replacement and repair, and \$31.5 billion is allocated to mass transit, or about \$5.3 billion a year.

By contrast, the Federal Highway Administration has estimated that during the 1980s, the U.S. accumulated a \$493 billion backlog of deferred maintenance just for highways. The non-profit Road Information Program in Washington estimates that half of the nation's 4 million miles of roads are coming apart due to neglect, and more than 250,000 bridges need to be replaced. The Association of State Highway and Transportation Officials has estimated that \$17.6 billion of federal funding is needed in 1992 simply

to maintain the nation's highways in their present condition, and had recommended that \$21.45 billion of federal funding be provided yearly for highways. Over the bill's six years, that would have meant \$128.7 billion.

The new bill makes a big deal out of allowing much greater flexibility to states and localities to determine how the federal monies will be spent. Some state and local officials are jubilant that they will finally be able to direct funds to the most urgent local projects, but no one can ignore the fact that the required capital improvements vastly exceed the funding made available. The \$5.6 billion a year for mass transit provided in Washington's latest bill will barely cover the cost of building a mass transit system in one large city, let alone what is really needed: a national system that ties together local mass transit with a nationwide high-speed rail system.

Moreover, many localities will be forced to use much of the funding for studying the environmental impact of new construction. According to a Sept. 11 report by the Federal Highway Administration to Congress, "The Clean Air Act of 1990 requires extensive new analysis in order to demonstrate the conformity of transportation plans, programs, and projects with state air-quality implementation plans. Failure to complete a conformity finding will prevent the advancement of new transportation facilities (highway or transit) with federal funds within the affected area." The Surface Transportation Act

provides that in areas which do not meet the stringent 1990 Clean Air Act Amendment, every penny of money meant for highways can be shifted to mass transit, if the federal government agrees. There are few large cities that presently meet the Clean Air standards.

A major oversight of the legislation is that it ignores the issue of freight transportation. Road congestion in Los Angeles, for instance, has become so terrible that the city is considering banning all truck traffic on highways during normal business hours. And U.S. railroads—to which free market theorists point to show how "efficient" private enterprise is—have established such a consistent record of damaging valuable freight and losing entire carloads for weeks that, for the past three decades, shippers have relied increasingly on trucking; this, despite the fact that the cost of rail transport is at least one-seventh the cost of road transport. The result is that today, U.S. railroads are used mainly for moving massive quantities of bulk commodities, such as coal or grain.

The Senate-House conferees mandated that \$500 million over six years be taken from the already-pillaged Highway Trust Fund, to be combined with \$225 million in "new" money, for building a full-scale prototype magnetically levitated rail system (maglev). While the \$120.83 million a year allocated to maglev compares favorably to last year's \$9.5 million, it should be noted that Germany and Japan hold a significant lead in maglev research over the U.S., and Germany can be expected to soon begin commercialization. Moreover, Congress missed a golden opportunity to ensure that a coherent national system of high-speed rail is developed, instead of a hodge-podge of different systems for each state.

Bankers fear 'systemic' crisis

U.S. fourth quarter economic growth is zero, as the Group of Seven convenes in Washington in emergency session.

The U.S. government called an emergency meeting of the Group of Seven industrial nations in New York City on Dec. 14, according to an article in the *Independent* newspaper of Britain on Dec. 12, "to consider the growing risk that the world economy could slide into recession."

While federal bank regulatory agencies are trying to cover up real estate losses and are still talking about "the recovery," the higher levels of the financial elites are beginning to be aware of just how bad things really are.

"The U.S. Treasury and the Federal Reserve believe that the U.S. economy will have failed to grow at all in the fourth quarter," according to the *Independent*. "Several countries are worried that the American economy will slip into recession again." In addition, "officials increasingly believe that the collapse in asset values in the U.S., Japan, and Britain might ultimately pose 'systemic' problems for the world economy. Ailing banks could restrict credit, setting off a deflationary chain reaction hurting the real economy." A too-optimistic International Monetary Fund prediction of a 2.8% growth rate for the world as a whole is rejected by these officials, who were expected to produce "new assessments" at the New York meeting.

But while this scramble to come up with a policy is under way, the Bush administration is still trying to deny that the depression is at hand.

Rather than closing bankrupt banks like Citicorp, and thus admit-

ting the insolvency of the banking system, the administration has instructed federal bank examiners to pretend that the crisis does not exist.

In a Nov. 7 document entitled "Interagency Policy Statement on the Review and Classification of Commercial Real Estate Loans," the four federal banking regulators—the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corp. (FDIC), the Federal Reserve Board and the Office of Thrift Supervision—issued new guidelines to bank examiners "to ensure that supervisory personnel are reviewing loans in a consistent, prudent, and balanced fashion."

These guidelines effectively order the examiners to ignore the collapse of real estate values and the corresponding losses to the banks.

"The focus of an examiner's review of a commercial real estate loan, including binding commitments, is the ability of the loan to be repaid," the regulators stated. "Appraisal assumptions should not be based solely on current conditions that ignore the stabilized income-producing capacity of the property. Management should adjust any assumptions used by an appraiser in determining values that are overly optimistic or pessimistic."

By instructing examiners to look at the supposed ability of the loan to be repaid, rather than the current market value of a property, the regulators take the loan out of the realm of economic reality and into the realm of the mythical recovery.

The regulators say: "A discounted

cash flow analysis is an appropriate method for estimating the value of income-producing real estate collateral. . . . This analysis should not be based solely on the current performance of the collateral or similar properties; rather, it should take into account, on a discounted basis, the ability of the real estate to generate income over time based upon reasonable and supportable assumptions."

Naturally, the "reasonable and supportable assumption" is the Bush recovery, in which property values and real estate values will rise.

What if the current market value of a property held as collateral for a loan is significantly less than the outstanding balance on the loan?

No problem, say the regulators: "As a general principal, a performing real estate loan should not automatically be classified [as troubled] or charged-off solely because the value of the underlying collateral has declined to an amount that is less than the loan balance."

In short, federal regulators have decreed that there are no more bad real estate loans. Therefore, banks do not have to charge-off these loans, or increase their loan loss reserves, or cut their reported income. If the borrowers come up short on their payments, the banks are free to roll over the loans, throwing more good money after bad.

Naturally, this only applies to the big banks, the so-called "too big to fail" banks. Armed with another \$130 billion in taxpayers' money, federal regulators are planning to close some 400 smaller banks and thrifts during 1992.

The FDIC projects it will close as many as 240 banks with \$116 billion in assets next year, while the Office of Thrift Supervision projects savings and loan closings this year will reach 170 institutions.

Business Briefs

Industry

Germans debate Japanese model for planning

The debate over a "German MITI" has been taken up again at a forum of the German business association BDI in Cologne.

Recently, Konrad Seitz, a senior official of the Bonn Economics Ministry, proposed that Germany adopt the Japanese economic planning instrument called the Ministry of International Trade and Industry (MITI). The director general of the Stuttgart electronics firm SEL, Gerhard Zeidler, similarly proposed coordinated action by the state, industry, and the scientific community to put Germany on a competitive technological standard vis-à-vis Japan and the United States.

Zeidler pointed to the enormous opportunity presented by a market in the East with more than a half billion people: "Not to organize a transfer of technology with eastern Europe would be a historic mistake. We should not leave this to Japan or the U.S."

With his call for a "West-East Technology Community," Zeidler rejected the warnings by the director of the McKinsey consulting firm Henzler, who had urged the Europeans not to engage heavily in the Eastern market before it has closed the technological gap with Japan and the U.S.

Zeidler insisted that the ability to develop the high-tech industries is there: "All we lack is the political drive."

Defense

Appeals court hears Newport News case

Fundamental issues regarding U.S. industrial and military preparedness were raised Dec. 4 before the U.S. Fourth Circuit Court of Appeals, which is hearing arguments about whether the Newport News Shipbuilding and Dry Dock Co. based in Virginia or the Connecticut-based Electric Boat Co. should be awarded a contract to build the second Seawolf nuclear submarine. Newport News lawyer Gregory N. Stillman argued, for example, that at issue are congressional mandates to sustain

a viable and competitive shipbuilding industry through "industrial mobilization."

The U.S. Navy and Electric Boat appealed U.S. District Judge Robert Doumar's July 31 decision, that in awarding the contract to Electric Boat the government had violated its policy of preserving the ability of more than one shipyard to build a nuclear attack submarine.

Newport News Shipbuilding and Dry Dock Co., which has already been hurt by the slowdown of contract work, is asking the appeals court to overrule the objections of the Navy and the lower court by ruling that the contract should be awarded to the Virginia yard. Fourth Circuit Judge Kenneth K. Hall stated, however, "When the war is over, you quit building the ships," and suggested there may not be enough new submarines built to sustain two yards.

Depression

Rohatyn says depression could bring fascism

Economic depression could bring fascism, admitted Felix Rohatyn, the president of Lazard Frères in New York, in an interview with the Italian newspaper *Corriere della Sera* on Dec. 1. Rohatyn was in Rome to contact political and economic leaders on behalf of Mario Cuomo's presidential ambitions.

"There will not be a double recession, simply because we never came out of the first. . . . The debt which is suffocating America is becoming a world problem. There is no easy solution for the debt. It is not enough to cut it, because to reduce the debt in the U.S.A. one must increase the revenues, and they are produced by economic growth. I do not want to finance subsidies but investments. This country is now in ruins: bridges, streets, schools are collapsing. The U.S.A. is facing all this with a program of \$150 billion over five years, while Taiwan alone has a program of \$600 billion."

Rohatyn defended the role and the activity of the banks, and blamed government policy in the 1980s as the chief cause of the debt explosion. "Bush blames the banks because the truth is unpopular, while hitting the banks is popular," Rohatyn commented. He also suggested copying President Hoover's proposal for the "Reconstruction Finance Corporation"

of the 1930s.

Asked if he fears for the future of democracy in a situation of depression, Rohatyn answered: "There is a risk. Democracy functions only in a situation of growth, because it helps the development and the distribution of resources. But if the political system must only deal with hardships and sacrifices, the situation in the long run becomes unsustainable. I do not say that we are going to have fascism in America, but other democracies are not so solid. Anyway, in our future we could have a David Duke without a Nazi past."

Scandinavia

Interest rates go up 6% in Sweden

The Swedish central bank raised the interest rate it charges banks by 6% to 17.5% Dec. 5, in an effort to stop the flood of capital fleeing the country, the London *Financial Times* reported Dec. 4. Some 26 billion Swedish krona (\$4.4 billion) were pulled out of the country during the last half of November, triggered by Finland's Nov. 15 devaluation of the markka by 12.3%. The Swedish central bank has reportedly spent nearly 25% of its reserves defending the krona over two weeks.

The bank and government said the big rate hike, the largest one-day rise in recent history, was needed to reassure the outside world that Sweden had no intention of devaluing its currency like neighboring Finland.

"We want to demonstrate forcefully that the exchange rate is fixed," Central Bank governor Bengt Dennis told a news conference. "Our experience from the 1980s is that these big interest rate increases do not remain in force for very long," he said.

Prime Minister Carl Bildt said: "We have been infected by Finland, but we have not got the disease." He said the rate hike was "a tough measure at a tough time to make a tough policy possible—but there's no other way."

After Finnish short-term interest rates had risen to 30%, Finland was forced to float its currency, the Markka, on Nov. 14 amidst a hemorrhage of capital. A 13% devaluation followed. By Nov. 26, the domino effect of the Finnish move had hit Sweden, which raised interest rates by 1% to defend the krona.

Briefly

'Free Market'

Russian VP attacks Yeltsin's austerity

Aleksandr V. Ruskoi, vice president of the Russian Republic, has strongly criticized the austerity policies advocated by Russian President Boris Yeltsin. Ruskoi, a retired Soviet Air Force general, said the population would suffer from the steep consumer price increases planned by Yeltsin's reform program. The vice president also attacked the destruction of Russia's military-related industries under the free market austerity, saying these industries are the vanguard of Russian technology and must be protected.

The *New York Times* reported that the military industrial complex accounts for 60% of Russian industrial production. The *Times* said that Ruskoi toured military industries in late November, and described "Yeltsin's team of young economic reformers as 'young boys in pink shorts, red shirts, and yellow boots.' "

The Russian parliament went ahead with plans for an immediate 28% value added tax, and Yeltsin is pressing plans for immediate heavy increases in consumer prices.

The *Times* quoted *Izvestia* saying that "the noise made by the vice president's statements [was] not an accidental episode, but the reflection of an anti-market mood among certain circles" in the Russian government.

Health

CDC panel: TB is out of control

A national panel of experts, convened in Georgia by the federal Centers for Disease Control, has issued an alarming report on the spread of tuberculosis.

The CDC group, chaired by Dr. John B. Bass, Jr., of the University of South Alabama, said that additional money was urgently needed to bring tuberculosis under control. The disease was once nearly eradicated in this country, and authorities had projected its total elimination by the year 2010. Instead, tubercu-

losis is once again on the rise in the United States.

The *New York Times* reported the following points made by the panel:

Drug-resistant strains of TB are spreading in several states, among prison inmates, health-care workers, and others. The extent of the drug-resistant strain's spread is unknown, however, because the CDC surveillance program ran out of funds and was closed down in 1986!

Several "unexpected" factors are contributing to the problem, including increases in drug-abuse, homelessness, and poverty; inadequate prevention programs among immigrants and refugees; and deterioration of America's health services.

Treating a drug-resistant tuberculosis case typically costs about \$180,000, which is 10-15 times the expense for standard therapy, and requires up to 18 months of supervised care.

Eastern Europe

Polish economist attacks IMF

Stefan Kurowski of the Catholic University of Lublin attacked the International Monetary Fund in a press conference in Warsaw Dec. 6 for its interference in Polish affairs, the Dec. 7 *Neue Zürcher Zeitung* reported. He charged that the previous talks between the government in Warsaw and the IMF have shown all the characteristics of "a relationship between the inferior and the superior," and that the IMF envoys intervened in such a way that Poland could never have the feeling of being a sovereign state.

Kurowski, who belongs to the Christian Democratic Center party, said that future talks should strictly limit the role of the IMF to discussion of the international Polish balance of payments, and that this has to be an integral aspect of the policy of the new Polish government.

Kurowski's statement was promptly attacked by the Liberal Democratic Congress party of former Prime Minister Jan Bielecki, as endangering the cooperation with the IMF which the Liberals said was indispensable for the success of the economic policy.

● **THE SWEDISH** Air Force will take food to St. Petersburg this winter, Prime Minister Carl Bildt promised the mayor of the Russian city, Anatoli Sobchak, in a meeting in Stockholm Dec. 6. The airlift will begin before Christmas, and involve the transport of 500 tons of bread, canned meat, and other durable food-stuffs, as well as medicines.

● **READING** levels in Great Britain are collapsing, according to a survey conducted by the National Foundation for Education. British 7-year-old school children read at a level six months slower than they did three years ago. A leading educator called the decline "catastrophic" and the NFE calls it "clearly a matter of considerable national importance."

● **THE ALUMINUM** price has fallen below production costs, despite massive cutbacks in production. The price fell below 50¢ a pound (\$1,100 a ton) on the London Metal Exchange in early December. Analysts believe that at such a price, 75% of the western world's smelting capacity is unable to recover operating costs.

● **MANDATORY TESTING** for AIDS was supported by 83% of those polled in Germany. Of 24,719 people asked their opinion on the matter by the daily *Bild*, most thought everyone should be tested.

● **INDONESIAN** health officials have quarantined the first two prostitutes found to have AIDS, the French press agency AFP reports. A team of the national AIDS committee took the two prostitutes from the Bangun-sari red-light district in the East Java city of Surabaya and brought them to Jakarta for quarantine.

● **23.7 MILLION** Americans applied for food stamps in November, almost one in ten Americans, according to Agriculture Department figures.

Zepp-LaRouche: A moral basis for grand strategy

This speech was delivered by Helga Zepp-LaRouche, founder of the Schiller Institute, to the institute's conference in Berlin on Nov. 22. The conference drew more than 300 people from 31 nations, to address the issues of world peace, national sovereignty, economic recovery, and Lyndon LaRouche's plan for a "Productive Triangle" of high-technology development in Europe. Mrs. LaRouche's speech has been translated from the German.

The world finds itself at this time in extraordinary danger. We are living through the second war this year, and it is hard to decide which is more frightful: the unimaginable brutality with which the defenseless civilian population of Croatia has been treated, or the gruesome moral indifference with which Europe has reacted to this war.

It is today more clear than ever, that a change in politics on a global scale is necessary, if there is not to be an explosion of more regional hot spots which will lead, sooner or later, to a world conflagration. It is the aim of this conference to discuss this concept and to help unify those forces upon whose intervention a change in policy will depend.

Concretely, what is at issue is the following: the perspective for a joint Eurasian infrastructure program and the so-called Paris-Berlin-Vienna Productive Triangle, as a locomotive for the world economy to link up with the beginning of a True Fourth Development Decade for the nations of the developing sector. It is much more than just building a few railroads; it is a question of a program for the reconstruction of the world economy, which finds itself—with the exception of a very few countries—in a deep depression. If we wish to prevent a new world war from developing out of this depression, then we must implement, beforehand, the reconstruction that last time was not put into motion until after the war—and do so as an active war-avoidance strategy.

We must defeat the depression, for it is the depression that exacerbates all the historic, ethnic, and social problems,

as is made clear by the case of the former Yugoslavia. What would happen to world peace, if the war in the former Yugoslavia were to spread to become a general Balkan war? And what if, at the same time, the so-called peace conference in the Near East fails, and a war breaks out in the Near East, added to a Balkan war, and on top of that, the Caucasus explodes? The worldwide spread of guerrilla wars would not be stoppable, and a full-scale war, in spite of the Soviet Union's having been dissolved, would not be excluded.

Black Africa is being depopulated by hunger and epidemics, especially by AIDS, because people's immune systems have been weakened by undernourishment. Not very much different is the destiny of the greater part of Asia and Latin America. Do we really think that we can look with indifference upon the holocaust of entire continents in the southern hemisphere, without this catastrophe's redounding upon us? There are already today, in certain parts of New York and other large American cities, levels of poverty comparable to that of the so-called Third World, HIV infection rates of up to 25%, and new epidemics breaking out, such as a new kind of tuberculosis.

Do we in western Europe really think that we might be an island of happiness, and build a wall around our standard of living, while, more and more, we take from the rest of the world, by "shock therapy," by the Polish model and conditionalities, their means of subsistence?

No, I venture to predict that a continuation of the current monetary policy of the International Monetary Fund, of the World Bank, and GATT toward the developing countries, and the states of eastern Europe, will lead to a destruction of mankind without precedent in history, and we shall have to deal not with hundreds of thousands of refugees, but with hundreds of millions. And if anyone believes that the problem of refugees might be solved with military means, like in the Bari case [where Italian Foreign Minister Gianni De Michelis sent Albanian refugees back to Albania at gunpoint—

ed.], he or she had better realize that this should mean the moral bankruptcy of our western civilization.

The tide has begun to turn

No one any longer doubts the bankruptcy of the communist economic system. The truth, however, is that the Anglo-American system, the so-called free-market economy, is no less bankrupt, nor is there any way to hold it together. Debt crises, budget deficits, savings and loan and banking crises, real estate collapse, decline of industrial production—these are the characteristics of the depression in the United States. Even if it turns out to be possible to mitigate the effects of the Nov. 15 stock market collapse on Wall Street, by using all kinds of computer tricks, still the market insiders are all agreed that the American economy and financial system will continue their slide downward in the coming months.

In the meantime, George Bush, fearing for his re-election chances, is trying to erase the impression that he might have gotten into a panic, which even prodded the conservative *Neue Zürcher Zeitung* to comment that Bush seems to be acting like a chicken without a head, and that his presidency reminds one of Jimmy Carter's. Indeed, the tide has begun to turn.

Only when one keeps in mind the arrogance of power, is it possible to understand how the financial interests behind the IMF, World Bank, and GATT can keep on thinking, in the face of the desolate situation in the world economy, the depression in the Anglo-American domain, the imminent collapse of the financial markets, that they are the gods of Olympus and are in control of "the game," as they call it.

But there is a higher power and a higher authority, which will assert itself, which can only be recognized on the level of reason and not on the level of greed. It is just not possible to keep destroying the basis for the subsistence of many millions of people, in the process breaking the laws of the universe, and expect that this will not redound upon those breaking the law.

A return to 'physical economy'

The Bretton Woods system, which from the beginning was based on neocolonialism and usury, is bankrupt, and must be replaced by a new economic and financial system.

What we propose, therefore, is a return to the economic system that has always been the basis, anywhere in the world, whenever there has occurred a successful industrial revolution, or a victory over an economic crisis. This is the system of physical economy, as developed by Leibniz through Colbert, the Cameralists, Alexander Hamilton, Friedrich List, and Abraham Lincoln—what List called the "American System." It is the concept of dirigism oriented to real production, where the state provides the framework which takes as its first premise the need for developing a productive *Mittelstand* [small and medium entrepreneurs] in industry and farming.

We propose a joint Eurasian integrated infrastructure pro-



Chris Lewis

Helga Zepp-LaRouche speaks with South Carolina State Sen. Theo Mitchell, at the Schiller Institute's conference in Berlin.

gram, starting with the Paris-Berlin-Vienna Productive Triangle, which will be connected through high-speed rail systems, and which comprises the region of the world where, on the basis of readily available industrial and labor-power capacity, the most rapid rates of growth are possible, and hence will have a locomotive effect upon the world economy. From the Productive Triangle will proceed development corridors from Berlin through Warsaw, the Baltics, St. Petersburg; another through Moscow to the east; another through Kiev up to North, South, and Southwest Asia. At the same time, we shall begin the infrastructural projects now on the drawing boards for Africa, the Near and Middle East, and Latin America.

The coming winter in Russia

Over the last few weeks, in the face of the immediately threatening winter of starvation in the Russian Federation, the argument has often been put forward, that we should first concern ourselves with the short-term problem, and get through this winter, and then turn to the admittedly wonderful ideas of the infrastructure program, important for the medium term. In that argument is expressed a lack of understanding of the function of infrastructure. Without the development of infrastructure, there will be absolutely no economic or agricultural development.

When one considers the collapse of the Soviet system, it becomes clear that this collapse essentially occurred for lack of infrastructure. It was admittedly also a failure in production, but more important was the lack of efficient infrastructure, the so-called bottlenecks. Infrastructural investment is

hence not merely one possible investment to make among many; rather, it is the absolutely necessary precondition, without which all other investment will not work.

If this infrastructure program is conceived as a joint European project, then through this perspective of joint economic development, a level of reason is established, which is necessary for political stabilization. If all the nations involved, and all the ethnic groups, have a justified hope for the speedy improvement of their standard of living, then that creates a common interest, and provides the basis for overcoming the

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existing conflicts.

To achieve such a program, a supranational government is not necessary, i.e., something similar to the former Soviet Union; what is necessary, is cooperation among sovereign states, which in the meantime will have sovereign monetary systems. The governments of these sovereign states will regulate among one another each one's essential portion of financing for the project.

It is precisely under such conditions as the present world depression, that it is proven that one of the two existing methods for financial credit creation will not work, namely the Keynesian mechanism for creating credit by means of a private banking system. Some countries are tottering on the brink of inflationary collapse, others on the edge of the abyss of global, deflationary credit contraction. Thus, for the first time this century, as reported in a just-published study by the Bank for International Settlements, the amount of international credit granted shrank in two successive quarters, by the considerable sum of \$219 billion. In the second quarter, credit granted to eastern Europe and the former Soviet Union declined by \$3.1 billion.

The American System

The best method by far, which was once known as "the American System," is based upon the creation of new money by the issuance of Treasury notes, or notes issued by the national bank. This creation of new credit by the national bank's issuance of Treasury notes, is not understood today by most people. The automatic reaction is: "But isn't that inflationary!"

The new notes, however, shall not be issued as current federal debt, but rather as a capital account. The new Treasury notes shall come into circulation via channels in the national bank, for example, in making loans to local private banks for investment in real goods production and productive capital outlays, in this case, to all the firms and enterprises involved in all the parts of the infrastructure program.

The mass of credit creation, which gets into circulation through such channels, is subject to the following criteria. It is limited by the demand for credit for new productive capacity, technological improvement, the unblocking of the flow of industrial capital, and the needs of the creditworthy borrower. Every increase of new credit creation replenishes the capital of the private banks, which also participate in making the loans. New credit only comes into circulation, when real wealth is newly produced, which gives security for this extension of credit. The real wealth, which originates at the hands of the creditworthy entrepreneur, thus provides the security for the loans.

Hence, this form of credit creation is not inflationary. On the contrary, two essential cost factors are removed, namely, the costs for supporting the unemployed and the costs arising from the lack of infrastructure, which are enormous. In the former Soviet Union, simply because of lack of agricultural infrastructure, 40% of the harvest was lost.

The credits would also be exclusively for the productive domain, with the aim of increasing the number of people productively employed and the productivity of transportation, energy production, industry, construction, and agriculture. The marginal value of obsolescent productive capacity is not destroyed, as with "shock therapy"; rather it must continue to be used, generating new finance capital that can be invested in modern replacement technologies. With that, it is possible, if necessary, to utilize some multilateral barter arrangements, which will be balanced by the state over a period of time, from two to three years, and thus essentially already becomes a new monetary system.

It can also be pointed out, that the local tax revenues were always higher than the credit originally provided for infrastructure, because of the general effect of cranking up the economy. If the center of gravity of credit creation lies in the domain of scientific and technological progress, then its effect, by means of corresponding increases in national productivity, is deflationary.

Relative potential population density

To determine whether a new technology works or not to increase productivity, there is one clearly measurable parameter. It arises out of LaRouche's concept of relative potential population density. If we order the various agricultural and industrial modes of production in history, according to their possible population density, then the first parameter for economic development and growth is the increase of per capita energy throughput. A second parameter is the energy flux

density of the applied energy sources. The relationship between effective energy and total energy throughput is then the essential factor.

Through continuous technological progress and the concomitant better mastery of the lawfulness of the universe, the energy throughput of the economy increases in an increasing energy flux density, and an increasing energy quotient. This process must be in principle negentropic, and that is how a new technology must be measured.

The emphasis must thus be precisely the opposite of that propounded by the representatives of the so-called free-market economy, who reduce energy throughput, and decrease the so-called expensive jobs in favor of building up cheap production in the developing countries or eastern Europe.

Lessons of the Great Depression

But how is this program to be pushed through? Have we learned anything from the Great Depression of the 1930s, and the consequent World War II, or not? Will we allow the collapse of the Bretton Woods system to lead from depression to world war, as was the case for the Versailles system, or will we realize the existing alternative in time?

The chief characteristic of the Versailles system was the indebtedness toward the United States of the Allies, above all Great Britain and France, for which the reparation payments of Germany were the guarantee. The absurdity of this system lay in the fact that the level of payments was so calculated, that Germany could never produce enough to make them.

Since in any case between 1919 and 1922 about 10% of the income of the population was allocated for reparations, either in money or in kind, the government was not in a position to skim off still a higher portion of personal income with a tax considered unjust by the population. When Hilferding then sought, in 1922-23, to bridge the discrepancy between reparation payments and government costs, with the help of running the money-printing presses, hyperinflation resulted. The creation of money was done for a completely different aim, not with a look forward to future production, but rather to cover current costs.

The Versailles Treaty took as a premise that Germany alone bore the guilt for World War I. What was the real dynamic that brought about world war? Why did the England of King Edward declare war on Germany? Why did the U.S.A. enter the war on the side of England?

In essence, the reason lay in England's fear that the Eurasian development perspective—as expressed, among other things, by the railway project from Paris to Vladivostok—might become a dominating tendency. They feared that the cooperation between the France of Hanotaux, Germany industry, and the Russia of Count Witte (whose thinking was in the tradition of Friedrich List), might lead to an agro-industrial bloc in the northern part of the "Eurasian heartland," that this would continue to grow economically, and

would finally come to dominate the entire world.

England was terrorized by the thought that this would signify the end of the British system of usury, which was the trademark of the British imperial system, whose essence has been sufficiently described by the grandfathers of the free-market economy, such as Adam Smith, but also Hobbes, Locke, and Malthus.

The British Empire represented in its purest form the thinking of the oligarchical faction, which always has seen

The real reason for World War I lay in England's fear that the Eurasian development perspective—as expressed, among other things, by the railway project from Paris to Vladivostok—might become a dominant tendency. England feared that this would signify the end of the British system of usury, which was the trademark of the British imperial system.

the development of agriculture and industry as the chief threat to their system, because it is premised upon educating the population. If one educates the population, then that is the end of the oligarchical system; that is how they calculated. England had already, at the time of Leibniz, a deep mistrust of "continental science," but the industrial revolution of the 19th century raised this to panic levels.

Had Germany been allowed, after the First World War, to invest capital in agro-industrial development, then it should have been able to manage the reparations payments. But England had waged the war precisely to stop scientific and technological progress in Germany, and hence was not about to allow it after the war. The Versailles system—based upon an early sort of Morgenthau plan for Germany, a policy of deindustrialization—on the one hand destroyed the capacity to pay the debt, while at the same time demanding gigantic sums, and hence, in the final analysis, this Versailles system was based upon a mythology.

On the American side, the establishment of the Federal Reserve System, clearly contrary to the American Constitution, meant that the Americans had swallowed the British monetarist influence that had begun to penetrate the United States with the Specie Resumption Act of 1870. The Constitution says in Article 1, Section 8, Paragraph 5: "The Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights

and measures." The Specie Resumption Act, comparable to the Gramm-Rudman amendment, forced the U.S.A. to provide gold backing for its currency. Since England had a monopoly on monetary gold, the American currency could be manipulated by the Bank of England. Even though there was expansion of agriculture and industry in the United States in the last quarter of the 19th and the beginning of the 20th century, the country still found itself, because of the looting process set into motion by the Specie Resumption Act, in an uninterrupted social crisis.

Since Teddy Roosevelt, anti-German, pro-British influence won the day, and the American economy was allowed to expand by means of the Federal Reserve System during the First World War, in order to be able to help England and France against Germany. Instead of maintaining this expansion at the end of the First World War, the United States switched to a policy of contraction, which then promptly brought about the Great Depression of the postwar period.

There still was, during the 1920s, some speculative growth, and some income gained from that—a kind of 1920s "yuppie" phenomenon—but in 1924-26, the contraction process began in earnest in the United States at the same time as in Germany, so that all that was accumulated was a great mass of speculative titles, based on debts which, under these circumstances, could never be repaid.

And then Brüning's deflationary policies were a kind of "shock therapy" for the beleaguered German economy. This was done just at a point when the collapsing world markets meant hardly any market at all for the export of German goods, from whose sale the debts might have been paid. The emergency measures encouraged by foreign bankers were supposed to, by shrinking total national income, by decreasing wages, decreasing social expenditures, and levying crisis taxes, eke out the margin necessary to maintain debt payments.

Now there is a debate in the literature about the Great

Depression in the 1930s: Did Brüning have some room to maneuver, or was he completely hemmed in? Thus K. Borchardt writes: "All in all, we have here a fundamental question: Did those governing the country really lack insight, were they so inept that they must bear the burden of guilt for the terrible things that happened, or were there not still other reasons, which we must attribute to the objective world, not at the time under the control of the government?"

If that had been the case, writes Carl Ludwig Holtfrerich, then the government and politicians were merely "the *front men* for specific policies determined by other social forces, and they merely had the choice of adapting their own political program to the purpose set by those other social forces, whoever they might be—associations, parties, economic forces, etc.—and with that, gain a chance for improving their position, or maintaining their position; or publicly representing their own political convictions, even contrary to the dominant social forces, with the consequence of being kept out of, or being removed from, power."

The fact is, that at the time, because of the still fresh memory of the great inflation of 1923, there was a mistrust of any policy that would increase credit. However, it would have been a simple matter to explain the fundamental difference between the creation of credit for the purpose of paying debt and covering current expenses of the government—hence inflationary—and the creation of money oriented to future production, and hence covered by a corresponding real wealth.

Only after the bank crisis of July 1931, did economic alternatives to Brüning's deflationary policy play any role. Holtfrerich concludes that Brüning too might have been able to garner the political support for these alternatives, had he put in the same amount of political energy as he expended on promoting his deflationary policy.

Among these alternatives, was a proposal by Ernst Wa-



Gen. Paul-Albert Scherer
(ret.)



Prof. Dr. S. Ryabchenko



Edita Tahiri



Dr. Tibor Kovats

gemann, then president of the Government Statistics Bureau; one by the secretary of state, Hans Schaeffer; and one by the industrialist, Drager; all of which—though in watered-down form—belong in the tradition of List and the American System.

But Brüning wished to reduce social expenditures, and thus found Ernst Wagemann's plan inconvenient. He complained that he had the greatest difficulties with the reform of social security, from the time it had come into existence. This threatened the direction in which his policies tended, and this direction was to strive for "reducing the cost of production for the producer"—which in a fatal way reminds us of a certain economics minister who today speaks of axing "expensive jobs."

Too late, this debate brought things to the point that a change was made in financial policy and money was made available, which led to the initial successes of the Nazis. No thanks to them, however, but to the men cited above, who had copied aspects of the American System, the idea of financing, by means of state credit, the way out of the depression.

So I close with the words of Holtfrerich: "It is thus a question of learning from experience. Wisdom after the fact may be cheap, but it is a lot better than persisting in error. The dumbest thing, surely, is to purposely forget what one has experienced."

If, instead of this, we return to tried and tested concepts, which have always lain at the basis of economic prosperity, and we respect the justified aspirations of the people of the East and the South for a life to be lived in dignity worthy of human beings, then a reorganization of the bankrupt, beyond-rescue Bretton Woods system, will be relatively simple.

It is my deepest conviction that we might only overcome this world crisis, if we bring the economic order into harmony with mankind's inalienable rights, ours by natural law, everywhere in the world.



Guntis Vilcans



Ni Yuxian

Speakers at the Berlin conference

The following people spoke at the Schiller Institute's conference, Nov. 22-23. Affiliations are for identification purposes only.

Dr. Kofi N. Awoonor, chairman, Group of 77; ambassador of Ghana to the U.N. (unable to attend personally, sent a message that was read at the conference). Full text in *EIR*, Dec. 6.

Hike Babookhanyan, Union of Constitutional Rights of Armenia, "Armenia needs the creation of new, just orders in the world."

Dr. Eva-Maria Barki, board member, Austrian-Croatian Society, Vienna, Austria, spoke on the genocide that is being committed against the people of Croatia.

Prof. Dr. V. Beletsky, director, Sovintercontact, Moscow, Russia, "Russia faces a hunger emergency."

Carlos Calderón Carvajal, Member of Congress, Lima, Peru, "Peru must fight to resist the IMF's 'savage capitalism.'" Full text in *EIR*, Dec. 13, 1991.

Sandor Cseh, Member of Parliament, Budapest, Hungary, "If we can solve our economic problems, we can achieve peace."

William Engdahl, European economics editor, *EIR*, Germany, "The illusions of 'free-market' magic."

Prof. Dr. A. Filipenko, Economics Department, University of Kiev, Ukraine, "Economic unity of the world on the eve of the third millennium."

Dr. Marian Gruchelski, economic adviser, Farmer Solidarity, Warsaw, Poland, "Polish shock therapy does not



Dr. Eva-Maria Barki



Dr. T. Nikolov

work" (unable to attend personally, his speech was read at the conference).

Frank Hahn, Schiller Institute, Hanover, Germany, "Productive credit creation."

Elisabeth Hellenbroich, editor-in-chief, *Ibykus* magazine, Germany, "For a cultural renaissance in Europe."

Dr. Sarzamin Kaimur, former president, Central Bank of Afghanistan, Munich, Germany, "Afghanistan's contribution to the demise of communism."

Dr. Tibor Kovats, board member, Association of Hungarian Political Prisoners, Budapest, Hungary, "The Balkan war can become a world war."

Lyndon H. LaRouche, Jr., Democrat for President, U.S.A. (unable to attend personally, his speech was read at the conference). Full text in *EIR*, Dec. 6, 1991.

Helga Zepp-LaRouche, chairman, Schiller Institute, Germany.

Dmitri Leonov, Memorial Society, Moscow, Russia, "The activities of the Memorial Society."

Walter G. Merz, manager, Lübeck-Gdansk Coastal Highway Project, Germany, described the infrastructure project on which he is engaged, at the request of the former Polish construction minister.

Sen. Theo W. Mitchell, state senator, South Carolina, U.S.A., spoke on the crisis in the United States and the role of the LaRouche movement in solving it. Full text in *EIR*, Dec. 13, 1991.

Prof. Dr. Taraz Muranivsky, University of Moscow, Russia, "Infrastructural development key to a durable solution."

Ni Yuxian, first vice chairman and chief secretary, Chinese Liberal Democratic Party, U.S.A., "The future of communism in China."

Dr. T. Nikolov, Institute of World Economy, Sofia, Bulgaria, "Is it possible to go in one leap from a command economy to a market economy, by means of 'shock therapy'?"

Pham Con Huang, Organization of Vietnamese Refugees, Bremen, Germany, "Vietnam: How long will the communists remain in power?"

Prof. Dr. S. Ryabchenko, chairman, State Committee on Science and Technology, Ukraine, "The present state and development prospects of the scientific and technical potential of Ukraine."

Gen. Paul-Albert Scherer (ret.), Germany, spoke on the need for European leadership to make sure that the breakup of the Soviet empire does not lead to a new danger for world peace.

Prof. V. Sikora, president, Ukrainian Association of Social and Economic Research, Kiev, Ukraine, "Without immediate economic development, the Soviet republics face chaos."

Dennis Small, Ibero-American editor, *EIR*, U.S.A., spoke on the theme of why Lyndon LaRouche was sent to prison: his clash with Henry Kissinger over IMF policy.

Dr. Lojze Socan, head of Representative Office of Slov-

enia in Brussels, Belgium, "It is necessary to isolate, politically and diplomatically, the putschist government in Belgrade."

Yolande Tabak-Raibaldi, president, French-Croatian Society, Paris, France, "Who will save Croatia?" (unable to attend personally, her speech was read at the conference).

Edita Tahiri, Member of Presidency, Democratic League of Kosovo, "The cause of the Albanians in Yugoslavia."

Dr. Jonathan Tennenbaum, co-author, *Ein Wirtschaftswunder für Osteuropa*, Germany, explained Lyndon LaRouche's plan for a Productive Triangle.

Rosa Tennenbaum, chairman, European Agricultural Commission, Schiller Institute, Germany, "Food for Peace."

Guntis Vilcans, vice-chairman, Foreign Affairs Commission, Citizens' Congress of Latvia, Riga, Latvia, "The de-occupation of Latvia must be completed."

Ni Yuxian

The struggle for freedom in China

Mr. Ni, a longtime fighter for democracy in the People's Republic of China, is vice chairman of the U.S.-based Liberal Democratic Party, the only Chinese party that advocates the overthrow of the Communist Party (CP). EIR on Oct. 25, 1991 published an open letter that he wrote to the Beijing leaders during a clandestine tour of the P.R.C. The following is excerpted from his speech to the Schiller Institute's Berlin conference.

I come from China, the final battleground of communism. The population in China is over 1.1 billion, about one-fifth of the whole world's population. So the condition of human rights in China represents a large part of the condition of this world.

For the past 40 years, the world outside China has not paid enough attention to human rights conditions and life in China, because the regime is a special one. The CP regime uses feudal means of control to suppress the opinions of the people. Therefore, foreigners have difficulty understanding the system. If you are only a traveler, you may even find some good aspects. But the CP system is an extremely brutal and violent system; it could be the worst in Chinese history.

I think I am a good example. I was in a CP jail several times. The last time, I barely escaped the death penalty. To have the chance to come here to give a speech, is a miracle in itself. . . .

We know that the difference between men and animals is that people desire freedom. But the CP violently, brutally takes this freedom away from the people, to a degree that is not comparable to any dictator in another country. In the past 40 years of dictatorship in China, at least 30 to 40 million people were murdered. The world has witnessed the events in Tiananmen Square, witnessed how the CP shoots its own students and people. What was revealed and exposed to the outside world, however, is only a part of the brutality. . . .

During the past 40 years, the CP mobilized several movements, and every one would end with massive killings. Mao's method took 5% of the whole population, and killed them. Why would they do so? They didn't really care who or how to kill. This is the way to keep themselves in power. A woman CP member was killed brutally during the Cultural Revolution just because she said something that attacked the purge of Liu Shaoqi, the late President of the Republic. She was faithful to the communist system and very loyal to the party. Her name was Zhang Zhixing. When she was killed, her tongue was cut off to prevent her from speaking the truth. This kind of killing happened in many places. Another example: In Shanghai, where I came from, a person was killed simply because he sang a song with his foot in the wrong position. . . .

I was in jail three times. Besides the torture and killings of prisoners, I can give another example. I was in jail for two years, during which time I was not able to sleep with my legs bent—I had to sleep in a straight line, like a sardine. My only hope at that time was to sleep normally, with a little freedom of my body, so that my hand could reach out and bend. I have a real impression and experience of what a CP prison is. I deeply realize what freedom is: It includes the freedom to breathe fresh air, to be able to assume a sitting position.

All these experiences have taught me what the so-called dictatorship of the proletariat is.

Destruction of the personality

Now people are talking about the bad impact of communism on economics, culture, and education. But I think the basic and essential impact of the communist system is the destruction of people's personalities. The worst part of this dictatorship is that it prevents people from living like human beings, makes them live like animals. It makes a man into a machine, as they would call it, the screw of the revolutionary machine. It makes a man into a screw. This makes the situation very complicated in China. The basic character of human beings, that humans can think, is taken away. That has several results. It makes Chinese intellectuals and thinkers unable to think. Most of them are not able to think about ideas and to observe things independently. They cannot tell truth from falsehood.

First, it takes several rounds of jailing and killing not to allow people to think and talk. People have to express their ideas in order to think, and they were killed for doing so.

Second, from not being allowed to think, people were so terrorized that they no longer *dared* to think. Third, people who are not allowed to think, gradually lose the *ability* to think. But this is not even the most terrible thing. The most terrible thing is that when they see someone who is still able to think, they try to *stop* them. If someone feels that another person is different from himself, he goes to the Party to report that that person can think, he is a "counterrevolutionary."

I attended several events at which prisoners were killed. They brought me there in order to horrify me. I saw how thousands of those spectators thought, and what they thought was very horrible. *They did not have any sympathy with those being killed.* What they thought was that those people *should* be killed, because the affairs of a nation or a society are not matters that those people should think about. Such matters can only be thought about by Mao and Deng.

After a long time, common Chinese people and intellectuals lost the ability to think at all. . . . That is how the dictatorship of the Communist Party destroyed humanity in China. I believe that because this system violated natural law, it should be overthrown.

The democracy movement

Now I would like to make some remarks about the Chinese pro-democratic movement. After the June 4th events [at Tiananmen Square in 1989], many democratic organizations emerged. But the situation is complicated.

Basically there are two kinds of ideas. Some people came directly from inside the CP. They were purged, because they had different opinions than Deng Xiaoping. . . . They only request that the CP compromise to a certain degree, or make some revisions. So we call them revisionists. They think that the CP could change by itself. But I think that this is not possible. . . .

The other line is those, like us, who believe that the CP system is essentially against natural law. We established a party named the Liberal Democratic Party. We are a small party, but growing.

I request that the international community pay more attention to Chinese human rights. This is a great problem, which has been neglected for a long time by the international community. It is 100 times worse than in Russia. Yesterday I talked with a friend from Russia, who said that in Russia, there are about 800 political dissidents in jail. But those in Chinese jails are countless. . . . My Russian friend said that the Russian people will have difficulty surviving this winter. I believe that if the democratic movement is not sustained in Russia, the Chinese CP will be encouraged. They will tell the Chinese people, "See! The democratic system does not work, the Russians failed." So I want to ask the international community to support the Russians in real terms, so that the Russian people can survive, and defeat any resurgence of the Russian CP. Only by doing so, can we have confidence in a bright future for the Chinese democratic movement.

Virginia: a case study in judicial barbarism

by Anita Gallagher and Paul Gallagher

The Commonwealth of Virginia has a double history. It produced many of the Founding Fathers of the United States of America, including George Washington, the first President. Yet in 1861-65 it was the capital of the Confederacy, the British-manipulated slave state deployed to destroy the American Republic. Today, Virginia is playing a leading role in the descent of the United States into judicial barbarism. The purpose of this report is to throw the spotlight of world opinion on Virginia and thus to force the reversal of its despicable practices.

This exposure is strategically timely. Ever since the Carter administration, the United States government has used the United Nations and the Anglo-American “human rights” groups to target and attack countries—from South Korea and the Philippines, to Kenya and Brazil—when U.S. administrations wanted to change those countries’ governments or make them change their policies. Now the United States is demanding, as a condition of recognizing Ukraine, “assurances” about human rights “threats” in that country, where no observer—and there have been many—has reported finding any. These major international human rights groups—most flagrantly, Amnesty International—have studiously avoided “seeing” human rights violations in the United States and Great Britain, which are their sponsors.

Meanwhile, the American prison system, and in fact the entire American judicial system, has become the largest gulag in the free world. During the 1980s, as the country sank into economic and industrial depression, \$40 billion was spent on building new prisons, and the number of Americans in prison nearly doubled to more than 1 million. The *proportion* of the American population in prison rose, during the 1980s, from less than 300 for every 100,000 people to 426, higher than any other nation. Among black male Americans, a staggering 3,109 out of every 100,000 are imprisoned.

The government has introduced, first at the Marion, Illinois federal prison, and now in many federal and state prisons, the practice of keeping some prisoners



This armored personnel carrier housed in Leesburg, Virginia, was used when 400 federal and state police raided the offices of companies associated with LaRouche in October 1986. Virginia Attorney General Mary Sue Terry (inset) sits at the center of Virginia police state justice, and boasts in campaign literature of her role in "getting LaRouche."

"locked down" 24 hours a day in small solitary confinement cells for weeks and even months at a time, sometimes also handcuffed or chained in the cell; this is to prevent riots as the prison population spirals upwards. This practice, like that of the hostage-holding terrorist groups in Lebanon who chained their prisoners to the walls of small cells, directly violates United Nations conventions on the treatment of prisoners, which the United States has signed, and even led in drafting.

In the United States in 1991, members of Congress argue at the top of their voices: Should police merely be allowed to conduct searches with illegal or improper warrants, and use the evidence in court—as the U.S. Supreme Court has allowed them to do? Or should they also be allowed to conduct searches without *any* warrants, and use the evidence to convict and imprison—as some versions of the new Omnibus Crime Bill would allow them to do? A police search without a warrant is conducted by police who have not even convinced a judge they have a *probable cause* to look for criminal activity. A nation that allows such searches is a nation far along on the road to a police state.

The Commonwealth of Virginia takes the lead

Virginia's crucial role in this national disgrace became evident when its Eastern Virginia federal court district—known nationally among lawyers as the "rocket docket," the fastest legal railroad in the country—and its state courts, began carrying out the unjust convictions of Lyndon

LaRouche and his associates in 1988, while attempts to prosecute the LaRouche movement on similar, politically concocted false charges have failed in other states and federal courts all over the country.

The Virginia judicial system combines a brutal commitment to capital punishment and the elimination of *habeas corpus* appeals against it no matter how compelling the circumstances; legislative appointment of all judges by a legislature controlled by the same political party for 100 years; massively disproportional imprisonment of blacks; seeking the death penalty for the mentally retarded and for minors; and the selective use of law to target and prosecute political opponents. It adds the rare and arbitrary practice of sentencing by the jury in *all* jury trials. The severity of this practice has virtually eliminated the jury trial in the state (see box).

European countries have, in the past two years, started to withhold extradition of American prisoners, if they think the defendant would be tried for a capital crime in Virginia.

The history of Virginia justice adds context. The state played a leading role in the 1920s to force the implementation of racial purity laws, sterilization by law of those deemed "defectives," and general practices of Nazi law (see below). Not only long *before*, but even decades *after* Adolf Hitler, Virginia enforced these practices of law.

At the center of the "judicial barbarism" today in Virginia is attorney general and would-be governor Mary Sue Terry. Terry has campaigned for office on "get LaRouche" appeals while prosecuting LaRouche associates, and leads the nation

in rushing those convicted of capital crimes to the electric chair, no matter what doubts have been later cast on their convictions. Three times in the past year, an inmate of Virginia's death row has narrowly escaped execution despite severe and general doubts about his guilt in the first place; Terry has insisted on every "procedural" bar and trick to prevent those doubts from being reviewed in any court. (In the most recent case, even three justices of the United States Supreme Court, itself increasingly abandoning the U.S. Constitution's protections of defendants, nonetheless issued a warning statement citing the strong possibility that the prisoner awaiting execution is innocent.)

LaRouche case is the 'marker'

LaRouche's comment on his own case, observing from prison his appeals in 1989, was that if the fixed and contrived verdicts against him were upheld by the federal appeals courts and the Supreme Court, that action would confirm the shift of the U.S. judiciary toward imposition of police-state law on the American people.

LaRouche's appeal was rejected by the U.S. Supreme Court. Since then, the Court has made rapid and willful moves to drastically reduce the protections, *for both those engaged in political expression of opposition and those charged with crimes*, of all amendments of the Bill of Rights and of the Fourteenth Amendment provisions of due process of law.

Seven Supreme Court rulings in that time have shredded the constitutional rights of defendants, of people who are only "suspects," and of prisoners. The constant invocations of the "war on drugs" to justify these attacks on the Bill of Rights, are sick ironies, since no amount of statistical juggling can hide the fact that the U.S. narcotics trade is bigger and more successful than ever.

- In a series of cases over 1990 and 1991, the Court ruled that police could use evidence seized with an improper search warrant in court, if they "acted in good faith," and in some circumstances they can use evidence seized without any warrant, if a passenger on a train or bus "agreed" to the search at the time!

- In two 1991 cases, *Michigan v. Harvey* and *Arizona v. Fulminante*, the Court ruled that a "confession" obtained by force or coercion in a police station or jail, or from a defendant without counsel, could be used in court. Such "confessions," the hallmark of a police state throughout modern history, are at the center of many murder cases, including two in Virginia that have been spectacularly and mercifully overturned.

- In *Mu'Min v. Virginia*, the Court upheld the Commonwealth of Virginia and Mary Sue Terry, and ruled that jurors overtly and admittedly prejudiced against the defendant (from "trial by press" in advance) could be seated to judge that defendant: All jurors have to do is *to state* that they can put their prejudice aside in reaching a verdict.

- In the 1989 case *Caplin and Drysdale v. United States*,

the Court allowed the seizure, before trial, of the assets of defendants facing Racketeering-Influenced and Corrupt Organizations (RICO) trials, or the accounts of lawyers retained to defend them, effectively wiping out the right of counsel in RICO prosecutions, the favorite means of prosecutors for targeting political opponents and elected officials for "corruption."

- In the 1991 case *Harmelin v. Michigan*, the Court upheld imprisonment for life without parole, after a conviction which involved a first offense—the possession of 1.5 pounds of cocaine. Drug money-laundering bankers have yet to fear such penalties.

- In *Coleman v. Thompson*, the Court agreed that death row prisoners could be denied *habeas corpus* appeals for simple mistakes and delays by their lawyers in following regulations; and in *Murray v. Giarratano*, that the prisoner enjoyed no constitutional right of *effective counsel* after his first round of appeals. Attorney General Mary Sue Terry and Virginia were involved in seeking both these decisions. In *McCleskey v. Zant*, the Court said that a prisoner could not have a second *habeas corpus* hearing, even if important new evidence were discovered after the first one. McCleskey was electrocuted without the new evidence being heard.

- In the *Wilson v. Seiter* case in 1991, the Court denied the right of prisoners to bring legal actions against *any* prison conditions of overcrowding, lack of medical care, or related abuses, unless they can prove the impossible—that prison officials are maintaining these conditions simply because they want to, and not for budgetary, regulatory, etc., reasons. The prosecutors of many of these prisoners did not have to prove any such "intent" in order to get their convictions.

Many of these rulings by the Supreme Court have been well publicized. Others have not. For example, one which directly involved and targeted the LaRouche movement, was the 1990 *United States v. Kokinda* decision, which ruled that the sidewalks in front of post offices were no longer areas in which members of the public could freely petition their fellow citizens and ask both political and financial support for a cause. Marsha Kokinda, whose arrest led to the decision, is an activist of LaRouche's movement; the decision so clearly targeted LaRouche that Justice Harry Blackmun asked the U.S. Solicitor General's representative arguing on the government's behalf, "You wouldn't be here if this was the Salvation Army, would you? This involves the LaRouche people."

LaRouche was right: The denial of a fair trial or appeal to him was a marker of judicial barbarism, signaling that it is as easy for prosecutors in this country to "get" their targets as in many police states of past and recent history.

Is anyone safe in Virginia?

If the LaRouche movement can be framed up in such a manner, what about the ordinary citizen in Virginia? And, since the United States Supreme Court has repeatedly ratified and thus nationalized Virginia Supreme Court "justice," is

anyone in the United States safe?

Consider the case of Joseph Roger O'Dell, a Virginia death row inmate, convicted of killing a woman in Virginia Beach in 1985. O'Dell was convicted and sentenced to death on the basis of three pieces of evidence: tire tracks at the scene "similar" to those left by O'Dell's car; bloodstains on his clothing that a technician testified were "consistent with" samples taken from the victim; and the testimony of a fellow inmate, who said that O'Dell had admitted to the murder.

After O'Dell was convicted, a DNA test—the strongest proof there is—proved that the blood on his clothing could not have been the victim's. The informant, whom O'Dell charged had made up evidence to qualify for release, was given probation. Yet, the Virginia Supreme Court refused to hear O'Dell's appeal because his lawyers filed a "Notice," rather than a "Petition" for Appeal.

Initially, Virginia Attorney General Mary Sue Terry's representative said that he would not oppose O'Dell's substituting the correct piece of paper. But, no doubt under pressure from Attorney General Mary Sue Terry, the prosecutor changed his mind and opposed having the case heard.

Where Mary Sue Terry never backed away from executing an innocent man, three justices of the U.S. Supreme Court—Harry Blackmun, John Paul Stevens, and Sandra Day O'Connor—have blinked. On Dec. 2, 1991, Blackmun, Stevens, and O'Connor authored a five-page recommendation to the federal court that will next hear O'Dell's *habeas corpus* petition, that, "Because of the gross injustice that would result if an innocent man were sentenced to death . . . O'Dell's substantial federal claims can, and should, receive careful consideration from the federal court with *habeas corpus* jurisdiction over the case."

The ruling was all the more extraordinary, because last year, a U.S. Supreme Court decision in the Virginia case of Roger Coleman, written by the same Sandra Day O'Connor, endorsed the Virginia Supreme Court's refusal to hear another substantial claim of innocence, because Coleman's lawyer inadvertently filed one day late!

In the mid-1980s, Virginia defendant Michael Smith was convicted and sentenced to death because a statement he made to a psychiatrist was used against him. Smith did not raise the issue in his appeal to the Virginia Supreme Court because Virginia's case law would have precluded success. The U.S. Supreme Court later issued a decision that would have upheld Smith's contention of the illegal use of the statement. Sandra Day O'Connor wrote a decision that acknowledged that the new ruling would mean setting aside Smith's conviction, but ruled that Smith, although facing execution, could not raise the issue, since it had not been raised with the Virginia Supreme Court.

Virginia Supreme Court ranks worst

Virginia's Supreme Court has the worst record in the nation of preventing executions through the process of direct

appeal. On direct appeal, the Virginia Supreme Court has reversed only 9% of all capital convictions, compared to 44% in neighboring North Carolina.

On direct appeal, the Virginia Supreme Court has *never* found that a death sentence was "excessive, disproportionate, or the product of passion, prejudice or other arbitrary factors," on which basis the law requires the sentence be overturned. That is to say, the Virginia Supreme Court has never found those factors present in any case, despite the fact that national statistics show that *40% of all capital defendants in the United States are black, and a preponderance of them are accused of violent crimes against white women*. In Virginia, 21 of the 47 death row inmates are black—45%. A recent national study comparing the race of the victim and the race of the perpetrator, shows that a black defendant convicted of murdering a white person in the U.S. is *four times more likely* to be sentenced to the death penalty than any other racial combination of defendant and victim.

The Virginia Supreme Court is mandated by law to consider *aggravating* factors in death penalty cases—such as the vileness of the murder and future danger to the public—but also *mitigating* ones. Evidence in mitigation cannot be limited in any way, and includes such elements as mental illness, mental retardation, and age of the accused. *National statistics classify 70% of all death row inmates as retarded or borderline retarded*. The Virginia National Association for the Advancement of Colored People, for example, reports that not one death row inmate in Virginia has a high school diploma, and that every one of them is from an impoverished background. Yet, Virginia's Supreme Court shares with Kentucky (originally part of Virginia), the distinction of having *never found any death sentence reversible because of the absence of aggravation or the presence of mitigation*. To paraphrase Will Rogers, the Virginia Supreme Court never met a death sentence it didn't like.

On what has been called "the Great Writ of *habeas corpus*," Virginia's Supreme Court has a *perfect* record of barbarity in capital cases. It is largely this writ (which recent Supreme Court decisions and the draft Omnibus Crime Bill want to limit to one attempt) which has resulted in overturning death sentences in over 40% of all capital cases.

Habeas corpus is the post-conviction proceeding which follows the failure of direct appeal. It is the avenue through which any claim of innocence may be pursued by any prisoner. In Virginia, it seeks a "writ of error" first from the trial court, then the Virginia Supreme Court, whose refusal can, in turn, be appealed to the U.S. Supreme Court. The next step, as in the O'Dell case, is to petition the federal circuit court with jurisdiction.

Though by law it has jurisdiction over every *habeas* petition filed in a capital case, the Virginia Supreme Court has never agreed to review, let alone reverse, a death penalty conviction. The only case in the modern history of Virginia where a trial court lifted the death sentence, although letting

the guilty verdict stand, was that of black death row inmate Jimmy Clark. In that one case, the only one it ever took up, the Virginia Supreme Court pounced on the commutation and reinstated the death penalty.

Besides the Virginia Supreme Court's absymal record on those capital cases it does consider, Virginia's laws *kill* these appeals at higher, federal levels.

The reason is that Virginia is one of a handful of states, including South Carolina, that makes no exceptions for procedural defaults in capital cases. If an attorney fails to object to a ruling at trial (i.e., enter a "contemporaneous objec-

tion"), that material, no matter how obvious or clearly exculpatory, and despite the fact that a verbatim transcript exists, cannot be raised by the defendant in any state or federal appeal, even if it proves his innocence and would save him from execution.

Thus the performance of counsel, always a crucial issue in capital cases, takes on even greater importance in Virginia. Yet Virginia has never had a competence standard for counsel in capital cases, which present an extraordinary degree of difficulty. Frequently, capital cases are handled by lawyers who are raw novices. A competence standard for attorneys

U.N. conventions also torn up

United Nations conventions and treaties on the standards for a fair trial, sanctimoniously promoted and in some cases written by American diplomats, are being violated in the United States. A special Committee on the Administration of Justice of the United Nations Human Rights Commission, consisting basically of an American and a "Soviet" delegate, insists on *the defendant's right to have sufficient time, with counsel, to prepare a defense*. This is regularly violated by the Alexandria, Virginia federal "rocket docket" and other courts.

In the "rocket docket," LaRouche and his codefendants had 37 days from indictment, to obtain counsel and prepare to start trial. Pre-trial motions were summarily dealt with during the same 37 days. The LaRouche case involved potentially millions of documents, and the government had spent years preparing it! The defense lawyers repeatedly protested to the judge that they could not even fully acquaint themselves with the case, let alone prepare to defend it.

The special U.N. body insists that "independence of the judiciary and fairness of trials make unacceptable any interference or attempt to exert pressure by authorities or persons not involved in the case": Judges are to be disinterested, on guard for any and all attempts to influence them, and will immediately make public to all involved any such attempt, sternly rebuking the offending party. Both federal Judge Albert Bryan in Alexandria, and the ADL-corrupted Clifford Weckstein, the Virginia judge who is running the state LaRouche trials, arrogantly violated this requirement for an independent, impartial judge (see below).

One of the foremost American, and now, universal principles of law—the Fifth Amendment prohibition against trying and punishing an individual twice for the same acts—has been rejected and modified by the Supreme Court, despite its clear and plain language

LaRouche's two trials in Boston and Alexandria federal courts violated that clear principle; LaRouche's associate Michael Billington was tried by the state of Virginia for "securities fraud" for exactly the same charges for which he served two and one-half years in federal prison, under the label "mail fraud." Virginia's courts held that the state was a "dual sovereign" to the U.S. government, and therefore could try Billington in what was admitted to be double jeopardy in strict terms.

The same U.N. committee says that "The accused or his lawyer must have the right to act diligently and fearlessly in pursuing all available defenses and the right to challenge the conduct of the case if they believe it to be unfair." Judges in the LaRouche trials in Virginia courts have repeatedly ruled out precisely those defenses they knew the accused would rely on, especially the defense of *government interference with the LaRouche movement*, which defense resulted in the failure of the "get LaRouche" prosecution in Boston. These judges have denied subpoenas for witnesses and requests for documents that would back this line of defense.

Again, the (American-dominated) U.N. committee states that, because of the presumption of innocence, "It is the duty of all public authorities to refrain from prejudging the outcome of a trial," clearly including prosecutors. Virginia Attorney General Mary Sue Terry and then-U.S. Attorneys William Weld and Henry Hudson, leaders in the LaRouche prosecution, not only encouraged trial by press, they have made themselves the stars of the media trial of the LaRouche movement.

The same committee states that everyone convicted shall have the right of review and appeal. Virginia does not grant such a right: Those convicted must petition for it, and three-quarters of these petitions are denied. The Virginia Supreme Court recently contemptuously refused a hearing to a death row prisoner, because his attorney filed the wrong piece of paper.

The committee states that anyone "facing the death penalty should be provided adequate assistance of counsel at every stage of the proceedings, above and beyond

in capital cases is scheduled to go into effect in Virginia *for the first time* in July 1992.

The public often hears that prosecutors simply want to save money by cutting back on endless appeals. The actions of Mary Sue Terry show that the aim is not judicial economy (which is trivial compared to taking an innocent life), but vindictiveness. *It is the position of Virginia Attorney General Mary Sue Terry to oppose the appointment of any attorneys who request appointment to a specific capital case.* The goal is to keep out the most skilled attorneys, who have interest and expertise.

the protection afforded in non-capital cases."

The U.S. Supreme Court, egged on by Virginia, has explicitly ripped up this right which the U.S. government preaches to other nations (very few of which practice capital punishment at all). Most accused of capital crimes in the U.S. are miserably represented even at their first trial and appeal, as everyone knows, and may not be represented at all after that. Innocent people are executed, inevitably, as the result.

In 1989 the Supreme Court ruled that new laws, new decisions on procedures, etc., cannot be used retroactively to challenge convictions or sentences, and cannot even apply to trials that are ongoing when the changes occur. Through the U.N. Committee on Administration of Justice, American delegate William Treat proclaims precisely the opposite to the rest of the world: "If subsequent to the commission of an offense, a provision is made for the imposition of a lighter penalty, the lighter penalty shall benefit the offender."

That committee also ruled that when Uruguay held a student prisoner incommunicado for 15 days, Uruguay had "violated her right to humane treatment under Article 10" of the U.N. Convention on fair trial procedures. Today in the "special detention" or "punishment cells" being set up in the U.S. on the model of the Marion, Illinois federal prison, inmates are "locked down" continuously without visitors for significantly longer periods. In the windowless "Q Wing" of Florida State Prison at Starke, some inmates have not been outside for seven years.

In many of these cited sections of its 1990 and 1991 reports, the U.N. Committee is not merely stating the conclusions of its American and Soviet "rapporteurs," but referring to articles of international conventions on fair trials. The United States has signed these conventions, and in some cases led the way in drafting them. But the U.S. judicial system now ignores them, in its mission to "fill the jails, build more jails," and facilitate political prosecutions or silence dangerous opponents of government policies, such as Lyndon LaRouche.

Four of those currently on Virginia's death row, minimally, have strong claims of innocence: Joseph Roger O'Dell, Roger Coleman, (whose cases are discussed above), Earl Washington, and Herman Bassett. Earl Washington is a severely retarded black man whose survival mechanism when he is outside his family is to propitiate authorities. Washington repeatedly changed the details of his confession to please the detectives prompting him. Herman Bassett, also black, was convicted solely on the testimony of co-perpetrators of the crime, despite the fact that the physical evidence points away from Bassett.

The United States is the only industrialized country in the world that inflicts capital punishment. The United States not only applies it in a racist fashion to the mentally retarded, but also to juveniles. In Virginia, the law permits the execution of anyone 15 years of age. That is the lowest age arguably permissible under recent U.S. Supreme Court decisions.

Virginia has executed more prisoners than any other state in the nation since use of the electric chair was initiated.

The Virginia gulag

The incarceration rate of blacks is disproportionately high in Virginia, as it is all over the United States. While 19% of Virginia's population is black, approximately 63% of its prison population is black.

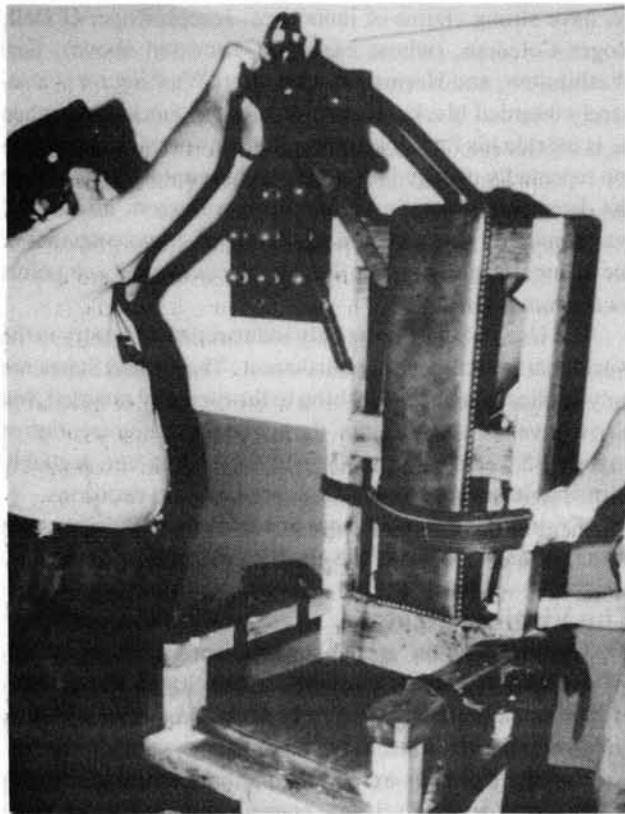
Virginia's prisons exceed the national average of 115% of capacity for state prisons; state prisons are where 90 percent of all prisoners in the United States are housed.

Virginia state prisons, where the most serious offenders are housed, are currently at 122% of capacity, while local jails are at 147% of capacity as of Dec. 5, 1991. Although county jails are intended only to be used to house prisoners with sentences of *one year or less*, currently prisoners with *six-year* sentences are serving their terms in jails because the state prison system is packed. From 1983 to 1989, Virginia's inmate population grew at an average annual rate of almost 9%.

One reason Virginia's prisons are full is that a whopping 40.1% of inmates have sentences of 20 years or longer—far above the national average. In fact, the average jail sentence in Virginia is 24.1 years (*1990 Corrections Yearbook*, Criminal Justice Institute). Additionally, Virginia ranks near the bottom nationally when compared to the rates of discretionary parole in other states, as a recent study by the state's own Joint Legislative and Audit Review Commission reports.

Some states are required by court order to initiate emergency release when the prison population reaches a certain threshold. All states can use the federal 1986 Emergency Powers Act for this purpose. But no court orders or directives from the state legislature have ever mandated relief of overcrowding in Virginia, as has been done even in Texas and Tennessee—hardly trendsetters for humane conditions.

The state's General Assembly did mandate of the Virginia Parole Board to "establish parole policies which result in the earliest possible release of inmates who are deemed suitable for discretionary parole and whose release is compat-



No fewer than three times in the last year, Virginia death row inmates have narrowly escaped execution, despite severe doubts raised about their guilt.

ible with the welfare of society." Yet the current report by that General Assembly's Review Commission found that "the Parole Board does not appear to equate parole eligibility with suitability for release." The Commission on Prisons and Jail Overcrowding reported that 37% of the inmates denied parole in 1989 were classified as "relatively low risk."

The Review Commission found that parole "examiners' assessments of inmates can be a subjective and at times visceral process."

The 1991 Virginia State Crime Commission examined the state's one prison for women. This facility, designed for 289 inmates, now houses 660. In terms of medical care, inmates receive a pap smear test and a mammogram upon entry, but not thereafter unless specifically prescribed, regardless of the inmate's age. The Crime Commission's Interim Report states: "Adequate facilities for mentally ill inmates are unavailable, so that they are frequently housed in maximum security units and isolation cells. Extreme cases are sent to Central State hospital, but these women are returned to the prison as soon as feasible. One psychiatrist and two psychologists are on staff to treat inmates, meaning that even women badly in need of counseling may wait weeks before seeing a mental health professional." The commission criticizes the fact that the library is open only one day per month;

the chapel is open only one day per week; and that at the maximum two-hour per week visit, the inmate and her visitor must sit side by side, rather than facing each other.

The November 1991 report, "Prison Conditions in the United States," by Human Rights Watch, discusses the case of Gwendolyn Miltier, who was incarcerated at the Portsmouth, Virginia city jail on Jan. 9, 1985, and subsequently complained of chest pains and shortness of breath. She was transferred to the state women's prison because of her medical condition. There, the physician recommended she be referred to the Medical College of Virginia cardiology unit, but instead, Miltier was transferred back to the general prison population. On June 16, 1986, after futilely seeking admission to the clinic on a number of occasions, Miltier was assigned a bed in the clinic. At 4 p.m., Gwendolyn Miltier suffered a heart attack due to arteriosclerotic heart disease, and died (*Miltier v. Beorn*, 896 F.2d 848 (4th Cir. 1990)).

Such shameful tragedies do not only occur in Virginia. Prison litigation like that initiated in Virginia's Mecklenburg Correctional Facility to stop the beating and gassing of inmates by guards, has occurred all over the United States. Nonetheless, the target of all prison litigation that seeks to establish United Nations Standards in the United States itself, is the doctrine originating in Virginia case law that a prisoner has the status of a "slave of the state," with no constitutional rights whatsoever. The 1871 Virginia case *Ruffin v. Commonwealth*, propounds precisely that slave status for prisoners.

Political selection of judges

Virginia's judges are selected by a process used in only one other state, South Carolina: selection by the state legislature. Twenty-nine states elect their judges; elsewhere, in general, judges are chosen by nominally non-political independent bodies.

In Virginia, this practice is compounded by the fact that one party has dominated the legislature for 100 years, and thus has approved every judge selected. Politically selected judges make political decisions, as the *Richmond Times-Dispatch* recently scathingly editorialized about two November 1991 Virginia Supreme Court decisions, one on pension tax refunds, and another about local issuance of revenue-backed bonds. As Virginia's own Legislative and Audit Review Commission's 1992 Report states: "Inconsistencies in sentencing practices have been a particular problem in the State of Virginia." Such inconsistencies, if they are widespread, are a violation of the constitutional guarantee of equal protection under the law.

Nazis cited Virginia law at Nuremberg

Perhaps the incident which exemplifies Virginia "justice" is the case of Carrie Buck, a poor, white working woman who was sterilized as a mental defective in Virginia in 1927, a case that was carefully documented in *The Sterilization of Carrie Buck*, by J. David Smith and K. Roy Nelson. Carrie

Virginia practice of jury sentencing

Unlike most states, in which a jury only determines the guilt or innocence of a defendant, Virginia's law allows a jury to set the sentence. This causes harsh sentences which stand out even in the American gulag. Only six states retain jury sentencing, which the American Bar Association Standards call "an anachronism that has outlived its original justifications*. . . . The most telling argument against jury sentencing is that a proper sentencing decision calls on an expertise which a jury cannot possibly be expected to bring with it to the trial, nor develop for the one occasion on which it will be used."

The ABA standards make these compelling arguments: 1) Jury sentencing erodes the basic principle of due process, by tempting the jurors to compromise the requirement to be convinced "beyond a reasonable doubt" or else acquit, with the expedient of imposing a light sentence because they are in doubt. 2) A defendant cannot simultaneously argue his innocence and argue why he should receive a lesser sentence, which implies he is guilty. 3) A jury has no idea what sentences have been given in similar cases, unlike a judge. 4) Jury sentencing results in reduced use of probation; e.g., in Virginia, the jury is *prohibited* from giving a sentence of probation. 5) Jury sentencing penalizes the defendant on appeal, because a jury never gives reasons for its sentence; when a judge does, such reasons may result in the sentence being

overturned on appeal.

Because of powerful reasons cited in the ABA standards when they appeared in 1968, Pennsylvania, Illinois, Indiana, Georgia, Tennessee, Florida, North Carolina and Mississippi abolished jury sentencing, leaving it extant in only six states.

Though a judge has the power to reduce the nightmarish results of jury sentencing, such adjustments are extraordinary occurrences. This remains true despite the fact that Virginia's new "Sentencing Guidelines" require judges to conform jury sentences to the statewide statistical average sentence for a given crime, or else give a reason for their failure to do so. In 1991, the first year of the existence of *any* Sentencing Guidelines in Virginia, 75% of the judges in jury trials have refused to lower jury sentences as the guidelines direct.

Thus, a defendant in Virginia is intimidated from the exercise of his right to a jury trial, by the risk of a runaway, emotional jury and the virtual certainty that the judge will refuse to lower the jury's sentence. For example, in Judge Clifford Weckstein's court, LaRouche associate Michael Billington was sentenced to 77 years by a runaway jury, and Judge Weckstein refused to lower it. Statistics for 1989 showed only 4.6% of Virginia defendants risked exercising their right to trial by jury; a high 25.8% chose judge (bench) trials instead, and 45.7% plea bargained; the remaining cases were disposed of administratively.

*The original reason for jury sentencing was the American colonists' distrust of British judges, and desire to limit their power; in Texas, in its early days as a territory under Mexican jurisdiction, the same sentiments prevailed respecting Mexican judges. (ABA Standards).

Buck's case was used by Virginia authorities as the test case to obtain the infamous U.S. Supreme Court decision, *Buck v. Bell*, legalizing the involuntary sterilization of those deemed "defectives." Supreme Court Justice Oliver Wendell Holmes declared that the same principle which allowed the state to order vaccinations gave it the authority to sterilize those whom quack race science held to be morons.

Carrie Buck's sterilization occurred in 1927, and over the next 10 years, 27,000 compulsory sterilizations were performed in the United States. Ultimately, 50,000 American citizens met this fate, one-sixth of them in Virginia. Thirty state governments passed the eugenic sterilization law later made infamous by the Nazis—but those states—and Hitler—were only following Virginia.

Adolf Hitler implemented the very Virginia law, the "Model Sterilization Act" developed by Harry Laughlin of the Eugenics Record Office of New York for the Carrie Buck case, and made it law in Nazi Germany on July 14, 1933. Between 1933 and 1945, two million Jews, Catholics, gyp-

sies, and others in Germany were sterilized as "not worthy" to reproduce, authors Smith and Nelson report.

Professors Smith and Nelson also make the connection between Virginia's "Act to Preserve Racial Integrity," outlawing interracial marriage, (passed by Virginia in 1924, the same year legal proceedings were initiated to sterilize Carrie Buck), and the 1935 Nuremberg Laws which banned intermarriage between Germans and Jews.

At the postwar Nuremberg War Crimes Tribunal, the Nazis in the dock defended themselves as only following Virginia laws and precedents, and cited the Carrie Buck case.

Carrie Buck was, in fact, a member of an old family that arrived in Virginia in 1635. Her mother, Emma Buck, after being widowed and left with Carrie, later bore two children without marrying their father. Although Carrie was declared a defective, interviews cited by the authors show that persons who knew Carrie Buck could not believe it. Carrie's own daughter, referred to in Oliver Wendell Holmes' declaration that "three generations of imbeciles are enough," was an

When the jury is prejudiced

The following is excerpted from the transcript of a juror being questioned in the Leesburg, Virginia trial of LaRouche associate Rochelle Ascher, showing what the U.S. Supreme Court has upheld in ruling that juries can now be made up of persons openly prejudiced against the accused.

Q: You've read something about LaRouche, is that correct?

A: Yes . . . the *Washington Post*, *I imagine Newsweek*, TV.

Q: To what effect?

A: Lyndon LaRouche . . . there are accusations that he was soliciting monies. He has a house in Leesburg. It was like a fortress and mansion. Many guards. He believed that he was going to be assassinated by the United States government, I think that's what I read.

Q: Have you discussed Mr. LaRouche with your wife, your colleagues. . . ?

A: Yes. . . . Basically that he's very extreme, right-wing . . . that the man was . . . potentially, if he had the support of the people, he would be a threat to the country.

Q: You believed him to be anti-Semitic?

A: . . . I believe he is anti-Semitic, also racist.

Q: . . . Do you believe you could fairly listen to all the evidence in this case with an open mind. . . ?

A: Yes.

This juror was seated for the trial.

honor roll student until she died of measles at age eight.

After World War II, the Nazis and their backers, like the Averell Harriman family-funded Eugenics Record Office that played a crucial role in the success of *Buck v. Bell*, became silent, lest they be executed for "crimes against humanity," as provided in the Nuremberg war crimes statutes. But not in Virginia. Virginia not only kept its eugenical sterilization law on the books; it was used until 1974.

In 1980, the American Civil Liberties Union commenced a successful lawsuit in which Carrie Buck's half-sister, Doris Buck, was a plaintiff, on behalf of those involuntarily sterilized. In the 1985 settlement, Virginia magnanimously agreed to inform the victims that they had been sterilized and to offer them counseling. Almost before the ink was dry, a prominent Virginia official who had formerly been a state

legislator and state treasurer, publicly proposed to sterilize all of Virginia's welfare recipients in 1986.

So, both before and after Hitler, there was Virginia.

Home of the 'Get LaRouche' strike force

Virginia is the venue that the national "Get LaRouche" task force selected as the ideal spot for a successful frameup of Lyndon LaRouche and his movement. In October 1991, federal Judge Stanley Harris of Washington, D.C., responded to evidence of government "forum shopping" by ordering Henry Hudson, the former U.S. Attorney of the Eastern District of Virginia, and Frank McNamara, the former U.S. Attorney from Boston, to turn over all documents relating to their discussions of the reasons for moving the failed federal prosecution of LaRouche from Boston to Virginia.

On May 4, 1988, the federal government's first attempt to prosecute LaRouche for "credit card fraud" in Boston ended in a mistrial. The trial judge had granted several of LaRouche's requests for "classified documents," including a subpoena for then-Vice President George Bush's files, which showed to the jury that a pro-Kissinger government faction had framed up LaRouche. The Boston trial judge consumed three full weeks in selecting a jury, carefully probing for bias. At the time of the mistrial, the jury had heard only the prosecution's case. Yet the jury's foreman announced to the press that the jury *would have acquitted all the defendants on all charges*, because there was too much evidence of government misconduct "creating the crime." While LaRouche characterized the result as being "robbed of an acquittal," the prosecution plotted to preclude any semblance of a fair trial again, by moving the case to Virginia.

The meetings on where best to "get LaRouche" between U.S. Attorneys Frank McNamara of Boston and Henry Hudson of Alexandria, Virginia, became the subject, years later, of Judge Harris's order to disclose information. When LaRouche was tried a second time, in Alexandria, all evidence of government misconduct was barred in advance by an *in limine* order, preventing LaRouche and his associates from presenting their defense: that the government had created the crime to frame up the LaRouche movement. This defense had *convinced* the Boston jurors, as they told the Boston newspapers.

Once in the Virginia venue, the LaRouche case was rushed to trial in 37 days, before Judge Albert Bryan, a "national security" insider whose family owned the biggest arms-selling firm in the country. The foreman of LaRouche's jury, who got through the two-hour jury selection process without having to answer a single question, was the Agriculture Department representative to the secret "Continuity of Government" (national security emergency) apparatus which included LaRouche's enemy Oliver North, as well as Vice President Bush. The disclosure of the illegal targeting of LaRouche by the "secret, parallel government" network in the Boston trial had caused the jury to be ready to acquit him;

in Virginia, this political enemies' list was represented both on the judge's bench and in the jury.

The state of Virginia's proceedings to prosecute LaRouche's associates, which began in early 1986, mirrors the illegalities of the federal prosecution of LaRouche in Virginia. Where attempted state prosecutions of the LaRouche movement had failed or been struck down in five other states (Illinois, California, Maryland, Minnesota, and Pennsylvania), they thrived in Virginia. As of this writing, six LaRouche associates have been sentenced by Virginia juries to prison terms for "securities fraud" averaging 36 years. Eight others are still being tried. None had any criminal record, had ever been a "securities broker," or had any idea that when they raised contributions and loans for LaRouche's political campaigns they were "selling unregistered securities."

The political motivation of the federal prosecution of LaRouche is far outpaced by that of Virginia Attorney General Mary Sue Terry, as is shown by a memo from the Alexandria office of the Federal Bureau of Investigation (FBI) to FBI Headquarters, discussing preparations for the Oct. 6-7, 1986, Grenada-style raid on the offices of several LaRouche-associated publications in Leesburg, Virginia.

Despite the fact that it could jeopardize a successful prosecution and result in "a high risk of potential civil liability," the FBI states that Terry's fixation on leading the armed raid by 400 state and federal troopers in October 1986 was absolutely politically motivated:

"The State Attorney General's Office was adamant in being the lead agency for the purpose of entering and securing the two locations, which was construed to be for politically motivated reasons on behalf of the Virginia State Government Administration, rather than for the successful prosecution of state and federal cases."

No impartial judge

As in the federal case against LaRouche, a judge who is a part of the prosecution's network was installed in the Virginia state prosecutions to try all the cases except one.

The Anti-Defamation League of B'nai B'rith was admitted to be a part of the LaRouche prosecution "task force," a fact conceded by prosecutors themselves in pre-trial hearings in the state circuit court in Roanoke. The ADL, with a long history of defending organized crime (its national chairman until 1989 was Robert Vesco's lawyer) is long-time, publicly declared enemy of LaRouche, and has sought prosecutions of him since 1974.

Judge Clifford Weckstein of Roanoke, when presented with a legal motion requiring him to disclose his connections to the ADL, admitted that *he himself had initiated a correspondence extending to 11 letters with the ADL*. The correspondence draws the ADL's attention to the fact that the LaRouche movement attacked him as biased. The ADL responded by sending the judge slanderous material on

LaRouche, and indicating a mobilization of its "good friends." Finally, one letter encloses a resolution by the ADL to fill the next Virginia Supreme Court vacancy with a Jewish judge—a barely concealed proffer to Weckstein to hang the LaRouche defendants and reap the ADL's support for the job.

The judge himself had initiated this correspondence with the defendants' adversaries, and disclosed, under duress, only part of it. Although judges frequently recuse themselves from cases on quite superficial grounds, since the standard is not proof of bias, but merely the possible appearance of bias to a reasonable person, Judge Weckstein refused to remove himself from the LaRouche cases.

Sentences imposed by Judge Weckstein on the five defendants who have exercised their right to a jury trial in his court are 77, 25, 39, 34 and 33 years, an average of 41 years per defendant.

Did the state "create the crime," as the Boston jury described the federal government's acts in that case? Although Judge Weckstein followed Judge Bryan in disallowing evidence of the government's targeting of LaRouche, the Virginia state government created the crime in the following astounding way.

Although 16 LaRouche associates were indicted by the state of Virginia on Feb. 17, 1987 for "knowingly and willfully, and with an intention to commit fraud, selling unregistered securities," in fact, there had never been any civil finding in Virginia that the LaRouche political loans were securities—a preposterous idea on its face. When then-State Corporation Commissioner Elizabeth Lacy was asked to rubber stamp the indictment by ruling at the same time that the loans were securities, she declared instead that the question was "a case of first impression."

Enormous pressure was brought to bear, with the *Richmond Times Dispatch* quoting one member of the prosecution that if the loans were not declared securities, "this case is going down the tubes." In March, after a promotion to Virginia's Supreme Court was mooted for Commissioner Lacy, she ruled that the loans were securities. How could the defendants possibly "knowingly and willfully" sell securities, when the commissioner herself was in the dark? Later, Judge Weckstein, and his predecessor, Judge Carleton Penn in Loudoun County, would refuse to even instruct the jury that a defendant had to know that the loan was a security—in fact, just the opposite instruction was given.

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Economic policy will make or break new Commonwealth

by Konstantin George

The historic Brest-Litovsk agreement signed Dec. 8 by Russian President Boris Yeltsin, Ukraine's President Leonid Kravchuk, and President Stanislav Shushkevich of Belarus (formerly Belorussia), creating a "Commonwealth of Independent States," has not only buried the corpse of a U.S.S.R., dead since the failed Aug. 19 coup, but has eliminated any potential for revival of Moscow Center or supranational structures of any sort. Mikhail Gorbachov announced on Dec. 12 that he would resign, rather than remain the figurehead leader. "The country is being carved up like a pie," he said. "I do not see myself as the guest of honor at a wedding."

A whirlwind of events culminated Dec. 11 in a declaration by the Armed Forces supporting the Brest agreement, declarations by nearly all the republics of the former Soviet Union expressing their wish to join the new Commonwealth, and a showdown in which Yeltsin told Gorbachov to prepare to resign soon. The parliaments of the three Slavic republics ratified their entry into the Commonwealth in short order, forcing even Gorbachov, while maintaining his opposition to the agreement, to concede that nothing could be done to stop it.

Economic crisis looms

The issue of economic policy will make or break the new Commonwealth, under increasingly dire conditions of shortages of food, fuel, and other essential commodities.

The text of the Brest agreement states that Gorbachov and the remnants of the Moscow Center had to go, as the only way to forestall an otherwise certain catastrophe: "We, the heads of state of Belarus, Russia, and Ukraine . . . certify that the short-sighted policies of the Center have led to a deep political and economic crisis, to the collapse of the national economy and to a catastrophic worsening of living conditions for practically all parts of the population . . . to

social tensions in many regions of the former U.S.S.R., to ethnic conflicts which have produced innumerable victims."

The agreement contained a special section on "coordination of economic policy," which said: "The maintenance and development of the existing close economic relations among our states is a matter of life and death, as is stabilizing the situation in the national economies, and creating the conditions for economic reconstruction. The parties want to implement a coordinated radical economic reform, to create a market mechanism, to transform property relations, and guarantee freedom of enterprise.

"To build their economic relations and accounting on the basis of the existing currency, the ruble, and introduce their own currencies only on the basis of special agreements, which respect the economic interests of other members.

"To conclude a banking agreement to limit the printing of money, and establish an effective control on the money supply. To implement a coordinated policy of liberalizing prices and social protection of citizens. To coordinate foreign economic activities, customs policies, and ensure freedom of transit. Within ten days, to reach agreement on financing the 1992 defense expenditures and a fund to remove the consequences of the Chernobyl catastrophe."

There are several interesting features in this text. The member nations may issue their own currencies, but, in such a way as not to cause new forms of chaos in trade and commerce. The stipulation that "price liberalization" must be first coordinated among the members puts a brake on the attempts by Russia's economics minister, Yegor Gaidar, a stooge of the "shock therapy" school, to unilaterally remove price controls in the Russian Federation. Finally, the clause that the new Commonwealth had agreed to finance the 1992 defense budget was the signal that the crucial agreement of the Armed Forces command to the new Commonwealth had already been procured before the Brest meeting.

Harvard economist Jeffrey Sachs, the whiz kid of the "shock therapy" school, is heading a team that is currently in Moscow to arm-twist Yeltsin to go with his suicidal austerity program—a recipe for mass unemployment, hyperinflation, and the shutdown of what remains of industry and agriculture. At a Moscow press conference on Dec. 12, Sachs complained that there are still two "unsolved" problems: The Russian government has not "dared" to implement wage controls, and it is not clear, with the new Commonwealth arrangement, who is going to control the money supply.

More will join

The Presidents of the three Slavic republics announced that the new Community of Independent States can be joined by any of the former Soviet republics, and will form the political basis for an Economic Union of these nations, roughly modeled on the European Community. The three republics reaffirmed their adherence to central control of, and non-proliferation of nuclear weapons, making these conditions for membership. The decision to locate the league's center in the Byelarus capital of Minsk, the capital closest to central Europe, located along the main rail line and highways between Berlin and Moscow, underlined the European orientation of the new league, and avoided any loss of face for either Russia or Ukraine, the two main parties to the agreement.

The new community will next be joined by Kazakhstan, as announced Dec. 11 by Kazakhstan President Nursultan Nazarbayev. With Kazakhstan's entry, all four republics having nuclear weapons on their territory will then be members of the Commonwealth. This certain appears to bely U.S. Secretary of State James Baker's comment in a television interview on Dec. 8, that these four republics are "a Yugoslavia with nukes."

The following republics have also said that they will join: Armenia, Kirghizstan, Uzbekistan, and Turkmenistan; the Baltic republics of Estonia and Latvia announced that they wish to join its Economic Union; and Azerbaijan's President expressed his "interest" in joining.

Western hysteria

The demise of Gorbachov produced hysterical reactions by every western power—with the exception of Germany—that has participated in Anglo-American "new world order" fantasy launched with the invasion of Iraq. On Dec. 9, British Prime Minister John Major, speaking from the EC summit in Maastricht, Netherlands, voiced Britain's "deep concern" over the Brest agreement, and announced that he would be holding consultations on the matter with French President François Mitterrand. These talks produced announcements that Britain and France were sending special emissaries to Moscow, Kiev, and Minsk to ensure that the Brest agreements did not lead to "dangers" or "chaos." A similar U.S. mission will occur later in December, headed by Secretary

of State James Baker.

The American, British, and French hostility to the Brest agreements is patent hypocrisy, since, until Dec. 9, these three countries had waged a relentless propaganda campaign about the danger of conflicts, even war, among the three Slavic republics. Now that the republics have united with the goal of political and economic cooperation, the screams from Washington, London, and Paris are intensifying.

Orientation to Germany?

The real reason for the Anglo-American-French hysteria is their adherence to the same geopolitical insanity they embraced in the pre-World War I period. They know that a community of Russia, Ukraine, and Byelarus, interested in developing their respective nations, will naturally, given Anglo-American economic policies, and their promotion of destabilization against the Slavic nations, tend to orient to Germany.

Indeed, even before the Brest agreement, a special emissary of the German government, the first sent by any western country to Ukraine following its Dec. 1 vote for independence, had already begun talks in Kiev with Ukrainian Foreign Minister Slenko and other officials. The three Slavic republics had briefed the German government in advance as to what was planned at Brest, and this advance notice was reflected in the German Foreign Ministry's declaration on Dec. 9, announcing that Bonn was "not surprised" by the formation of the new Commonwealth.

Consistent with this process is the fact that those doing the bidding of the Jeffrey Sachs crew and the International Monetary Fund have come under heavy attack. As even an article in the Dec. 11 *Financial Times* of London was forced to admit, the IMF is angry that Russia is not prepared to accept many of the humiliating and destructive conditions it is demanding in return for credits. The Brest agreement caused a postponement of at least two weeks in executing one of the IMF's main demands, the lifting of price controls. Before Brest, Russian Economics Minister Gaidar had announced that price "liberalization" would begin on Dec. 16. Now, the date has been put off till Jan. 2, and perhaps longer, because under the Brest agreements, Russia may not lift price controls unless it does so in coordination with parallel moves by Ukraine and Byelarus.

Beyond that, as the *Financial Times* noted, Yeltsin is under pressure from his vice president, Gen. Maj. Aleksandr Rutskoi, and Yeltsin's adviser, Yevgeni Saburov, a former economics minister, "to radically change" the price liberalization program, and "even to dismiss the government," i.e., Gaidar and his group. The Brest agreement had abolished all remaining Union, or Moscow Center, bodies, including the Inter-republican Economic Committee, a move which left unemployed that committee's deputy head, Grigori Yavlinsky, who, next to Gaidar, has been the leading "shock therapy" exponent in the Russian leadership.

Serbia's unadmitted war aims in Croatia

*The chairman of the great council of the Croatian Social Liberal Party spoke to EIR's Gabriele Liebig at a meeting of the Thom-
as Dehler Stiftung in Lustheim near Munich on Nov. 23.*

EIR: What can you say about the situation in Croatia, and what do you think are the Army's next targets?

Zenko: As always before, since the cease-fire broke down, the situation has gotten worse, because the Army always uses the cease-fire to put its weapons in order and collect its forces. As Liberals we look to Europe for hope and in our appeals to Europe's politicians we have always stressed that an authority based outside Yugoslavia is needed in order to reach a peaceful solution of the conflict. This internationalization unfortunately has come very late. The top European politicians had to go through a hard learning process in order to appreciate the situation in the republics. There were certainly experts, but this was a small handful of journalists and cabinet ministers; the public knew nothing about real conditions in the republics. When you talk to Europeans, you see that they are emotionally very pro-Croatian, but the ignorance about Croatia is enormous. So our job is to reduce this ignorance as fast as possible.

EIR: Internationalization of the conflict depends on Croatia being recognized. So far, only the Baltic states have done so. Are you hoping for recognition from other nations?

Zenko: There have been many statements by reasonable politicians, but up to now no coherent decision has been made to resolve the conflict. I think that the time has come where people have to be very stringent and we need very clear concepts, about what we are dealing with. One thing that this seminar has crystallized is that first, recognition must take place, so that further steps can be taken, for example, the sending-in of U.N. troops. Without recognizing Croatia there is no basis in international law for this. If this were clarified, and Blue Helmets were sent in, then it would have to be clearly spelled out what role they should play and where. Our position is plain, that these troops must only be stationed on the border between Croatia and Bosnia-Hercegovina. The border with Serbia is very short. Our problem arises with the groups of Serbians in Bosnia-Hercegovina. The U.N. troops must be stationed at this border, and troops from both sides have to be withdrawn from a 20 km zone around the border, so that the U.N. troops can be safe there. Under the control of

the U.N. troops, then, a fully normal, civilian administration must arise, and democratic institutions built up there.

EIR: Do you see any chance that the federal government in Germany will recognize your country?

Zenko: I took part a few days ago in a panel in Meersburg on the Bodensee. A state secretary of the foreign ministry also took part. She told the public that by Dec. 10 Croatia and Slovenia would be recognized by the federal government. According to my information other countries would then join this step. First Austria, Belgium, Luxembourg, Denmark and then other countries. Also the U.S. Congress has hotly debated this issue.

EIR: How do you see the military situation, especially around Osijec?

Zenko: The military situation has gotten much worse for Croatia, since after Vukovar fell, the Yugoslav Army has been able to concentrate around cities like Osijec and has heavily bombarded it. The war aims of the Army are divided into three parts: a maximum, a minimum, and a middle option. Their maximum goal is to set up Yugoslavia again with its old borders, except Slovenia. A general said a few days ago that even Slovenia would return to Yugoslavia. The minimum goal would be that Serbia joins with Montenegro, plus the two [Serbian-ruled] provinces, Kosovo and Vojvodina. The middle option would consist of a mini-Yugoslavia, to include Serbia, Montenegro, Bosnia-Hercegovina, plus then Macedonia. This would see itself as the sequel to the old Yugoslavia under international law. Areas such as Krajina, Knim, and East Slavonia would be drawn in, which are now under Army and Serbian Chetnik control. These are the war aims, which we have deduced from the speeches and interviews, but from the official Serbian side or the Army there is no explicit aim. They deny that a war is being waged, to avoid being blamed internationally by admitting to a war of aggression. The Serbian soldiers complain that they themselves do not know what they are fighting for, and many are preparing to desert from the Army.

EIR: How is the Yugoslav Army doing for arms and matériel supplies under the U.N. embargo?

Zenko: As far as we know, they still have plenty of loopholes through which the Army gets supplied. Especially with spare parts, because the complicated weapons systems bought abroad constantly need repairs. We hear that Romania is one of these loopholes. We also have confirmed reports that [Serbian Defense Minister Ante] Markovic went last spring with a delegation to Russia, to negotiate the supply of arms and strategists. After the putsch this cooperation was a bit disrupted, but we hear that the Army and Serbia still have ties through which they are getting supplied. Even U.N. Secretary General Pérez de Cuellar complained that the embargo was not being upheld.

‘We will not kneel down to any imposition coming from abroad’

Haitian Prime Minister Jean-Jacques Honorat granted the following interview by telephone from Port-au-Prince, Haiti. He spoke with EIR correspondents Dana Scanlon and Carlos Wesley in Washington, D.C. on Dec. 10.

EIR: Mr. Prime Minister, we understand you were a human rights activist before you were named to head the government. Could you tell us about that?

Honorat: I have been a human rights activist for over 40 years, and a professor of law and human rights. I stepped into this prime ministership to defend the basic right of my country, the basic right of my nation to be independent, and the basic right to justice. Because, in my view, the Organization of American States resolution was an act of injustice against this country; it was in complete contradiction with even the OAS Charter. The embargo decided [upon] is, as you know, an act of war against this country. As a matter of fact, it's an act of destruction against this country, and it is an act of genocide, as you said and as you know. So, it's against all of that, that I stepped in to defend the right of my nation to exist.

EIR: When you first stepped in as prime minister, Jean-Bertrand Aristide said that you were a Duvalier partisan. However, from documents we have seen, you fought against the Duvalier dictatorship. What's the real story?

Honorat: I was in my early years—when I was 25 years old—much more than a partisan of François Duvalier. Our two families are, in fact, very close, and—you probably already know about extended families—between the two families, there were extended family ties. So, I was very close to François Duvalier and I was director of tourism from 1958 to 1961. But when Mr. Duvalier staged his first coup d'état in 1961, I immediately abandoned the post of director of tourism and became an activist.

Basically, I am an agronomist, so I turned into an activist for the rights of the peasantry, and I created an institution which was designed to provide basic education, that is, literacy programs, human rights education, to teach the Haitian

peasantry why it was in the situation it has been for over 160 years; a situation which is similar to that of the black townships, or the black bantustans in South Africa; a situation where all their basic rights, even the right of existence, the right to be a human being, is denied to the Haitian peasant.

So, that was a [main] part of my life, and that being subversive, I was for practically 25 years under constant persecution from the Duvalier regime. Finally, I was caught, arrested in 1980, and expelled to the United States at gunpoint on Dec. 2, 1980. I was exiled for six years, until the demise of the government of Jean-Claude Duvalier.

EIR: What is the current situation in Haiti? Where do things stand since the embargo was decreed on Oct. 29 by the U.S.?

Honorat: The economic situation is, of course, one of total desperation. The industries that were functioning around the city of Port-au-Prince are all practically closed. Virtually all of them are shut down, and there has been a loss of over 30,000 jobs in and around Port-au-Prince, which means at least 250-300,000 people without any source of income, or livelihood, without any source of revenue.

Inside the country, since there is very little or no transportation between the provincial towns and Port-au-Prince, there is wastage of food produce and a decrease of at least 80-90% in the revenues of the peasants. Remember, that the average per capita income of the Haitian peasant is less than \$45 a year. So, when I say that there has been a loss of 80-90%, you see what this amounts to. I tell you, it is total genocide that's being committed by the United States and by the OAS against this country. We estimate that there has been a loss of over \$200 million a week in the gross national product because of the embargo.

EIR: Many reports published here—and we have reasons to suspect this may be propaganda, but maybe you can shed light on the subject—claim that, despite the fact that there is suffering, the poor of Haiti say that they want the embargo to ensure Aristide's return.

Honorat: [chuckles] I don't know if you are able to send a

reporter there. You would hear an entirely different story. There have been demonstrations throughout Haiti for the past three weeks against the embargo, and they say, well, if the international community or the American government believes that they will force the Haitian people to its knees, to accept a solution imposed by the international community or both the American government and the international community, they are terribly mistaken.

EIR: Are you saying Haiti will not give up its struggle be-

cause of this U.S.-led embargo?

Honorat: Of course. We will not kneel down to any imposition coming from abroad.

EIR: Mr. Prime Minister, there were talks last week between Haiti's parliament and OAS envoy Augusto Ramírez Ocampo. What came out of those talks? Where do the negotiations stand?

Honorat: I don't think anything came out of those negotiations, nothing at all. Apparently there were negotiations

Haitian leaders charge U.S. embargo is genocide

Haiti's provisional President, Joseph Nerette, and his prime minister, Jean-Jacques Honorat, denounced as "genocide" the U.S.-led embargo decreed by the Organization of American States (OAS) against that black nation. The economic stranglehold has been imposed ostensibly to force the return to power of dictator Jean-Bertrand Aristide, the would-be Haitian Pol Pot removed from the presidency by a military coup on Sept. 30.

"This savage measure of strangulation is arbitrary, it is illegal, unjust and unjustifiable," said Nerette in a message to the participants at the Schiller Institute Conference "Build a True Fourth Development Decade—Against Genocide," held over the weekend of Dec. 7-8 in Arlington, Virginia. The embargo "is rightly perceived as a genocide perpetrated against the poor children, youth and elderly of Haiti," stated Nerette, who was elected by Haiti's Parliament to replace Aristide.

In an exclusive interview with *EIR* on Dec. 10 (page 39), Haitian Prime Minister Honorat called the embargo "an act of war against this country. As a matter of fact, it's an act of destruction against this country, and it is an act of genocide."

Honorat is Haiti's best-known human rights activist and was a leader in the fight against the brutal Duvalier dictatorship. He headed Haiti's Center for the Defense of Civil Liberties, until he was named acting prime minister by Nerette. Before the coup, Honorat was named one of this year's recipients of the first International Human Rights Award of the American Bar Association.

Honorat charged that Aristide was setting up his own private militia with former members of the dreaded Ton-tous Macoutes death squads set up by the late dictator

François "Papa Doc" Duvalier. Aristide's "private militia was called the SSP, that is, the Special Presidential Service, and former tontons macoutes were being recruited throughout the country, to be incorporated into this new militia. There were already more than 3,000 people registered." Honorat said Aristide was physically eliminating his potential political opponents when the coup took place.

Two of them were murdered on the very eve of the coup, including Pastor Silvio Claude, the head of Haiti's Christian Democratic Party (PDCH), who was "necklaced," mutilated, and dragged through the streets of the southwestern town of Le Cayes by Aristide supporters at dawn on Sept. 30. Victims of necklacing, or "Père Lebrun," have their arms chopped off and a tire filled with gasoline is placed around their necks and set ablaze. Photographs of the incident reportedly show Jean-Claude Jean-Baptiste, "*délégué*"—i.e., Aristide's official presidential representative—in the department of du Sud, leading the attack against Claude. Jean-Baptiste is alleged to have struck the first blow against the PDCH leader, according to court records. The photographs obtained by *EIR* show Pastor Claude's mutilated body surrounded by a smiling mob, posing for the photographer with the sticks and knives used to hack Pastor Claude to death. One of the individuals is holding up the pastor's mutilated penis as if it were a trophy.

'Let them suffer'

Led by George Bush's favorites, Argentine President Carlos Menem and Venezuelan President Carlos Andrés Pérez (a member of the Socialist International), 13 Latin American Presidents, at a meeting of the Rio Group in Cartagena, Colombia, called on Dec. 2 for the embargo against Haiti to be "applied inflexibly." The same leaders failed to reach a decision regarding how to deal with communist Cuba, beyond a vaguely worded call for Fidel Castro to grant more "democracy." Colombia's *La Prensa* on Dec. 3 noted that the Rio Group wants "little Haiti to swallow the medicine they do not prescribe for Fidel."

about the appointment or designation of a prime minister. I don't think any practical result was ever reached.

EIR: It has also been said that you would be willing to step down as prime minister and let Aristide return if a negotiated solution can be reached. Is that correct?

Honorat: I stepped in just to prevent my country from falling apart in a civil war and from having to endure an international intervention, a foreign intervention. That was my only reason for stepping in, to abandon momentarily my human

rights activities and occupations, which means that I am ready at any time to step down from a position which I have never aspired to, which I have never sought, and which, as a matter of fact, actually upsets my entire conception of life.

If at any point in time, the negotiators believe that the return of Aristide would be a solution, well, that would be fine with me. But, as I have been saying since the beginning of this crisis, the return of Mr. Aristide—at least now, I don't know in one, two, or four years, but now—a return of Mr. Aristide now would mean civil war in this country, and the

The Presidents also called for the European countries to cooperate fully with the embargo. At a meeting in Brussels the same day, the European Community foreign ministers said they favored an all-out trade embargo against Haiti, as also requested by Aristide.

Argentina's Menem wants a total chokehold. "There is only one way to carry out the blockade," said Argentine Foreign Minister Guido Di Tella. "Place ships to prevent the arrival of other ships."

The fact that "the embargo harms the Haitian people" is not important, said Pérez, who blames the Haitian military for the embargo, not the United States and its OAS allies. The Venezuelan leader, who is demanding an end to the blockade against communist Cuba, said of Haiti: "It is better that the people suffer now with an embargo which should be turned into a blockade to force the murderous soldiers to give way to the democratic process." Pérez reportedly told his colleagues at Cartagena that there must be action soon to force Aristide's return to power because, otherwise, the militaries in other nations of the hemisphere may be emboldened into attempting coups. He also called for prompt action against the military-controlled government of Surinam.

Out of a token 100 Haitian refugees who went to Venezuela, 73 chose to return to Haiti in early December, after they were dumped on a mosquito-infested island at the mouth of the Orinoco River, while ousted President Aristide, "champion of the poor," is being housed by Pérez in the luxurious presidential suite at the Hilton.

Similarly, prevented by judicial order from deporting Haitian refugees, the Bush administration is daily making conditions intolerable at the concentration camps in Guantánamo—where the Haitians are penned behind barbed wire to keep them from entering U.S. territory. This is intended to force the Haitians to beg for repatriation.

In a statement issued Nov. 21, Haiti's Catholic Bishops Conference noted: "Because of an internal crisis, some international organizations took decisions which usurp Haiti's sovereignty. In order to impose those de-

cisions they have decreed an inhuman embargo against this defenseless country, and when some unfortunate souls seek to escape from this intolerable situation, the countries that could give them shelter have returned them, without any compassion, to their country of origin." Across the island of Hispaniola, the Bishops Conference of the Dominican Republic endorsed the Haitian bishops' statement on Nov. 26, and noted that the U.S. and other OAS nations "have hardened their hearts now that they have been called upon to take in our suffering Haitian brothers." The bishops asked that Haitians be allowed "to find their own solutions themselves. We call upon the whole world to respond to their piercing cry: Mercy for Haiti!"

Meanwhile, Washington, D.C. shadow senator Jesse Jackson, an early supporter of the genocidal war against Iraq, continued calling on the Bush administration to invade black Haiti "to restore democracy." And João Baena Soares, secretary general of the OAS, covered up for the mass killings caused by the U.S.-OAS embargo, by denying that Haitians are suffering any extra hardship. "The situation is not dramatic. There are nutrition problems, but at the usual level," Baena told the OAS. He blamed the Haitians for the blockade.

U.S. responsible for famine

In contrast, former U.N. Ambassador Jeane Kirkpatrick wrote Dec. 8 that "the U.S. must accept responsibility for having pushed Haiti to the brink of famine and thus creating the refugees." Kirkpatrick (not likely to be taken for a bleeding-heart liberal) called on the U.S. to "urgently provide the basic necessities—food, fuel, and medicine—permitted under the embargo" and to make "decent provision" for the refugees. Merely restoring Aristide is no solution. "An elected President does not in itself guarantee the constitutionality of a government. Adolf Hitler came to power in a constitutional fashion," Kirkpatrick wrote—and Papa Doc was also "an elected President of Haiti."

—*Carlos Wesley*

loss of probably, 10, 20, or 30,000 people. I mean the death of 20-30,000 people. Because Aristide partisans are getting ready again to burn people on any street corner, just as they have been doing for the past five years. Now, the other segments of society are not going to accept that anymore, and they are getting ready also to retaliate. Do you see what I mean? So, there is a bipolarization of violence now. Aristide's presence would again threaten a civil war.

Now, remember, the speech by Aristide on Sept. 27 was a declaration of civil war.

EIR: Are you referring to the speech where he called the "Père Lebrun" a beautiful instrument?

Honorat: Yes, [in which he called] "necklacing" a work of art.

EIR: Among the charges made by the current government against Aristide and his supporters, is that he is responsible for the murder of the head of Haiti's Christian Democratic Party, Silvio Claude. What can you tell us about that killing?

Honorat: Mr. Aristide's representative—there are pictures, there were pictures taken of that killing. They thought it was the funniest thing to do. In the pictures it is clear that Aristide's personal representative in the city of Les Cayes was there; he is accused of being the first one to have hit Mr. Silvio Claude, it is evident. That crime was committed at the same time as the execution of Roger LaFontant, who was a prisoner in a national penitentiary. So, it was a scheme designed to eliminate all political opponents, all eventual opposition to Mr. Aristide. And there were also other names on the list.

EIR: And these two events took place before the military removed Aristide from the presidency?

Honorat: Certainly.

EIR: The charge has also been made that Aristide was setting up a private army, something similar to the Tontons Macoutes, trained by the Swiss. Can you tell us about that?

Honorat: Yes. His private militia was called the SSP, that is, the Special Presidential Service, and former Tontons Macoutes were being recruited throughout the country, to be incorporated into that new militia. There were already more than 3,000 people registered.

EIR: What do you think of the fact that the United States, which launched this embargo; that Venezuela, which has been very adamant in favor of this embargo; that Argentina, which has been very much in favor of this embargo, and Chile also; that none of them wants to take in the Haitians who are fleeing Haiti because of the economic embargo?

Honorat: The Latin Americans you are talking about, they want to—they are afraid of their own military. They are afraid that the events that took place in Haiti will serve as an

example, as an incitement to induce their own military to act in this manner.

But, by being so adamant against what took place in Haiti, what they are creating, what they are setting, is another example, an example that may trigger what could be presidential assassinations throughout Latin America, instead of coups. As regards the United States, they have again proven—and it is that that has been constant to us throughout the history of relations between the two nations—they have proven once again that they cannot understand what's happening in Haiti. They have never made it their business to investigate and know more profoundly what is taking place in Haiti. The Latin Americans have evidenced also their incapacity to understand the Haitian situation.

EIR: But, specifically, about not taking the refugees, of putting them in concentration camps in Guantánamo or whatever?

Honorat: It's a policy of the United States not to accept the Haitian refugees. It dates back to the early days of 1981, when the flow of boat people, so they called them, started to reach U.S. shores. They have never accepted the refugees in the United States and it is an evident case of racism. It is a well-proven case. It has been proven even in the U.S. courts, that the attitude of the United States against the Haitian refugees is a case of a double standard when compared to what the United States is promoting in Southeast Asia, for instance, or the attitude of the U.S. government in relation to European refugees, for instance. It is a case of racism, it is well proven.

EIR: I don't know if you are familiar with the fact that the Chilean government the other day invited refugees from the former Soviet Union, from eastern Europe, to emigrate to Chile? Similarly, President Carlos Menem of Argentina. But none of them is inviting the Haitians to come.

Honorat: None of them will ever, not unless they need forced labor. It is the same thing as the slave trade again. Now it's being done from Haiti and the center of the Caribbean. Of course, everybody will welcome, will call for, caucasian refugees, but not for black refugees. The case is patent.

EIR: What's the solution for Haiti? How do we get out of this?

Honorat: Let's lift the embargo first. If the United States wants to claim, as they pretend, that they want to help this country, the first thing they have to do is lift the embargo, first of all. Then a political solution can be found. It must be found within the framework of the Haitian Constitution. There is no other solution. The OAS, the 34 countries of the OAS, went too far and too fast. They must recognize that, and then come and sit and discuss with us, within the framework of our national Constitution, what can be done. They cannot come and impose anything on us, and the embargo is not going to do it.

History shows that Ukraine will not be deterred from independence

Mr. Darewych is the co-producer of the documentary film "Harvest of Despair," produced by the Ukrainian Famine Research Committee, St. Vladimir's Institute, in Toronto in 1983. This film made public to the world that in 1932-33, Soviet leader Joseph Stalin deliberately starved to death an estimated 7 million Ukrainians. He was interviewed by Irene Beaudry on Nov. 18.

EIR: "Harvest of Despair" shocked the world with its exposé of the created famine in Ukraine and the complicity of the West, particularly the British Foreign Office, the *New York Times*, journalist Walter Duranty, and the grain cartels, in covering up this mass murder. What led you to now produce a film on Ukraine in World War II? Have you found a similar coverup?

Darewych: There are parallels. For those of us who grew up in the Ukrainian community, myself included, it was always most curious that, whereas the famine was common knowledge amongst Ukrainians, it was essentially unknown outside the Ukrainian community. You would pick up a book on the history of the Soviet Union, and if the famine were mentioned at all it would be mentioned in a footnote. As our community would mark this tragic anniversary every 10 years, we decided the time was ripe for getting this information out to the ordinary citizen.

Somewhat similarly, if you go to books about World War II in eastern Europe, the focus is on the fight between the Germans and the Russians. What is clear to those of us who are of Ukrainian background is that most of the war in the East was fought on Ukrainian and Belorussian territory. And it was these two nationalities that bore the brunt of the war and suffered the most. The Germans occupied Ukraine and Belorussia totally, whereas they occupied only small parts of Russian territory and for relatively brief periods of time except for the area around Leningrad [now St. Petersburg].

EIR: What was the extent of the destruction?

Darewych: The war in Ukraine came on the heels of a great catastrophe, namely, the famine in 1933, followed by the Stalinist purges and murders of 1937-38. A tremendous number of Ukrainians were killed—executed by the NKVD or

shipped to Siberia—the numbers run into the hundreds of thousands of people.

As the war rolled over Ukrainian territory, huge numbers of Ukrainians were conscripted. About one-quarter of the Red Army was made up of Ukrainians. A large number of them died either in the initial fighting when the Red Army was taking a tremendous beating, or subsequently in captivity.

One of the reasons for the initial German successes, was that much of the Red Army, particularly that part made up of non-Russians, didn't want to fight. They said, "We have no business fighting for Stalin." They were under a misconception, unfortunately, that the Germans were going to come in as representatives of a western country, western culture, and were going to treat the Ukrainians and other peoples humanely. Many Red Army soldiers gave up in the hope that the Germans would replace the horrible Stalinist regime by something better. In this they were very quickly disappointed, and they learned that the Nazis were hardly any better, if not worse. A huge number fell into captivity, and very many were essentially starved to death by the Germans. This ran to millions of people, to say nothing of the tremendous losses in the civilian population as the war rolled back and forth.

Taking these events together—the Stalinist terror, the famine, and the war—you have the loss of roughly a quarter of the population of Ukraine. The extent of this blow to the Ukrainian people is not often understood because all these losses are grouped under "Soviet" losses.

EIR: What bitter tragedy that the Nazis drove Ukrainians into Stalin's arms and his hated Red Army.

Darewych: The Ukrainians had no choice, they were simply drafted into the Red Army. No one asked, and you couldn't refuse, because this was regarded as treason.

When the Germans invaded, the majority of the population, which had been under Soviet rule, knew very little about the Nazis because the only thing they had to go on was Soviet propaganda. That propaganda was not truthful, and it flip-flopped. Because Stalin signed a pact with Hitler in 1939, the Soviets all of a sudden stopped calling the Nazis nasty names and started speaking of them vaguely as allies. This confused the population. They didn't know what the Ger-

mans were all about. Anything the Soviet regime would say would be taken with a grain of salt in any case.

It is misleading to compare the people of Ukraine in this regard to people in Canada or the United States, who did have a free press, who did have proper and correct reports on what the Nazis were all about. If someone were interested, he could have read Hitler's *Mein Kampf*. No such thing was possible for the Ukrainians living under Soviet rule. The only information most of them had was that which was fed to them by the Soviet authorities.

EIR: Was there a resistance in Ukraine as you had in France, Poland, and other countries?

Darewych: There was an underground resistance to Soviet rule in Ukraine before the war continuously throughout the period of Soviet occupation. The initial resistance was suppressed almost totally by 1933, but in the latter part of the '30s, it was organized again. To some extent, it was connected with the Ukrainian resistance that had sprung up under Polish rule in western Ukraine, the Organization of Ukrainian Nationalists, although not entirely. However, not much is known about it for the simple reason that most of the documentation is in what was then NKVD and is now KGB archives. Unfortunately, this has not been available, so we have rather sporadic information about such resistance. Apparently, much of it was destroyed during the purges of 1937-38.

EIR: One of the falsifications of history shows itself in the media treatment of the trial of John Demjanjuk and in the commemorations of Babyn Yar. It is not generally known that Ukrainians were also killed in Babyn Yar.

Darewych: Yes, I think that there is a common misperception that the Ukrainians were great collaborators of the Germans. Most countries occupied by the Germans during the Second World War had pro-Nazi collaborationist governments. The French, Belgians, Danes, Norwegians, etc., all had puppet governments made up of local people that were pro-Nazi. But Ukraine was one of the countries that did not. Ukraine was governed directly by the Germans. This administration was headed by a horrible person by the name of Erich Koch, and his regime was ruthless toward the Ukrainian population.

The Germans shot or otherwise exterminated most of the leadership of the Ukrainian nationalist underground movement in the Reichskomissariat Ukraine, including people like the poet Olena Teliha; Ivan Rohach, the editor of a Ukrainian newspaper in Kiev; Oleh Kandyba, another poet, and many others. It was a tale of horrible repression, brutality, arbitrary arrest, and wholesale grabbing of people and shipping them off to work in German factories because they were short of labor.

It is important to stress that the Ukrainians did not, under the Germans, have a pro-German administration of their

own. The Germans simply did not permit any kind of Ukrainian government. Even with the so-called Ukrainian police: During the occupation there were auxillary police forces in the various cities of Ukraine in addition to the Gestapo and similar Nazi units which were in charge. But this "Ukrainian" police force was in no sense under the authority of some kind of Ukrainian government. There was simply no such thing.

Under the German occupation, there were only two organizations of any consequence that were under the control of the Ukrainians. One was the Ukrainian church, to which the Germans were very hostile because the Nazis were hostile toward the church, period. And the second was the Ukrainian underground, the Organization of Ukrainian Nationalists and, later, the Ukrainian Insurgent Army.

One sometimes hears, for example, that the Danes managed to help their Jewish population under the German occupation much more than the Ukrainians did. But these are not at all comparable situations. Denmark was an independent country before the war. It is near Sweden, which was a neutral country during the war—there was some place to run to. There was no such possibility in Ukraine. There was no Ukrainian administration before the war or during the war. Ukraine was surrounded by enemies on both sides. There was no in-between and no one to turn to for help or protection.

EIR: And yet you had the formation of the Ukrainian Insurgent Army.

Darewych: The Ukrainians realized very quickly that the only ones who were going to defend them were themselves. They had, particularly in western Ukraine, a well-developed resistance movement to the Polish occupation before the war which simply carried on the struggle against the Nazis and the Soviets. As huge armies moved back and forth across Ukrainian territory in late 1942 under the German occupation, the first units of the Ukrainian Insurgent Army were formed to protect the population from German excesses and from Soviet partisans when they would terrorize the local population. This resistance expanded, particularly in the northern region of Ukraine, which was heavily forested. In the provinces of Volyn and Polissia, there were large units of the Ukrainian Insurgent Army that operated from that period onward, harassing the Germans and attacking their communications columns, particularly their police units, etc. . . .

The Ukrainian Insurgent Army stayed on when the Russians reoccupied the country. They continued fighting right through to the early '50s. It was a tremendous resistance effort in an extremely difficult situation.

EIR: What is most remarkable is that Ukraine has never given up her fight for freedom.

Darewych: There is no question of that. Even now, despite the years of Soviet propaganda, most Ukrainians realize that unless they will be in charge of their own affairs, they will

always be getting it in the neck from one side or the other as they have in the past. This is the reason they are so intent on having their own independent state. I believe that nothing is going to move them from that path. No urging on the part of Mr. Bush or Mr. Mitterrand to retain the [Soviet] Union is going to change their mind. They have learned that unless you have your own army, and are able to defend yourself, no one is going to do that for you. Therefore, it is unrealistic on the part of the politicians in the West to expect that the Ukrainians will settle for anything less than a status equal to that of France or Germany or Poland or Spain. I think that anybody who is forming policy based on some other premise is kidding himself.

I get the impression that the Bush administration is not terribly keen on Ukraine becoming independent. Bush is a big buddy of Mikhail Gorbachov, and is urging the retention of the Soviet Union in some form. But I think the U.S. administration is making a big mistake if it thinks that the Ukrainians are going to go for some quasi-colonial status, because they won't.

There has been a contract signed between Ukraine and a company in Canada to print Ukrainian money. This currency is to be issued, I understand, in May. It is just a question of what route and how long it will take before Ukraine is recognized as an equal member of the European community of nations.

EIR: If we take the example of Croatia, it looks grim, because not one country is willing to recognize Croatia's independence.

Darewych: The double standard is amazing. On the one hand, one has all these U.N. pronouncements about the right to self-determination of every people, and yet in Croatia, where the population voted for independence and proceeded to implement it without attacking anybody, they got attacked. No western government is willing to lift a finger because, it seems, there is this curious fear of destroying the remaining multinational empires like the Soviet Union or Yugoslavia.

EIR: I think it may have something to do with Bush's new world order which is anti-sovereignty.

Darewych: Perhaps. The behavior of France and the United States is difficult to understand because if they had, early on, put a little pressure on the Yugoslavs, that is to say, on the Serbians, and said, "Lay off or else," there would not have been this tragedy and loss of life. The question is why the Croats are forced to go through this agony to establish something which is their right according to international conventions.

EIR: Why has it been the case that Ukraine has always been the country whose independence could not be permitted?

Darewych: I think part of the reason is because Ukraine was not powerful enough to stand up to their enemies in both East

and West by themselves, and they were never given help by the western democracies. Now, why that is so, is difficult to know. For example, at the end of World War I, President Wilson said that the United States was going to insist that all the nationalities subjugated under the former Austrian and German empires in Europe have a chance to establish their own states. They insisted on that for every nation—Czechoslovakia, Poland, etc.—except Ukraine: It was allowed to be partitioned among neighboring states.

Another difficulty is the misinformation or lack of information in the West about Ukraine. Part of the problem is Sovietologists. Who are these people? Many are students of people who were trained in British, U.S., and other universities in the inter-war period in the imperial Russian mode, sometimes by professors who were Russian emigrés who had little sympathy for Ukraine and presented it as some sort of province of Russia, and not as a country which had been subjugated and colonized by a foreign, oppressive regime. This is part of the reason that Ukraine was not viewed as a colonial problem in the same sense that the occupation of many countries by European powers in Africa or Asia was.

The Soviets also fed the West propaganda about the U.S.S.R. being a family of equal peoples where the nationality problem was "resolved." All of this has had a cumulative effect and resulted in distorted information about Ukraine.

EIR: What about the popular myth that Ukrainians are anti-Semitic?

Darewych: Perhaps some are, as are some people of various nationalities. But there are many Ukrainians who put themselves in great danger to assist Jews during the Second World War. I might mention, for example, my aunt and her husband, who hid a Jewish girl during the German occupation. Had the Germans discovered that, it would have been the end of them. As far as I know, that lady is today alive and well and living in Haifa, Israel.

I might mention also, Metropolitan Andrij Sheptytsky, the primate of the Ukrainian Catholic Church, who not only hid Jews in his apartments during the Nazi occupation, but encouraged others to do so, and spoke out publicly against Nazi excesses and killings. Sadly, to this day, there is no memorial to him at the Yad Vashem Memorial of the Righteous in Jerusalem.

EIR: I look forward seeing to your film.

Darewych: Making the film is one thing; then comes the problem of getting it shown. It was a great uphill fight for us to try to get "Harvest of Despair" shown on television. We never did get the main networks in the U.S. to show it, even though we approached them. It was shown on PBS, however, as well as BBC, and by the main Canadian, Australian, and Swedish networks. The German and French TV networks declined to show it, however, despite our repeated efforts.

LaRouche program publicized in Russian newspaper

by Rachel Douglas

On Nov. 12, an advertisement placed by the Schiller Institute appeared in the Russian daily newspaper *Nezavisimaya Gazeta* (*The Independent*). The text was an invitation to the institute's Nov. 22-23 conference entitled "The LaRouche Plan for the Development of Europe and Asia as a Locomotive for the World Economy," held in Berlin, Germany.

Nezavisimaya Gazeta is among the biggest of the new publications in Russia, built up since the demise of the communist-controlled press. The paper was banned for several days during the August 1991 putsch attempt, and it was a young woman reporter from *Nezavisimaya Gazeta* who asked members of the short-lived "Emergency Committee" at their Aug. 19 press conference, "Gentlemen, do you realize you have carried out a coup d'état?" After the coup failed, the circulation of *Nezavisimaya Gazeta* shot up by 100,000, to approximately 270,000 copies daily.

Signed by 110 political figures from three continents, the ad was originally prepared for placement in *Izvestia*, the former official newspaper of the former Soviet Union. *Izvestia*, however, refused to accept the text for publication as a paid advertisement—because it included "political polemics," specifically, an attack on the policies of the International Monetary Fund (IMF).

The nervous reaction from the editors of *Izvestia*, which carries dozens of ads from newly sprouted stock and commodity exchanges (seats for sale, \$400,000 a pop, hard currency only, please), and recently had a front-page "mature, handsome professional seeks blonde Russian woman" notice from a man in the Bronx, shows the intensity of IMF pressure inside Russia and the other newly sovereign republics formerly in the U.S.S.R. On Oct. 11, for instance, *Izvestia's* front-page headline read, "In the Kremlin the State Council is in Session, in Bangkok—the International Monetary Fund; On the Agenda Are Our Problems." Writing about the attempt of the (now defunct) Soviet government to join the IMF, the *Izvestia* author said, "Only full membership in the Fund will open the road to the World Bank, which extends concrete credits for development."

Schiller Institute warned against the IMF

The Schiller Institute ad sought to deflate such illusions. It said, in part: "The world is in an unprecedented crisis of its existence. Whole continents are threatened by hunger, old

epidemics like cholera and new pestilences like AIDS. These new sufferings of humanity are the result of poverty, caused by the murderous, neo-malthusian policy of ruling financial institutions like the International Monetary Fund.

"The collapse of the economy of the former Soviet Union has demonstrated the complete bankruptcy of communism and the marxist economic model. But the Anglo-American model of liberal, unbridled 'free' market economy is also discredited. Great Britain and the U.S.A. are in a depression; the speculative bubble of the Anglo-American banking system will collapse sooner or later.

"After the opening of the borders in eastern Europe, now almost two years ago, the historic opportunity linked with that, for a completely new definition of East-West relations, was initially missed. The question now is to draw the lessons from this omission. We have seen what a catastrophic result the so-called 'shock therapy' of the IMF brought about in Poland. An application of the 'Polish model' to more countries must absolutely be prevented.

"With the revolution in the former Soviet Union, a new chance is offered for a fundamental economic development perspective. The American economist and political prisoner in the U.S.A. Lyndon LaRouche has proposed an all-Eurasian infrastructure program from Brest, France to Vladivostok, which, proceeding from the 'Paris-Berlin-Vienna Productive Triangle,' is to make this great economic space into a locomotive for the world economy.

"The LaRouche plan for Eurasia provides for an integrated infrastructure program for the construction of inland waterways, roads, and a high-speed rail system, for the modernization of energy production and distribution and of telecommunications, and for the rapid improvement of education, health care, and social services. This infrastructure development is indispensable, for the development of small and medium-sized facilities in high-technology branches of industry and in agriculture.

"The LaRouche plan for Eurasia also provides for new methods of financing: namely, project-linked, long-term, low-interest development credits. Anyone who is familiar with the economic theories of Gottfried Leibniz, Alexander Hamilton, Friedrich List, and the Careys, knows that any sovereign state has the right to create credit, if it is a matter of tasks related to the general welfare of society. This economic

tradition formed the basis of all successful industrial revolutions.

"The nations of eastern Europe and the republics of the former Soviet Union have an enormous development potential. But the all-Eurasian infrastructure program is the prerequisite for realizing this potential. Only in this way can the required capital investments get under way, so that a locomotive effect for a new just world economic order can emerge from the Eurasian continent."

"We, the undersigned, are part of a growing, worldwide movement, which is intervening for the immediate implementation of the LaRouche program. We appeal to everyone who reads this advertisement, to join and support our movement, so that the hope, which has received a new impulse all over the world from the courageous struggle of the freedom movement in the East, can be realized."

Among the signers whose names were printed in *Nezavisimaya Gazeta* were (affiliation for identification purposes only): from Germany, Schiller Institute Chairman Helga Zepp-LaRouche, and Father David Maria Becker of the Mainz Cathedral; from Poland, Academy of Sciences member Prof. Zajaczkowski, and presidential adviser Professor Kurowski; from Lithuania, Antanas Buracas, president of the Lithuanian Association for the Defense of Human Rights. There were also signatures from business and cultural leaders in France, Georgia, Hungary, Italy, and Spain. Signers from Canada were Frank Crnkovic, secretary of the United Croats of Canada, and the Right Rev. Mitrophoric Archpriest Prof. Dr. Petro B.T. Bilaniuk, president of the Coalition for Freedom of Belief and Justice in Canada. Dr. Alfredo Jalife of Mexico, president of the Society of Friends of Lebanon, also signed.

From the United States, signatures printed in the Russian paper numbered among them the Rev. James Bevel, civil rights leader; Rev. Wade Watts, former Oklahoma president of the National Association for the Advancement of Colored People; Rev. Robert J.N. Jones, Jr., president of the Richmond branch of the Southern Christian Leadership Conference; Rev. Juergen Bless of the Evangelical German Lutheran Church; Bishop Tibor Domotor, president of the National Association of Hungarian-Americans; and several other church leaders.

Signers active in government included former U.S. Rep. James R. Mann of South Carolina; state Rep. George Vaughn, Democratic whip of the Louisiana House of Representatives; Speaker of the Louisiana House, Rep. Jim Dimos; William P. Robinson, member of the Virginia House of Delegates; former Nebraska State Sen. Don Eret; Vel Philips, former Secretary of State of Wisconsin; Don Scott, former Ohio deputy chairman of the National Farmers Organization; and Dr. Frederick Wills, retired diplomat. The signatures of two trade union local presidents appeared, as did those of leaders from several ethnic American organizations.

Leibler woos Asians for Anglo-Americans

by Lydia Cherry

Isi Leibler, the number-two official in whiskey magnate Edgar Bronfman's World Jewish Congress, returned to Australia in early December from a five-nation tour of Southeast Asia. In an interview with the *Australian-Jewish News* Dec. 6, Leibler was ecstatic about the trip and called Japan's announcement that it would vote to rescind the U.N. resolution equating Zionism with racism the first fruits of his tour. "This is the breakthrough we have been waiting for. Now that Japan has apparently bitten the bullet, my feeling is that other nations in Southeast Asia are likely to follow suit." He continued that his talks in Seoul, South Korea "were especially encouraging in this context, and I have little doubt in my own mind that South Korea will be on our side when the issue comes to the vote in the General Assembly. With Japan, and probably also South Korea, now ready to take on Arab and Muslim opinion in this matter, it may be possible for these other countries to display similar moral courage."

He noted he also received encouraging signals from the Indian and Thai governments, as well as from Singapore.

Leibler added that the trip was closely coordinated with the Australian Foreign Ministry in Canberra and with the U.S. State Department. Coordination with the Australian government is certainly predictable. Prime Minister Bob Hawke has been made an honorary citizen of Israel, and according to Hawke's official biography, Leibler has been one of Hawke's "closest friends since 1979."

India, China are key targets

In India, Leibler lobbied for the government of Prime Minister Narasimha Rao to establish diplomatic relations with Israel. After meeting with the Congress Party's new prime minister, Leibler told reporters, he found Rao's response much more "positive" and "pragmatic" than his predecessors, the late Indira Gandhi and her late son, Rajiv Gandhi. In an interview with the *Times of India*, Leibler was asked if he had ever met with Rajiv Gandhi, to which the Bronfman sidekick responded: "I didn't think it would have served any purpose. He, like his mother, was not very well disposed to Israel." The persistent *Times of India* reporter

continued: "But then, Mr. Rao, as the general affairs minister under both Indira Gandhi and Rajiv Gandhi, was very much involved in India's foreign policy; suddenly you find virtues in him?" Leibler responded, "Charismatic as the Gandhi clan were, they did not allow any policy initiatives to their cabinet colleagues. Every policy of substance emanated from them." Leibler concluded that he was "confident" that the issue of diplomatic relations with Israel is under active consideration by the Rao government.

Though not part of the most recent foray, the first Asian country that Leibler attempted to strong-arm around rescinding its stand on the "Zionism is racism" resolution this fall, was the People's Republic of China. Leibler went to China the second week in October, just after Henry Kissinger (who came to Australia by way of China) had visited Australia for several days. Kissinger met with Prime Minister Hawke and held numerous "private meetings" with unidentified parties around subjects that were never disclosed.

Leibler is the chairman of an Australian-based think-tank, the Australian Institute of Jewish Affairs, which Edgar Bronfman asked him to set up in the 1980s, and which has some of the same functions as the Anti-Defamation League of B'nai B'rith in North America. The AIJA holds regular colloquiums and has a special interest in China, but is also making inroads in other Asian countries. Leibler is quoted in 1987: "We believe there is a basis for increasing contact with Indian intellectuals and opinion makers, greater and more sympathetic awareness in Japanese academic circles of Jews and the dangers of anti-Semitism for Japan itself, expanded exchange with influential educational authorities in South Korea and a generally better acceptance of an international Jewish dimension in the thinking of elites throughout the Southeast Asian region."

Investigations: drugs, pornography, and taxes

Seven out of ten members of the AIJA board are worth at least several dozen million dollars each. Some of these individuals have fared quite well under the Hawke government, even during the recent years when the Australian economy is crashing at an unprecedented rate. However, Royal Commissions and special investigations have periodically pointed to irregular financial dealings by some of this grouping. Like the Bronfmans, members of the Leibler family have been the subject of special investigations that point to the Asian drug trade. In September, Denis Collins, an Independent Member of Parliament in the Northern Territory state parliament, gave evidence that the Leiblers were linked to the international pornography and drug trade. Isi Leibler, at the time, attempted to shrug the charges off, claiming the allegations were just the "outpourings of a sick mind."

However, the first week in December, it was announced that one of the Federal Parliament's most powerful committees, the Public Accounts Committee, will conduct a year-long inquiry into allegations that the Tax Office has not been

adequate in dealing with offshore tax evasion and avoidance schemes. A member of that committee, Ken Aldred (a Liberal from Victoria), told the Melbourne *Sunday Age* on Dec. 8 that he was particularly critical of the presence of Mark Leibler, a senior partner in the Melbourne law firm of Arnold Bloch Leibler, on the Tax Commissioner's advisory bodies. Aldred told Parliament that Leibler's presence on the bodies put him in a position of acute conflict of interest and potentially compromised the integrity of the Tax Office. Mark Leibler is, of course, Isi Leibler's brother.

This investigation of Mark Leibler has been quietly proceeding, after it was initially instigated last April by the findings of Barbara Smith, a Melbourne academic at the Phillip Institute of Technology. Smith charged that, from her public accounts inquiry, she was convinced that "there are extremely powerful and privileged people favored [in tax avoidance] who may have some sort of control over governments insofar as they provide political funding." Smith explained later that she was promptly accused of being "anti-Semitic" by the Leibler crowd. Mark Leibler publicly blasted her in statements noted by the April 19 *Melbourne Age*, claiming that Smith's "diatribes directed against nonexistent powerful and privileged people who allegedly control government and cleverly deceive the ATO [Australian Tax Office] are totally without foundation!"

Since then, however, Mark Leibler has been forced to do some explaining. Indeed, in a submission to the House of Representatives Standing Committee on Finance and Public Administration dated October 1990, he claims that "the last time I thought seriously about my own attitude to tax avoidance was probably back in the late '70s or very early '80s. . . . What made me sit up and think were the two articles authored by me and exhibited to Ms. Barbara Smith's first submission to the Subcommittee titled 'Practical Applications for the Use of Tax Haven' and 'International Transactions in Tax Practice,' published in 1976 and 1979 respectively. On reviewing the articles, the existence of which had almost faded from my memory, I was somewhat taken aback by their content. . . . I felt instinctively that the articles in question are not the sort of articles that I would have authored today, and a number of arrangements discussed in those articles—although within the law—are not the sort of arrangements that I would currently care to recommend to or implement for clients. I then had to ask myself precisely what had changed in the intervening period," he continued, not mentioning the possibility that what might have been the source of his sudden changed perception was the very real possibility that he might go to jail.

Mark Leibler, who graduated from Yale University Law School in 1968 with honors, is on the National Tax Liaison Group and is the chairman of the Law Council of Australia's Taxation Committee, as well as heading the most influential law firm in Melbourne, and perhaps Australia, the firm of Arnold Bloch Leibler.

Visit to India by Nepal's prime minister throws Beijing off guard

by Susan Maitra and Ramtanu Maitra

Nepal Prime Minister G.P. Koirala's recent visit to India, days before the much-heralded Dec. 11 visit to India of China's Prime Minister Li Peng, was a singular triumph for Indo-Nepal bilateral relations and may give cause for a serious concern to the Chinese leadership. Beside Prime Minister Koirala's assertion that the previous regime's decision to buy arms from China was a "mistake" which will not occur again in the future, his sudden deviation from Nepal's age-old position backing the proposal to make South Asia a nuclear free zone has been widely welcomed in India. Koirala's pointed pronouncements in New Delhi were made as Beijing was preparing for the first visit of a Chinese head of state to India in 31 years.

Prime Minister Koirala's visit was ostensibly to sign two separate treaties which have been hanging fire for more than two years, on trade and transit with India. Besides concluding these treaties, a number of agreements on projects for development of water resources were also reached during the visit. Among the projects are hydroelectric projects on the Karnali Bend on Karnali River, Pancheshwar River, and Sapta Kosi River, and multi-purpose projects like the Burhi Gandaki River flood-protection and forecasting scheme in central Nepal. It was also announced that the government of India will undertake an investigation of the road connecting the Tanakpura Barrage to the East-West Highway at Mahendranagar. In addition, Prime Minister Koirala invited Indian industrialists to invest in Nepal to set up agro-industrial infrastructure, and he assured them that rules and regulations governing trade and investment would be framed to facilitate greater cooperation with India.

Push for agro-industrial projects

This is the first time that Nepal has shown such clear interest in setting up agro-industrial infrastructure and moving away from the country's increasingly deteriorating dependency on agricultural produce. Koirala's pitch for developing agro-industrial infrastructure runs counter to the Nepali monarchy's present model of developing Nepal into a Hong Kong-style entrepôt ensconced in the Himalayan hills. Over the years, Kathmandu, the nation's capital, has become notorious for drugs and fast bucks to attract a certain variety of

foreign tourists.

Most important, however, is the decision to sign an agreement for joint cooperation with India to develop Nepal's "white gold"—its water resources. The projects, which the Indian prime minister described as "music to my ears," mentioned in the agreement have the combined potential to generate as much as 12,000 megawatts of electrical power at peak level—more than twice the amount Nepal generates today. The flood-protection scheme for controlling the Burhi Gandaki and the Sapta Kosi rivers will also reduce flooding significantly in India's Gangetic plains where the rivers disgorge their water into the Ganga River. Commenting on the agreement, Indian Prime Minister P.V. Narasimha Rao said: "Our rivers, whose benediction has blessed our lands, must endure as a hope of well-being and of promise of our peoples."

Koirala spoke in Hindi, not English

At a joint press conference in New Delhi with the Indian prime minister, Prime Minister Koirala said that the success of his visit would be gauged by the extent to which he had been able to strengthen the relationship between India and Nepal. The Nepalese prime minister used Hindi instead of the customary English for his introductory remarks. "Agreements and treaties are minor matters before the fundamental fact of the centuries-old relationship with India," the Nepalese prime minister said.

Answering a question on the emergence of tensions in the relationship between India and Nepal as a result of Nepal's purchase of arms from China without consulting India, Prime Minister Koirala said that the arms purchases were a "mistake" committed by the previous non-representative regime and such mistakes "will not occur again." He also asked Indian newsmen "to bury the past" on a query about the Chinese involvement in building roads within Nepal.

Although the Nepalese prime minister told the press that he welcomed the forthcoming visit of Chinese Prime Minister Li Peng to India, the Chinese reaction to Koirala's press conference was sharp, if typical. Earlier, the Chinese ambassador to India, Chen Ruisheng, had told a scribe, who is promoting strong Sino-Indian relations to counter the North in the present global context, that India and China "should

go back to the relationship of the '50s," referring to the halcyon days of Sino-Indian friendship which were smashed in 1962 with the Chinese invasion across the Himalayas over their disputed border. One day after Prime Minister Koirala's news conference, Ambassador Chen accused India of harboring anti-China Tibetans in India. At the reception hosted by the President of India for the Nepalese prime minister, Ambassador Chen was found to be less than cheerful.

Nuclear free zones

But Koirala's disengagements from past "mistakes" was not the only thing to rattle the Chinese. At a news conference in Varanasi, where a large number of Nepalese academics are associated with various institutions, Prime Minister Koirala took a diametrically opposite position from what King Birendra, the present constitutional monarch who lost a large share of his powers with the installation of a democratic system last year, had voiced over the years to the satisfaction of both Beijing and Islamabad. Answering a query, Prime Minister Koirala said Nepal differs with Pakistan's assertions that only South Asia should be free of nuclear weapons. "Why only South Asia, why not the whole world?" asked Koirala.

With the full support of the United States, China, and whatever is left of the Soviet Union, Pakistan had recently moved a resolution successfully at the U.N. General Assembly to make South Asia a nuclear free zone. The process of de-nuclearization, Pakistan's prime minister suggested, should involve a five-party meeting including India, Pakistan, the United States, the Soviet Union, and China. Besides pointing out that global, and not regional, de-nuclearization should be pursued, the Indian objection is that the process would leave China (with whom India, Pakistan, Bhutan, and Nepal—all South Asian nations—have common borders), sitting with a formidable nuclear arsenal, a situation unacceptable from India's security viewpoint.

Closer relations with China

Though Prime Minister Koirala's visit took some wind out of its sails, a vocal lobby has emerged to push for closer relations with China, ostensibly to form a power bloc within the South countries to demand economic and other equalities with the North. The argument for this new "anti-imperialist" front conveniently ignores the fact that the U.S. Deputy Secretary of State Reginald Bartholomew, who came on the heels of the Pakistani resolution to pressure India to sign the Nuclear Non-Proliferation Treaty (NPT), was himself promoting closer Sino-Indian relations to the Indians.

Those who are in the know also point out that China has been a major supplier of arms to Pakistan, Bangladesh, Burma, Sri Lanka, and Nepal (on one occasion). Despite the ritual disclaimer of all arms dealers that China is supplying only defensive weapons, the policy has increased tension on the subcontinent.

India's Ministry for External Affairs responded routinely

to Ambassador Chen's accusation by reiterating its position that Tibet is an autonomous region in China, and made no mention of "harboring of anti-China elements." But those who oppose closer Sino-India relations have also become active in the run-up to Li Peng's arrival. They point out that all along India's northeast borders, ample evidence exists of Chinese backing for various tribal and ethnic groups against Delhi. Such support comes via supply of arms, drugs, and providing arms training to the guerrillas. Most of the contacts are maintained by China through its southern paw, Burma.

China's critics are active

It is also a reality that China has not accepted the unification of Sikkim with India, which took place in 1975, and there is strong evidence that China is also behind the "Greater Nepal" movement, fomented through the Nepal Communist Party, the Nepali royal household, and anti-India elements within India. The "Greater Nepal" concept is to bring together a Himalayan kingdom—a pet project of the British in earlier days as a bulwark against the "yellow peril"—which would include Nepal, Sikkim, and the northern hill districts of West Bengal. China, the advocates of caution point out, has violated the very basis on which its five principles of peaceful coexistence is based and which is now preached as the new ideology for state-to-state relations.

It has also been pointed out in the media here that President Bush's new world order scheme, which Beijing nominally opposes, drew critical strength from the collaboration of China in the United Nations. China, which enjoys a \$12 billion surplus trade balance with the United States, is furthermore not likely to be interested in confronting Washington on economic issues, no matter what the verbal blasts are. In other words, the critics of a new fling with China point out, China's role in the post-collapse of the Soviet center suggests that it is working for nothing other than its "own interest"—as the mandarins of Beijing perceive it.

Critics argue that Li Peng's visit, hence, is not to seek the hand of India to fight the growing inequalities of which the South nations are at the receiving end, but to legitimize the discredited leadership in Beijing and to project China as a frontline activist among the South nations. Under the influence of Madison Avenue image-builders, Li Peng has embarked on a voyage to India to lift the faded image of a group of leaders desperately trying to hold on to power by appeasing the North while suppressing internal dissent.

Whether the Indian leadership will see through China's *realpolitik* or opt to go back to the relationship of the 1950s, is not yet to be seen. Meanwhile, the Nepalese prime minister's forthright approach to better relations with India, his very public distancing of China, will be eyed with suspicion in Beijing. It is unlikely that China will ease pressure on Nepal or give up support to its well-established assets there, if Chinese involvement, even today, with the disgraced and dangerous Khmer Rouge in Cambodia is any indication.

Bush and Salinas share destinies

After three years of praise for the "Mexican miracle," policymakers are talking about a replacement for Salinas.

The magazine *Siempre* devoted a recent editorial to the observation that "the destinies of Salinas and Bush are one. We might even go so far as to predict that the fate of the first, his administration's place in history, depends upon the uncertain future of the other."

The severe economic instability of the United States, the resurgence of regional conflicts around the world, and the demands of the U.S. citizenry for its government to pay some attention to accelerating domestic problems, has ironically placed the Salinas government in a serious political quandary. President Carlos Salinas de Gortari is not only being referred to as a weakened politician, but his replacement is already being sought—with three years remaining in his term!

Suddenly, in late October, the London *Financial Times* uncorked Manuel Camacho Solís, the mayor of Mexico City, as the most viable successor to Salinas, describing him as "a natural pre-candidate for the presidency." And in early December, the *Wall Street Journal* presented Finance Secretary Pero Aspe Armella as a potential candidate, in an extensive interview attributing the "success" of the Salinas economic model to Aspe, as the "brains" behind it. Curiously, the Mexican media have chosen not to publish that interview.

Hoping to allay these pressures, the Mexican government organized a rapid-fire succession of international events, bringing in "world-class personalities." One such event was Henry Kissinger's appearance in Mexico City in late October, where he report-

edly was paid \$100,000 to say that the North American Free Trade Agreement (NAFTA) had to be signed before the U.S. presidential elections in November 1992. Next came former President Ronald Reagan, who, it is said, was paid \$80,000 to say the same thing. Both spoke before forums organized by the well-endowed Universidad Anahuac.

Former chief of the White House Council of Economic Advisers Martin Feldstein and 1981 Nobel economist James Tobin addressed an event organized by the Mexican Institute of Financial Executives at the ocean resort of Cancún, where the two insisted that the U.S. elections would not interfere with the NAFTA negotiations. It is not known how much they were paid.

Mexico's Banco Mercantil invited down Massachusetts Institute of Technology economist Rudiger Dornbusch, who was Pedro Aspe's professor at MIT. It is said that Dornbusch was paid \$17,000, and that what he said in his presentation landed like a bucket of cold water on the head of his former disciple. Apparently, he just didn't agree with government projections on inflation control, and said that both Aspe's exchange policy and the economic stabilization program as a whole "will have to be revised in the short term." Certain circles are even saying that Dornbusch lost the consulting job he had had at the Finance Ministry.

After such a visit, the scene moved to the United States, where the Mexican-American Chamber of Commerce, the Conference Board, and the Mexican Foreign Trade Business Co-

ordinating Agency organized a seminar entitled "Investing in Mexico in the Nineties. Investment Opportunities and Strategies within the North American Free Trade Agreement."

All went well for the organizers of the event, until it occurred to Delal Baer, an analyst for the Center for Strategic and International Studies (CSIS) in Washington and an adviser to George Bush, to suggest a substitute for Salinas de Gortari.

Baer said, "Even if Cuauhtémoc Cárdenas were candidate in 1994 and won the elections, he could not reverse course; his administration would have to go with orthodox policies, just as Presidents Carlos Andrés Pérez of Venezuela and Alberto Fujimori of Peru had to." But he didn't stop at that. He also suggested that a possible PRI presidential candidate might be Jesús Silva Herzog. "It might be that he would win, but he could not erase the policies implemented thus far."

It is public knowledge that Silva Herzog, the finance secretary during the last phase of José López Portillo's government and during half of Miguel de la Madrid's subsequent term, and designated "1984 Man of the Year," is now kept as ambassador to Spain because his presence irritates Finance Secretary Aspe, Trade Secretary Serra Puche, and chief presidential adviser Joseph Marie Cordova Montoya, among others.

That the CSIS should propose Jesús Silva Herzog, whom Citibank's John Reed once called the "Black Pearl" of international finance, as a PRI presidential candidate, implies a serious crisis of confidence among Mexico's young ruling elite. Indeed, the message is very clear: What is important is the success of the program, and *not* of the men who implement it—even if that man should be Cuauhtémoc Cárdenas himself.

Malthusian lobby counterattacks

Health Minister Dr. Alceni Guerra's anti-genocide efforts have won him the enmity of the death lobby.

In March 1991, Health Minister Dr. Alceni Guerra caused a sensation when he declared, in an interview with *EIR*, that under population control programs promoted and financed by both private and official organizations of the United States, as many as 20 million Brazilian women had been sterilized, thereby significantly reducing the size of the Brazilian population. Minister Guerra named some of the organizations in his indictment, including the State Department's Agency for International Development (AID). That depopulation policy is today a critical element of George Bush's new world order, as reiterated by former U.S. Secretary of State Henry Kissinger only recently.

The effects of that policy have by no means abated. In December, the national census of the past decade was completed, and preliminary figures released by the Brazilian statistical institute IBGE indicate that the population growth rate is less than had been supposed by even the most pessimistic estimates. The population today barely reaches 150 million.

It should come as no surprise, therefore, that a campaign to discredit and force Alceni Guerra's resignation from the Health Ministry has been launched, under the pretext of alleged "administrative irregularities" said to have taken place during the minister's efforts to acquire equipment for his emergency anti-cholera program in Brazil's impoverished Northeast. For now, that program has been suspended while a specious "investigation" is pursued. If the suspension is not immediately lifted, the growing cholera

contagion could sweep that region in a matter of weeks, and from there invade such major cities as Rio de Janeiro and São Paulo.

Throughout 1991, the population issue—and specifically the execution of the population policy of the U.S. government inspired by Kissinger in his National Security Study Memorandum 200 (circulated internationally by *EIR*)—has been at the center of heated debate both in the Brazilian Congress and among civic organizations.

The Rio de Janeiro state legislative assembly only recently received the conclusions of its Investigative Commission assigned to look into the sterilization practices carried out in that state. In the introduction to the commission's final report, it states: "The declarations of Health Minister Alceni Guerra that 25 million Brazilian women were sterilized; evidence of all the obstacles to the Health System; the release of secret documents of the U.S. Security Council, delineating strategies since 1974 with the explicit purpose of controlling the birth rate in 13 countries—among them Brazil—are sufficient evidence to bring us closer to the truth about the sterilizations."

Outstanding among the activities of the commission is the fact that the directors of the Brazilian Society of Family Welfare, which champions the sterilization policy, as well as the Brazilian branch of the International Planned Parenthood Federation which has served as a private vehicle for this policy, were called to testify and were severely grilled on their illegal prac-

tices on behalf of these policies.

At the same time, federal Deputy Benedita da Silva broadened her initial petition for the creation of a congressional commission to investigate these sterilizations, incorporating members of the Chamber of Deputies and a joint commission of the Senate in her request.

In the Senate, there have been repudiations of the Kissingerian policy as well. For example, on Aug. 30, Sen. Jutahy Magalhaes issued a statement warning that "Bennis [sic] Small, one of the directors of the magazine *Executive Intelligence Review*, gave a presentation on the American document that the magazine had divulged . . . in reference to the sterilization of women in Brazil. Until that moment, the document had remained secret. In short, gentlemen, we have in our hands a copy of the polemical document, which furnishes us with new reflections and, perhaps, with a new view of the problem."

Dr. Guerra's denunciations of the mass sterilization policy created a scandal internationally as well. In May 1991, the Mexican daily *Unomasuno* dedicated its editorial to the matter, entitled "New Malthusian Order." In September, the newspaper of the Italian Bishops Conference, *Famiglia Cattolica*, covered the attacks on Kissinger's intervention in Brazil. The practices of abortion and mass sterilization are "seriously illegal," charged Pope John Paul II during his October visit to Brazil. These, he added, "are sometimes induced by political or professional entities."

Thanks to this "publicity," the genocidal face of Kissinger is so widely known—and hated—in Brazil that the former secretary of state was forced to unexpectedly cancel his planned trip to Brazil in early October. He claimed the moment was "inopportune."

An ex-President whose time is up

Former Colombian President López Michelsen's highly placed friends can't seem to hide the truth about his drug ties.

Despite a "gag order" issued by the Colombian government on the matter of former President Alfonso López Michelsen's links to the cocaine cartels, the shocking truth of his criminal associations, and consequently those of the government which covers for him, is continuing to find its way into the public consciousness.

López was named as the "political godfather" of the murderous Medellín Cartel by one-time cartel "transport king" Carlos Lehder, during his Nov. 25 testimony at the Miami trial of Manuel Antonio Noriega. Lehder's admissions, which coincide with charges that were made and documented by *EIR* in 1984, prompted furious denials from López and an official protest by Liberal President César Gaviria Trujillo.

Perhaps they do protest too much? According to former Justice Minister Enrique Parejo González, López is lying outright in claiming that his 1982 presidential campaign had been officially cleared of taking drug money, and that the Betancur government had authorized his meeting with the country's leading cocaine traffickers in 1984, immediately following their assassination of Parejo's predecessor, Justice Minister Rodrigo Lara Bonilla.

Writing in the Dec. 1 *El Espectador*, Parejo reveals that the commission established in 1983 to investigate charges of dirty money infiltration into electoral campaigns "declared in its final report that the accounting books did not reveal any contributions

explicitly provided by the drug mafias," but that it had detected "the existence, in certain groups, of donors who had decided to withhold their names." Hardly a statement of absolution! And regarding López Michelsen's 1984 Panama meeting with the cartel, Parejo wrote: "This author, who was then justice minister and who publicly condemned that meeting, feels obliged to state once again that I was not informed of Mr. López's unfortunate trip until after it was held."

Parejo added that López's Panama meeting "was not the only act of acquiescence to the Medellín Cartel traffickers. Despite all of their crimes, high-level individuals several years later served as intermediaries between the government and these criminals. Nothing more effective to demoralize society could have been conceived." López headed the infamous "Notables" who, in 1989, urged the government to negotiate a bloc plea bargain with the cartel.

Parejo insisted that "the drug trade could not have grown as it did and become so powerful and influential in public life, if it did not have the complacency and, at times, collaboration of prominent individuals, and even of certain rulers." Parejo concluded that traffickers dared to murder their opponents, such as Lara Bonilla, only because of "the tolerance of both the authorities and of high-level political leaders toward their illegal activities."

One week earlier, Parejo had charged President Gaviria with con-

ducting a virtual "coup d'état" against Colombia's national institutions by codifying the illegal acts of the cartel-dominated National Constituent Assembly. Parejo had called for a "broad popular mobilization" to rescue the nation.

Notwithstanding Gaviria's efforts to keep the lid on the López story, the damage has been done and Colombia's creditors—who helped make the drug trade what it is today—are now sounding alarms. The *Financial Times* of London had the following to say about Lehder's revelations in a Dec. 6 survey on Colombia: "The former President has denied the charges . . . but the fact that many people in Colombia were not surprised by [Lehder's] testimony indicates a pervasive belief that the influence of the drug traders extends deeply into Colombia's political classes."

The *Times* concluded its survey for potential investors on a less than positive note: "Colombia today is a confusing confrontation of different forces. . . . Whether the new era dawning over Colombia is one of a free market and an open democracy or one of the gun law of the narcotics gangs thus remains open to debate."

Moreover, in the midst of growing public concern over the spread of opium poppy plantations inside Colombia, the López name has again been linked with drugs. His oldest son, Alfonso López Caballero, who was just sworn in as Gaviria's new agriculture minister, came under attack Dec. 1 by the anti-drug *El Espectador*, for his inaugural speech, which "seemed indistinguishable from an invitation . . . to cultivate" poppy. López Caballero apparently elaborated on the "high profitability" of such a crop for Colombian farmers, which, said *El Espectador*, could serve as the signal to "heroin-ize" the Colombian economy.

International Intelligence

Chirac: Yugoslav war is the shame of Europe

Europe's failure to stop the bloodshed in former Yugoslavia is "shameful," declared Jacques Chirac, leader of France's neo-Gaullist RPR party and a former prime minister, in a commentary published in the daily *Le Figaro* on Dec. 3.

Chirac charged that while European leaders are meeting in the city of Maastricht, the Netherlands, "just two hours away by plane from that city of scholarly European reflection, the civil war in Yugoslavia . . . will enter its sixth month!" The head of the RPR denounced the "deafening silence of a Europe more impotent than ever," while "whole cities like Vukovar [are] totally destroyed, jewels of culture and European civilization such as Dubrovnik, torn apart by bombs and shells; thousands of dead, wounded and hundreds of thousands of refugees lacking everything."

Calling the European policy of allowing the Serbs to impose themselves by force "shameful," he underlined that the conflict could rapidly "take over the rest of the former Yugoslavia"; the "Yugoslavian war is the laboratory of what might happen tomorrow in Russia itself, or else between Russia and the other republics of the former Soviet federation."

Chirac denounced the "indifference of our people toward this war" and called on all Frenchmen to "mobilize themselves, to express their indignation, to form committees to demand the final end of this terrible war."

France wants closer integration into NATO

Speaking to French and foreign military officers at the Cours Supérieur Interarmes (CSI), French Defense Minister Pierre Joxe indicated that France will move toward closer integration in NATO, the daily *Le Monde* reported Dec. 5. Joxe said that if France doesn't "watch out, pretty soon I will be the

last defense minister in all of Europe not to participate in NATO meetings." He said that while the French forces would remain ultimately under national control, France would like to participate more actively in strategic planning.

According to *Le Monde*'s military specialist, Jacques Isnard, the Defense Ministry thinks that France should increase its participation in NATO's Defense Planning Committee and the highest military institution of NATO, the Military Planning Committee.

Joxe's statements suggest that a deal was struck at the recent NATO meeting in Rome, involving France's reintegration into the strategic planning structures of the alliance, in exchange for the creation of an Anglo-American-dominated European defense. According to Isnard, "last Nov. 8, in Rome, NATO admitted for the very first time ever that the creation of integrated and multinational European structures could play a role as important for the defense of the continent as that of the integrated NATO command."

Joxe said that "the France-NATO agreements will have to be revised to take into account the profound geostrategic mutations which have occurred in Europe on the one hand, and the affirmation by NATO of a European defense identity, on the other hand."

Vendetta against Peru's Alan García continues

The Fujimori government in Peru has appealed a decision by that country's Supreme Court not to pursue charges of illegal monetary gain against former Peruvian President Alan García. The appeal is widely viewed as the continuation of a political witchhunt against García, who, last October, was stripped of his life-long parliamentary immunity after being accused of embezzling over \$400,000 in state funds. At the same time, the Fujimori government has used executive privilege to appoint a new Supreme Court president more amenable to its vendetta.

On Dec. 3, Magistrate Roger Salas, who

had been appointed to review the case, declared that no evidence of wrongdoing had been submitted, and that all of García's personal funds had been fully accounted for. Judge Salas, a former professor of García's, has since come under attack by anti-García forces in Congress for "partiality."

Simultaneous with the government's appeal of the Supreme Court finding, a new "Organic Law of the Judicial Power" was implemented, enabling the one-time designation of Dr. Luis Rendón Portugal as president of the Supreme Court. Portugal is known to have an axe to grind against García, since it was under his presidential mandate that Portugal was prosecuted for protecting and defending drug traffickers. García's supporters in Congress are demanding that the new law be overturned, and García himself denounced the promulgation of the government's latest decree as "a grotesque maneuver."

ADL stringer in Brazil attacks LaRouche

One J.O. de Meira Penna, described as "an ambassador, professor, and writer," penned an article in the Brazilian *Jornal da Tarde* of Nov. 28, which is a tirade against the influence of Lyndon LaRouche in the Brazilian Armed Forces. Meira Penna is associated with the Washington, D.C.-based magazine *New Counterpoint*, run by Herbert Romerstein, a longtime anti-LaRouche operative close to the Anti-Defamation League (ADL).

In his article, Meira states that since the Brazilian Armed Forces no longer have their traditional enemies to worry about—communism and the Argentines—they have had to dream up new ones. He ridicules their concerns over the internationalization of the Amazon, accusing the Armed Forces of clinging to "an obsolete absolute sovereignty." He particularly targets several of the military's scientific and technological projects, which he says are the "nostalgic fruit of the 1970s dreams of a Greater Brazil."

What most irritates Meira Penna is the

Briefly

fact that many Brazilian military nationalists listen to and read what LaRouche has to say. LaRouche, he says, is a "good-for-nothing ideologue, backed by funds of unknown origin, an ex-communist, and now to the right of the Ku Klux Klan." Unfortunately, Meira Penna adds, "he is attracting some among the [military] hard-line troglodytes." And "some of these retired gorillas are projecting the paranoia of a heroic people" against their perceived enemy: the United States.

St. Petersburg mayor warns of coup potential

Anatoly Sobchak, the mayor of St. Petersburg, Russia, warned of the possibility of a military coup, in an interview with the Paris daily *Le Figaro* published on Dec. 4. "For me a military coup cannot be ruled out," he said. "And this time, if it happens, it will receive the support of the people. . . . A military dictatorship whose declared goal is simply to restore order has a chance of success."

Sobchak said that chaos "will create the need [for the military] to put things in order."

Although Sobchak denied that there was a nuclear threat from Ukraine, he added, "But when I observed the evolution of events in Croatia, I immediately thought of what would have happened if Croatia had nuclear weapons. What is happening between the Croatians and the Serbs should be enough to make us reflect over Russo-Ukrainian relations."

Peru's Catholic Church: halfway to the catacombs'

"We are halfway to the Church of the catacombs," was the way one Catholic missionary in Peru described to the *New York Times* the conditions now being enforced on the Catholic Church by the rapid spread of the influence of the terrorist Shining Path. Foreigners account for two-thirds of the 6,200 priests and nuns in the country, and thus make good targets for Shining Path's anti-

foreigner propaganda. Four nuns and priests have been killed since May.

Chimbote Bishop Luis Bambaren Gas-telumendi revealed on Dec. 7 that his isolation from public activities "was due to the 'diabolical blackmail' of Shining Path activists, who had forced him to retire from that city or see the assassination of priests begin again," reported the Lima daily *Expreso* Dec. 8. Monsignor Bambaren had virtually disappeared from public view for several months, following the murder of several priests in his city by the narco-terrorists.

"Shining Path is infiltrating everything—parish organizations, confirmation classes, the Faith and Happiness schools," said a New York-born missionary, who said that under no condition could his name be published, since "Shining Path is in New York," and word would get back, and, "if they decide to have a people's trial, that's the end."

To minimize the risks, church groups are increasingly run by semi-secret councils, and priests and nuns have started living erratic daily schedules. "If strange people show up at Mass, I always develop stomach cramps and leave immediately," the New York missionary told the *Times*. "The people are suffering, they are hungry. The people feel the government has abandoned them. The people are saying, 'What is the alternative?'"

Landsbergis warns of threat to world peace

Lithuanian President Vytautas Landsbergis, in an interview with the Warsaw newspaper *Rzeczpospolita* published on Nov. 21, stressed that the greatest threat to peace in Europe "is undoubtedly posed by the economic and social crisis sweeping the U.S.S.R. and, above all, Russia."

If it is not brought under control, warned Landsbergis, "things will become really grave . . . but I am an optimist: Yeltsin is following the path of reform." He said that a strong Russia will not necessarily be a threat to the smaller states in eastern Europe, however.

● **THE UNITED NATIONS** Secretariat ruled on Dec. 10 that Iraq was responsible for the Iran-Iraq war, not Iran. This formal decision will lead to Iraq being charged with billions of dollars in reparations payments to Iran. Two weeks before, the U.S. had announced that it would be paying Iran \$270 million for supplies contracted by the Shah which it had failed to deliver to Khomeini.

● **CHINESE** Prime Minister Li Peng made the first public criticism of events in the former U.S.S.R. by a top Beijing leader on Dec. 11. "Those changes have not served the interest of achieving world peace and stability," he said. "On the contrary, we are now seeing great chaos and the situation is unpredictable."

● **A PAPAL VISIT** to Moscow is not possible at this time because of the Russian Orthodox Church's opposition, the Catholic apostolic administrator to Moscow, Archbishop Tadeusz Kondrusiewicz, told a news conference Dec. 9. There has been a dramatic change in the attitude of the Russian Orthodox Church recently, apparently due to the Vatican's appeals in favor of Croatia and Slovenia.

● **EUROPEAN ROYALS** are financing the Brazilian monarchists, according to the Spanish magazine *Veja*. The royal households of Spain, Belgium, and Holland are financing the monarchists' campaign for the 1993 plebiscite in which the Brazilians will choose their government system. The recipient of European money is Dom Bertrand de Orleans e Braganca, who is linked to the crypto-Catholic group Tradition, Family, and Property (TFP).

● **BURMA'S** Rangoon University was closed by combat troops and riot police on Dec. 11, and several students were arrested, following demonstrations in support of Nobel Peace Prize winner Aung San Suu Kyi, who is believed to be under house arrest.

Schiller Institute calls on U.S. to back Croatia

by Paul Gallagher

Two leaders of the Croatian community in North America affirmed their reliance on the Schiller Institute to mobilize to save their nation from destruction, at a Schiller Institute conference in Arlington, Virginia Dec. 7-8. The conference also heard Democratic presidential candidate Lyndon LaRouche powerfully relate the butchery of Croatia to U.S. support for British economic and strategic policies.

The Croatian community in America has had it with the State Department, finally realizing that the Bush administration is dead set against Croatian or Slovenian independence from communist "Yugoslavia." The Croatian government on Dec. 11 stated point blank that "the U.S. State Department is trying to scuttle recognition" of Croatia and Slovenia by other European countries.

Speaking to the conference by telephone from prison, LaRouche explained that the current situation bears a great resemblance to the dynamic which led to World War I. "We are looking potentially at World War III. Not a simple replay of 1914, but something which follows the same pathways, in the way that a new flash flood follows the pathway of the old flash flood." The pathway in question is the 100-year-old British determination to prevent the development of European and Asian infrastructure and industrial might, particularly with German leadership. "The attempt," he said, describing the Bush administration's folly, "is to align Moscow (with Gorbachov, which is what Gorbachov's importance is to the West) with Paris, London, and the Serbians, against the rest of Europe."

The large and well-organized Croatian community in Canada has gone further than its American counterpart in recognizing that the Schiller Institute, and Helga Zepp-LaRouche's International Committee to Save Croatia, are Croatia's only hope. At the Arlington conference, Alex Shiroka, the coordinator of the Croatian Information and Cultural Center in Montreal, stated, "From this place, I initiate coop-

eration between the Republic of Croatia and the Schiller Institute, and I am putting this on the conscience of every Croatian as a unique possibility of overcoming the tragic present situation." Shiroka told the 250 participants, who came from all over the world, that he wanted to emphasize "the deep understanding of the historical and economic roots of today's crisis by Lyndon LaRouche and his associates," as well as "their great vision and commitment in developing the programs which seem to be the only hope for human existence on this planet."

The secretary of the United Croats of Canada, Frank Crnkovich, also addressed the conference. He said that Croatia had been "suffering since the Versailles Treaty," but never as badly as now. Crnkovich expressed his deep appreciation for what the Schiller Institute has done.

The LaRouche recovery program

LaRouche, in his call to the conference, connected the rising economic misery in the United States, to the Bush administration's British-led betrayal of freedom and democracy in Europe. Europe is the only area, he said, which can pull the world out of the financial mudslide triggered by the Anglo-American banking and real estate collapse—if a new, high-technology infrastructure is built to link all the productive areas of the new Europe together.

"That means, that if we wish to recover in the United States, what we have to do is accept the very thing that the British went to war to prevent," said LaRouche. "We have to accept Eurasian economic development. . . We have to scrap the Versailles system. . . We have to admit that Britain's organizing World War I was a great mistake, and that most of the 20th century has been bloodshed caused by a great British mistake which we must not repeat."

Without that Eurasian development, LaRouche said, Americans "have to recognize that we have so much de-

stroyed our infrastructure, our industry, and agriculture, that we as a nation could not recover within the foreseeable future."

Other Eastern European-community leaders also addressed the conference on the crucial role the Schiller Institute and LaRouche are now playing. They included John Kolasky, Ukrainian-American leader and author; and Dr. Tibor Kovats of Budapest, co-founder of the largest organization in Hungary, the Association of Hungarian Political Prisoners.

Demand freedom for LaRouche

The opening panel of the conference was a hard-hitting exposé of "judicial barbarism in the United States," the degeneration of what was once the land of constitutionally protected freedom, into the world's biggest gulag, with a higher proportion of Americans in jail than in any other nation. The cases of Lyndon LaRouche and his associates have been the "marker" for this degeneration.

Edward Spannaus, who had been in prison since early 1989 as one of the "Alexandria Seven" railroaded with LaRouche in the notorious federal "rocket docket" in Alexandria, Virginia, described how the Supreme Court has been systematically ruling against the Bill of Rights, and has virtually wiped out the right of appeal under *habeas corpus*, the "Great Writ" considered so important by the Founders that it is in the Constitution itself, not the Bill of Rights. Until after World War II, Spannaus said, 60% of those indicted in America were convicted. Now, the rate is 97%, and prosecutors—not judges—run the judicial system, forcing thousands of their political targets to accept guilty pleas by making examples of those like LaRouche and his associates, who won't.

During the conference, the Schiller Institute received an extraordinary message to LaRouche from 107 Argentine Army officers, all imprisoned for opposing the disastrous economic and strategic policies of the Menem government. They reported using *EIR* materials to give classes at the prisons in which they are held, and said, "We want you to know that a desire for a free America joins us as brothers, and that prison—although at a distance—also unites us."

Judge William Goodloe, former Chief Justice of the Washington State Supreme Court, said that justice flows from the idea of a nation as a sovereign, economically developing republic, and is lost when a country abandons that philosophically. He said that jury nullification, the traditional concept now banned by 20th century law in America, might be the only way to break the dominance of judges and prosecutors over juries.

Anita Gallagher, one of the 16 LaRouche movement activists being tried by the state of Virginia (she is facing a sentence of 39 years in state prison), described why Virginia is the only state where railroad trials of LaRouche associates have succeeded in federal and state courts, where prosecutors

in other states have tried and failed (see *Feature*). Carlos Wesley, *EIR*'s Caribbean and Central America correspondent, described the almost unbelievable judicial corruption of the ongoing trial of Gen. Manuel Noriega. Not only have all of the prosecution witnesses been rewarded with millions of dollars and freedom from their sentences for major drug crimes, murders, etc., but the judge has repeatedly ruled that Noriega, though being tried in a court established under the U.S. Constitution, does not enjoy the protections that Constitution and U.S. law afford to defendants.

The conference passed a resolution targeting the week of Jan. 27, 1992—marking three years of LaRouche's imprisonment—for a worldwide mobilization to free LaRouche. "Enough is enough," the resolution says, "of judicial barbarism against LaRouche and his political movement; and of IMF genocide against the nations of the South and the newly liberated nations of the East."

A second resolution called for an end to the trade and economic embargo against Haiti organized by the Bush administration. Haiti's President, Joseph Nerette, sent a message to the conference, describing the embargo's "genocidal effects against the poor, the old, and the young" of that most-impooverished nation.

1990s: reconstruction or war

The conference's focus was the Schiller Institute's proposal for a "True Fourth Development Decade" to make the 1990s a decade of economic reconstruction and peace, rather than financial collapse and war. Institute founder Helga Zepp-LaRouche, in her keynote speech, which was relayed to the conference by videotape, denounced the disastrous claim of the U.S. State Department, that recognition of the independent nations of eastern Europe would lead to "chaos and bloodshed." *Refusal to recognize them, aid them, and invest in them* has already encouraged genocidal war by the dying tank-communists of Europe, she said, and a "hunger winter" in Russia now is the one thing that could lead to war between Russia and Ukraine. She told the conference that the Schiller Institute had succeeded in linking forces in the east European and Third World countries around this proposal.

Warren Hamerman, who in October introduced the True Fourth Development Decade proposal to the United Nations on behalf of the Schiller Institute, described the new life it had given to the Third World nations' "Group of 77." One official had told Hamerman, "Everyone else is trying to hold the game together [the Bretton Woods monetary system], and you are all alone in trying to organize a new game."

Hamerman likened the International Monetary Fund's regime to a prison whose walls have crumbled, whose guards are weak and dying, but where the prisoners keep marching around in circles. The Schiller Institute's intervention has finally led to resistance to the IMF's genocidal policies, even at the U.N., he said.

Budget cutters pit poor vs. taxpayers

by H. Graham Lowry

The escalating round of budget cuts by state governments across the country is turning into an overtly fascist program for the slave-herding and outright elimination of the poor as "useless eaters." While these schemes may sound like the rantings of "former" Klansman and Nazi David Duke, a number of them have been placed on the agenda by such "moderate" Republicans as California's Gov. Pete Wilson and Gov. William Weld of Massachusetts.

In an address Dec. 9, Wilson unveiled a proposal for cutting California's welfare payments by 25%, with the supposed intent of encouraging recipients to find employment. The state has lost more than 400,000 jobs just this year, while the number of persons on welfare rose from 1.5 million in August 1989 to 2.2 million in June 1991. Governor Wilson blames the state's fiscal crisis on the influx of "indigents and immigrants"—even though payments through Aid to Families with Dependent Children (AFDC) represent only 6.6% of the budget.

Wilson's plan, dubbed the "Taxpayer Protection Act," will be proposed as a 1992 ballot referendum, designed to pit taxpayers—just hit with the biggest tax hike in state history—against the largely disenfranchised but growing poor population. The measure would also require state legislators to pass a balanced budget each year by June 15, or forfeit their salaries until they do.

The projected \$600 million cut in (AFDC) would reduce welfare payments first by 10%, and then by an additional 15% six months later. Against current law, no extra assistance would be provided for mothers bearing additional children. Teenage mothers would be cut off entirely unless they live with their parents or legal guardians, who would receive the funds directly. Future payment levels would automatically be cut if tax revenues decline or fail to cover increases in welfare caseloads.

'Workfare,' or death

Gov. William Weld of Massachusetts, no stranger to police-state methods, also has a scheme to coerce recipients of Aid to Families with Dependent Children. Earlier this year, Weld threatened to jail state officials who refused to implement his budget cuts. Now he wants to herd two-thirds of the current AFDC recipients into minimum-wage jobs—including single parents under 24 with no high school diploma or equivalency certificate!

Weld's workfare program (i.e., working low-paid jobs for a welfare check), cynically entitled Mass Jobs, would also target two-parent families who went on welfare after exhausting their unemployment benefits—because they could not find work! AFDC benefits for any "targeted" recipient who refuses workfare would be terminated, though the children's allotment would be maintained. The plan offers no suggestions as to how the parents would live.

Even more absurd, Weld's workfare program is budgeted at 25% less than the *voluntary* program funded two years ago under former Gov. Michael Dukakis. Funds for training, education, and job placement services have also been cut by one-third. Meanwhile, unemployment in Massachusetts has increased by more than 50% during Weld's first year in office. The number of two-parent families on welfare has increased by 182% since 1989.

Incentives to abort or abandon children

In New Jersey, the state legislature is considering a welfare "reform" bill which would also bar any additional payments to mothers who give birth while receiving benefits. Says Wayne Bryant, the black assemblyman and majority leader who authored the bill, "If you decide to enlarge your family, you should do as I do—get a job and earn more money."

Another of Bryant's bills would force welfare recipients whose children have reached the age of 2 to work or to enroll in job-training, or have their benefits reduced. Both measures, in effect creating financial penalties for mothers who fail to abort or abandon their infants, would require waivers of existing federal regulations.

In Michigan, where Republican Gov. John Engler eliminated the General Assistance fund on Oct. 1, and a legislative leader told the poor to move "somewhere else" if they didn't like it, the growing number of homeless persons are being driven to outdoor tents for shelter. One such encampment in Detroit has been called "Englerville Tent City." One homeless activist predicts there will be 100,000 homeless people in the Detroit area by Christmas.

Maryland has announced plans to cut Aid to Families with Dependent Children by 30%, leaving a welfare family of three with a monthly payment of only \$264. Part of the cuts may be restored for recipients who can prove that they paid their rent on time! Maryland Secretary of Human Resources Carolyn Colvin says the cuts are designed to "encourage" people to get off welfare.

The state's Emergency Assistance program, often the only source of aid to the poor who face evictions, will be terminated. No matter, says Colvin. "Most people are evicted anyway." And eligibility for the General Public Assistance program will be further restricted to eliminate 25% of current recipients. Another proposal would deny disability assistance to anyone who had been officially disabled for less one year. After that, he might receive a little money, if he were still alive to apply for it.

Australian newsletter asks, ‘Is George Bush honorable?’

by Our Special Correspondent

“On December 31 the President of the United States arrives in Australia for a visit. George Bush is arguably already the most powerful man on Earth. Currently he is striving to introduce what he terms a ‘new world order,’ supposedly for the benefit, prosperity, and peace of all mankind.

“To give one man as much power as Mr. Bush craves could be dangerous, even if that man were the most honorable on Earth. But is Mr. Bush honorable? Is he really the type of man to have control of our children’s futures?” So leads, in large print, the front page of Australia’s most widely read newsletter, *Inside News*, under the bold headline of its November 1991 issue: “Is George Bush the World’s Leading Child Molester?” The populist newsletter, which has a 200,000 circulation, reflects widespread sentiments abroad that President Bush is not the guardian of the world moral order he claims to be—not even in his private conduct.

In the course of a 20-page special edition, the newsletter’s publisher, Peter Sawyer, released for the first time anywhere documents passed to him by Australian and U.S. law enforcement sources, in which child victim-witnesses from the infamous Franklin Credit Union scandal in Nebraska allege that then-Vice President George Bush personally attended sodomy and child sex parties organized by Franklin boss Lawrence E. King.

Bush was defended from these charges in an article in *Gentlemen’s Quarterly*. *GQ* is a U.S.-based “men’s” magazine which features erotic advertisements of both homosexual and heterosexual appeal, for underwear, perfume, liquor, and the like. *GQ* included in the same issue a lengthy story puffing Trinidad, Colorado—“The Sex Change Capital of America.”

Nebraska pedophile scandal

The documents printed in Australia are police and state child-care reports which apparently were produced as evidence to the Nebraska State Senate’s “Franklin Committee,” which probed the collapse of the minority-oriented credit union which was headed by “Larry” King, a nationally prominent black Republican who campaigned for President Bush in 1988.

The credit union, based in the black section of north Omaha, collapsed in November 1988, amid allegations that King was running a nationwide child prostitution and drug

ring. The allegations have never been proven, because all inquiries have come under heavy political pressure, according to those close to the case. One victim-witness who testified to such abuse as a teenager was thrown in jail for 12-27 years for perjury, while 15 other witnesses in the case died mysterious, often violent, deaths—including the death in a suspicious plane crash of Gary Caradori, the chief investigator for the Nebraska State Senate’s “Franklin Committee.”

In November 1988, King’s offices were raided by the FBI and \$40 million was discovered to be missing. Within weeks, the Nebraska Senate, which initially opened an inquiry to find out where the money had gone, instead found itself questioning young adults who said they had been child prostitutes. Social workers and state child-care administrators accused King of running a child prostitution ring.

King is now serving a 15-year federal prison sentence for defrauding the Omaha-based credit union. Two magazines, *Avvenimenti* of Italy and *Pronto* of Spain, among others, have charged that King ran a national child prostitution ring that serviced the political and business elite of both the Re-



Rushing to defend Bush is *Gentlemen’s Quarterly*, a pornographic magazine featuring articles and advertisements intended to appeal to readers of any and all sexual preferences. Rags such as this have created a climate in which sexual perversion is considered “normal.”

publican and Democratic parties. Child victims of King's operations charged him with participating in at least one satanic ritual murder of a child. The *Washington Post*, *New York Times*, and *National Law Journal* covered the full range of accusations when the story broke in November 1988. King's money machinations were also linked to the Iran-Contra affair, and some say King provided the CIA with information garnered from his alleged activities as a "pimp" for the high and mighty.

Pronto, the largest-circulation weekly in Spain, with 4.5 million readers, reported in its Aug. 3 and Aug. 10 issues that Roy Stephens, a private investigator who has worked on the case and heads the Missing Youth Foundation, "says there is reason to believe that the CIA is directly implicated," and that the "FBI refuses to help in the investigation and has sabotaged any efforts" to get to the bottom of the story. Stephens says that "Paul Bonacci directly accused President Bush of being implicated" in the affair when he testified before the Franklin Committee. Bonacci, who had been one of the child prostitutes, is identified by child-abuse experts as a well-informed, credible witness. On Nov. 20, he was highlighted on a St. Louis KSDK-TV news report for having helped police investigating the best-known child kidnaping, the disappearance of Johnny Gosch.

The documents published by *Inside News* provide a possible rationale for what many observers of the case say have been repeated attempts to bury the story. The violent suppression of all official inquiries into the allegations is attributed to concern that—as bizarre as the charges sound against the President—many Americans perceive that sexual degeneracy is nonchalantly accepted by the U.S. political elites who preach austerity to the Third World and to Americans suffering from Bush's depression. Outrage about such conduct in Bush's circles could fuel in the United States the kind of revenge the East Germans sought, when they found out that the Honecker dictatorship was wallowing in illegal drug profits while citizens starved.

After a dissection of the coverup, including photostats of documents which indicate complicity by the FBI in covering for child abuse, murder, and satanism, *Inside News* publisher Sawyer focused on the children's testimony about Bush.

The first account is from 1986, more than two years before the Larry King scandal started making headlines. It is a handwritten debriefing taken in March 1986 by child-care worker Julie Walters of two Omaha children, Eulice (nicknamed Lisa) and Tracey Washington Webb, who had been placed as foster children with, and then adopted by, Larry King's cousins, Jarrett and Barbara Webb. Jarrett was a board member of Franklin Credit Union.

Wrote Walters, "Lisa has accompanied Mr. and Mrs. King and Prince [their son] on trips to Chicago, New York, and Washington, D.C., beginning when she was 15 years old. She missed 22 days of school almost totally due to these trips. Lisa was taken along on the pretense of being Prince's

babysitter. Last year she met V.P. George Bush and saw him again at one of the parties Larry gave while on a Washington, D.C. trip. At some of the parties there are just men (as was the case at the party George Bush attended)—older men and younger men in their early 20s. Lisa said she has seen sodomy committed at those parties."

Walters, who left Nebraska before the scandal broke and is currently a housewife in the Midwest, confirmed that she wrote the report and that it had become part of the official Nebraska State Senate inquiry.

Lisa and Tracey were badly beaten by Jarrett and Barbara Webb, and were ultimately taken from their home by state foster-care officials. Lisa passed four lie detector tests regarding her accounts of the abuse, and both Julie Walters and Lisa and Tracey's new foster mother, Kathleen Sorenson, stated that they not only believed the girls in general, but specifically their accounts of George Bush's reported involvement. Not long after the debriefing, Sorenson died in a car crash which was evaluated by former Los Angeles FBI chief and expert in satanism Ted Gunderson as being a "satanic contract."

Franklin Committee investigator Jerry Lowe also debriefed Lisa, who told him the same story in 1989. According to a report dated May 8, 1989, Lowe reported: "Eulice [Lisa] indicated that she recognized George Bush as coming to the party and that Bush had two large white males with him. Eulice indicated Bush came to the party approximately 45 minutes after it started and that he was greeted by Larry King. Eulice indicated that she knew George Bush due to the fact that he had been in political campaigns and also she had observed a picture of Bush with Larry King at Larry King's house in Omaha."

'Men's' magazine defends Bush

The 13-page *Gentlemen's Quarterly* article was written by senior investigative journalist James Traub and is an apparent attempt at a legal brief-style refutation of all the accusations contained in the Australian coverage, as well as the widely circulated rumors in Nebraska and in the nation's capital on the scandal.

Traub repeated the pervasive rumors about Bush as he pooh-poohed the story in general. "We do have some credible witnesses who say that 'Yes, George Bush does have a problem,'" Omaha businessman Steve Bowman told *GQ* in the December issue. Bowman owns a public relations firm and has had four researchers working on the Franklin case for two years, preparing a book on the scandal.

The thrust of the article is: Yes, there was corruption; yes, there was homosexual sex; yes, there was politics involved, but no way was there a child prostitution ring. Traub offers some condescending sociological explanations for the intense interest and widespread belief among Nebraskans of a coverup (over 90% of Nebraska's citizens polled have repeatedly stated they believe there is a coverup). In a swipe

LaRouche commemorates Pearl Harbor Day

Democratic presidential candidate Lyndon LaRouche made the following comments on Dec. 7.

By the time you hear this, Pearl Harbor Day 1991 will have passed, but there are a few reflections on that subject which are relevant to the problems facing the world between now and next Pearl Harbor Day 1992.

First of all, I heard nothing in all the commentaries I read and heard on the subject of Pearl Harbor Day about Gen. Douglas MacArthur. Now, to talk about the War in the Pacific without mentioning the role of Gen. Douglas MacArthur before, during, and after the war, the Second World War that is, seems rather silly. Secondly, there's a great fluff about who knew in advance that the Japanese were going to strike Pearl Harbor.

U.S. war plans against Japan-Britain

Well, if you recall, Gen. Billy Mitchell at his trial [in the 1920s] knew that the Japanese were going to strike Pearl Harbor. Now, that wasn't so egregious on General Mitchell's part, because U.S. war plans called for defense of the U.S. against a Japan-Britain alliance from the 1920s, the last war plan the U.S. ever had: Defend the United States against an alliance of Japan and Britain.

This war plan featured the Japanese attack on Pearl Harbor as a central feature of the war planning for the Pacific branch of the war against Japan and Britain, as early as the 1920s. This war plan continued in effect until about 1938, when the U.S. was fully committed to back

Britain in a planned war against Germany. We were all assured that all the pieces would go into place and the war would happen.

So, who was surprised by the Japanese attack on Pearl Harbor? No one should have been, even without any decoded messages. Pushed to the wall, U.S. strategic planning said from the 1920s throughout the 1930s, Japan would have had no alternative except for an attack on Pearl Harbor.

The only thing really surprising from a military standpoint about the Japanese attack on Pearl Harbor, was its effectiveness, and that was because of the additional air power which was deployed at the last minute to the Japanese fleet, which gave Japan total control over the skies over the Hawaiian islands at the time the attack in fact was in progress.

Now, it is undoubtedly the case that Winston Churchill did know Japan was going to attack Pearl Harbor and that Winston Churchill withheld the information, consciously withheld it, with the complicity of undetermined numbers of other persons. Because the British knew they could not get the U.S. into the war unless something like that happened. Unless the American population was given a bloody nose, the equivalent of dropping the bomb on London, from a British standpoint, the Americans could not be mobilized with the intensity for war-fighting which the British required at that moment of desperation.

That is so much history, but that is real history. What I'm objecting to is the fact that no one in Washington or in the upper stratosphere of those who prepare these press analyses, and television reports, and so forth, seems to know anything about the strategic realities of the 20th century. Either they don't know, or they are not telling the truth.

at State Sen. Loran Schmit, who headed the Franklin Committee and has been an advocate of a more thorough investigation, Traub sneers, "Schmit represents a rural area west of Omaha, and he burns with the mistrust of city life that once inflamed the prairie with populist passion. Drug abuse, homosexuality, and child prostitution were precisely what he expected from a place like Omaha."

Traub writes, "And then there was the terrible, panic-inducing phrase 'child abuse.' Over the past decade or so, legitimate concerns about such abuse have spiraled into a nationwide outbreak of the sort of paranoia that surrounded the Salem witch trials. But no children were ever involved in this case. Owen, Boner, and Danny King [three alleged child prostitutes—ed.] had been sexually active teenagers at the time of the supposed forced sex and Bacchic riot. The only child even mentioned was a 9-year-old boy, whom the

least reliable of Caradori's witnesses claimed to have seen in the company of George Bush at one of Larry King's Washington parties." (Traub's description of some witnesses as "sexually active teenagers" recalls the excuse of Milwaukee police when they failed to rescue a bleeding victim of mass murderer Jeffrey Dahmer, believing the youngster, who was killed later that night, to be a consenting homosexual in a domestic spat.)

Traub also denigrated the Schiller Institute, founded by Helga Zepp-LaRouche, which organized a fact-finding commission that visited Nebraska in October 1990. Traub writes, "In October, a contingent from the Lyndon LaRouche organization, which welcomes all conspiracy theories as contributions to its own late-19th-century-vintage vision of Anglo-American world domination, arrived in Omaha to spread the gospel among the credulous."



The U.S. is being repaid for its mistakes in the Mideast

John Cooley is the author of the recently published book Payback—America's Long War in the Middle East (Brassley's U.S., Inc. McLean, Virginia \$19.95). He is now an ABC News reporter, and has covered the Middle East and North Africa since 1957, including for the Christian Science Monitor from 1965 to 1978. He has been a foreign correspondent fellow at the Council on Foreign Relations and a senior associate of the Carnegie Endowment for International Peace. He was a member of an ABC News team that won an Emmy Award in 1990 for a documentary on the downing of Pan Am 103. He was interviewed in Washington, D.C. by William Jones on Dec. 6.

EIR: What was your purpose in writing this book?

Cooley: The book was an attempt to look at American policy in the Middle East over the last 10 years, since the fall of the Shah. It opens with my interview of the Shah in September 1978. I try to show how a series of U.S. policy blunders, misperceptions, failure to follow through, to understand local situations, led to one payback after another.

The hostage situation, both the Teheran diplomatic hostage capture and that crisis and the subsequent hostage crisis in Lebanon, began really with the capture of David Dodge, the president of the American University of Beirut. . . . For me, the whole offensive of the Khomeini revolutionaries in Lebanon was part of a concerted campaign by the Khomeini regime . . . against the American cultural presence in the Middle East.

The American University of Beirut has been a force for good in the Middle East ever since it was founded as a Syrian private college back in the 1860s. Its influence has radiated all over the area. Its alumni are members of cabinets, academic people, people who have influence and power, professionals. It was, among other things, an ally of the Arabs in their drive to end Turkish domination in the area toward the end of the 19th century and the beginning of the 20th century.

The Iranians probably regarded it as an ally of Arab nationalism as well as an American presence. They object to both, of course. The Persian-Arab conflict is one of the fundamental conflicts in the Middle East for the last 2,000 years, and will probably continue being that. At the same time, they wanted the Americans out, and that meant the university. They kidnaped staff members, professors, they murdered

university President Malcolm Kerr in January 1984. In every way, they tried to make life impossible.

The American University in Beirut, I'm glad to say, survived and is still operating to this day. It took a hit two weeks ago when there was a big explosion on campus, which may have been the same people, the Hezbollah, a pro-Iranian group. But I think the period now of that type of hostage-taking is closed.

Not to say that terrorism is at an end . . . but, for the moment, Iran and Syria, especially Iran, who in some ways were responsible for this, have decided, for quite different reasons in each case, that it is much better to have a good relation with the United States and the West. So Iran has ordered an end to hostage-taking. They had a little trouble enforcing it quickly. They had to get the United Nations machinery going to crank up deals with the Israelis and others. But this whole complicated process, which began last June with the release of John McCarthy and the Israeli prisoners in the south of Lebanon, is coming to a climax. . . . It's good that it's over.

EIR: It's interesting the way you expressed the importance of the American University in Beirut as a target for terrorism because of its role as a transmission belt for western values. In recent years, there has been a wave of fundamentalism, partially promoted by the United States. Carter National Security Adviser Zbigniew Brzezinski attempted to create an Arc of Crisis of fundamentalist countries surrounding the Soviet Union, and certain forces in the U.S. played a role in overthrowing the Shah and promoted the Khomeini phenomenon. Do you see this shift of support to fundamentalist regimes as a blunder in U.S. policy?

Cooley: I think the mistakes come from not understanding it. In the first place, we were plugged into the Shah, and he was plugged into the United States, and neither were talking to the other forces in the country. We didn't understand what was happening in Iran.

One reason we didn't understand it was because of the purpose of the American presence in Iran ever since World War II, when Harry Truman and the U.N. machinery had to expel the Soviet Union from northern Iran, where they had set up two rump republics in Kurdistan and Azerbaizhan run by the Red Army and by local communists. That was the

first big post-World War II crisis in the Cold War in 1946. Ever since then, until the Iranian Revolution in 1979, the main thrust of the U.S. presence in Iran has been to monitor the Soviet Union. . . .

But, in so doing, we almost totally ignored the revolutionary forces that were building up in Iran, particularly the fundamentalist religions of the Shiite variety, which became contagious after the Iranian revolution. This began to have repercussions all over the Muslim world, as far as Indonesia. And not only in the Arab world, but in India, in Pakistan. Wherever there were large, or majority Muslim populations, there were sympathetic movements. Although the Shiite movement began in Iraq, it was spread to Iran by the Shiite clergy from Najafa and the holy cities in Iraq. The farther you got from Teheran, the more sympathy there was for it and it was stronger, where people didn't understand what it was all about. Even in Morocco, people would say, "We are for Khomeini, and we don't like King Hassan." They didn't know what they were talking about. Most of the Moroccans didn't understand what Shiism was in a theological sense, since they were Sunni Muslims themselves.

But Brzezinski's Arc of Crisis was real. It radiated from this center in Teheran, and that's been one of the main themes in the last 10 years. And the U.S. has tried to cope with it in various ways, mostly ineffectually. And we have been paid back for our lack of foresight, in not seeing it coming in the first place and trying to deal with it, like in Lebanon, with military means. . . .

I guess there were probably lessons there which will be remembered. Syria and Israel wanted to be the dominant power in Lebanon, but Israel was only able to hold onto a southern slice of Lebanon, which they still have, calling it a security zone, and their allied vassal army still operates there. Instead, Syria has become the dominant power in Lebanon, and Syrian hegemony over Lebanon has resulted, I would contend, from many of these American errors.

EIR: You mention in your book the Israeli connections to the Iranians.

Cooley: This is very important, and it goes back to Biblical history. There's always been a very special relationship between Israel, ancient and modern, and Persia. It goes back to the Babylonian Captivity and Cyrus the Great. The Jews in Palestine were to some extent rescued from the oppressions of the kings in Baghdad by the Persians. And the Persians oppressed the Jews much, much less—although I wouldn't say they didn't at all—but less than the Babylonian kings did. There was a special relationship set up. There were ancient Jewish communities in Persia from earliest times and Israel's concern about getting the Iranian Jews out of Iran after the Islamic Revolution of Khomeini, which was openly anti-Jewish—I don't like the term anti-Semitic, since that would also mean anti-Arab—but anti-Jewish, as well as anti-Bahai and anti-Christian. The Israelis felt it an urgent neces-

sity to get these people out, and the first Israeli arms deals with revolutionary Iran were aimed at that.

As early as October 1980 when the Americans were still hostages at the embassy in Iran, Israel was, through intermediaries, primarily France at that time, selling Phantom spare parts, tires, other military equipment. And there was a secret Israeli military training mission in Iran even then in that otherwise hostile environment.

EIR: When was this?

Cooley: In 1980. Within a year of the revolution, there were Israeli military personnel in Teheran. Very few and very discrete, low profile.

Their common enemy, they felt, was Iraq, and Israel always felt that not only Saddam Hussein's Iraq, which was especially feared, but even prior to Saddam Hussein, Iraq was one of the big military threats facing Israel. Iraq was the only Arab state which did not sign the 1949 armistice with Israel after Israel was created. Iraq participated in all of the Arab-Israeli wars, except the Suez War in 1966, in some way or another, with token forces, and with considerable forces in 1973 on the Syrian front. They helped their Syrian adversaries to contain the Israeli counter-thrust after the first Syrian advance on the Golan Heights in 1973.

So, Iraq has always been seen by Israel as a dangerous adversary. And in the Middle East, the enemy of my enemy is my friend. The Iranian-Israeli connection is thousands of years old. It's had its ups and downs and its interruptions. But just as Israel cultivated other states which were not Arab states, but were possible adversaries who could help contain the Arabs, such as Turkey and Ethiopia down in northeast Africa, in the same way Israel operated with respect to Iran.

EIR: Do you think the Israelis were lobbying to encourage U.S. action against Iraq?

Cooley: I don't know the answer to that. It's possible. Iraq broke diplomatic relations with the U.S., as did most of the Arab states, in 1967 with the outset of the '67 war, the so-called June War. Relations with Iraq were not restored until 1984. The Iraqis sent signals to the United States. Saddam Hussein was now becoming top-dog in the Baath Party, effectively the dictator of Iraq. His people sent signals, through intelligence channels at first, and then through overt diplomatic channels, that they needed a better relationship with the U.S.—commercially and otherwise.

The U.S. responded in 1984. . . . There was help; there was intelligence information shared. Here you had a very unfortunate situation. The covert part of the U.S. government was going against official administration policy in making secret arms deals with Iran, while the State Department was sending people around the world to try to stop the flow of arms to Iran from our allies. On the other hand, you had one part of the U.S. intelligence establishment helping Iraq and another part helping Iran. Left hand and right hand doing

different things. A ridiculous situation. Absolutely incredible!

EIR: What has been the effect of the Persian Gulf war with regard to the U.S. presence in the Middle East?

Cooley: Well, that's spinning out now. We aren't going to know for a while. We accomplished the main task of getting Iraq out of Kuwait. That had to be done.

Although I can't prove this, I believe that the war could have been avoided, if certain actions had been taken diplomatically, which were not taken or were not completed in the first few days after the Iraqi invasion. From Aug. 2 to, let's say, Aug. 9 when Saddam announced the annexation of Kuwait, I think there was a window of opportunity for diplomacy. Now whether President Bush had decided on war at the very beginning with [Prime Minister] Mrs. [Margaret] Thatcher when they were both in Aspen, Colorado, as some people think, or whether he had not definitely made a decision until Desert Shield was well under way in the winter, I don't know. We may never know.

But there were signs, I think, pointing to the inevitability of that war. Saddam, in a way, wanted it, incredible as it sounds in view of what happened. But don't forget that Saddam used to say, and he said it several times to visitors during the period when he was holding thousands of foreigners hostages in Iraq, hoping this would deter military action against him, that if he physically survived this crisis, if he stayed in his chair throughout the conflict, he would win. And he did. He stayed in his chair. He's still there. And it's going to be a source of endless problems to us. . . .

EIR: Some people feel that President Bush and others coaxed Saddam Hussein into an invasion. Do you think that this was the case?

Cooley: Again, it was left hand and right hand. . . . Now, with regard to April Glaspie, in her famous meeting with Saddam on July 25. . . . She still did say, and she doesn't contest this, that the Iraq-Kuwait border problem and the oil production problem, which were the two main irritants between Iraq and Kuwait, were affairs which the Arabs should settle among themselves and it was not a U.S. concern. If there was a green light, or if anything she said was interpreted by Saddam as a green light, it must have been that. I don't think there is any escaping that. . . . What she admittedly said was, in my opinion, enough to give a green light.

EIR: Do you think the situation is any safer now? Or are we simply looking at the calm before the storm?

Cooley: I think you have to separate categories here. I don't think . . . that we will immediately normalize relations with Iran. . . .

Syria is different. Syria was our ally in the Gulf war, for their own reasons. Hafez al-Assad has just been reconfirmed for another seven years in power. He wants to hold on to it.

He cannot allow any large degree of real democracy if he wants to maintain that power. He and the military people who have kept him in power have given Syria a relatively stable, uninterrupted period of government since 1970. Before that there was a coup every six months. It's in his interest to cooperate with the United States, up to a point.

Whether Assad will be willing in these Middle East peace talks to compromise enough to make any progress with the Israelis is questionable. . . . Neither the Syrians nor the Israelis seem willing to abandon their old rigidity towards each other. The Syrians are the only Arab group, with whom the Israelis have had virtually no, or very, very few secret, clandestine contacts all these years. All the years the Israelis were saying, "We want to negotiate openly with each Arab state," in reality they were negotiating in secret. They even negotiated with Abdel Nasser through American intermediaries. And then the spectacular move of Sadat and his trip to Jerusalem. With King Hussein the Israelis have had secret talks for years and years. They don't have this kind of thing with Syria. It's a particularly keen hatred, or rather, mistrust about the whole Syrian-Israeli relationship.

Assad says now that he wants all of the Golan Heights, which he lost in 1967. The Israelis say there is no way they are going to give back anything. Both positions are much tougher now than they were a few years ago. There was talk of compromise at various times, that the Israelis might pull out of part of the Golan Heights, that the Syrians might return to demilitarize the area. But we haven't heard that for a long time.

Henry Kissinger was trying to do something like that back in the '70s. That's when he developed a great respect for Assad as a shrewd and cunning negotiator. He used to say, during the days of his shuttle diplomacy, when I was covering the area, "In Syria, all I have to do is talk with the boss. When I go to talk with the Israeli cabinet members, I see 15 different ministers and get 16 different opinions that I have to deal with." I don't know to what extent that is still true.

EIR: Maybe Kissinger simply prefers dealing with dictators?

Cooley: I think he does. He seems to find it simpler.

For the Arabs, the big problems are the settlements. They see the West Bank and Gaza, especially the West Bank, covered wall-to-wall with asphalt. Before there can be any self-rule, there will have to be some mechanism that can reverse this. More than half the land has now gone to the Israeli settlers. That's going to be a very tough issue. There are also a lot of settlements on the Golan Heights. The Israelis even have industrial and farm establishments there that they're not going to give up easily.

[Secretary of State James] Baker has been devoting almost all of his time to the Middle East, the whole past year. They have neglected the Pacific Rim and Africa. The only other thing they've been able to watch is the Soviet Union, trying to keep [Mikhail] Gorbachov in some kind of position.

Letters to the Editor

Mormon Church structure

This is a note of complaint about an item appearing in the "National News" section of the Nov. 29, 1991 edition of your magazine.

The article is entitled, "Satanism investigated within Mormon Church."

The terminology used: ". . . a member of the three-man episcopate that rules the Church of Jesus Christ of Latter Day Saints" is a grossly distorted explanation of Elder Glenn L. Pace's position in the Church, the nature of the Church's organizational structure, and a misspelling of the proper name of the Church.

Elder Glenn L. Pace is (at this time) the Second Counsellor in the Presiding Bishopric of the Church of Jesus Christ of Latter-day Saints (please note the correct spelling). The Presiding Bishopric consists of a Presiding Bishop and two counsellors. They do not "rule" the Mormon Church. Their responsibility is, basically, to administer the *temporal affairs* of the Church.

The Church of Jesus Christ of Latter-day Saints is not "ruled," except by Divine Law. The leadership of the Church consists of the First Presidency and the Council of Twelve Apostles. The First Presidency (a President and two—or infrequently more—counsellors) *presides* over the activities of the entire Church and is guided through Divine revelation and prophecy. The living Christ is the only "head" of the Church, the First Presidency and Council of Twelve Apostles merely serving as His earthly agents. The Presiding Bishopric serves under the direction of the aforementioned leadership.

The leadership of the Church is not "elected." Leaders are *called* to their positions through Divine revelation by those having authority to do so; they must, however, be subsequently sustained in their callings by invoking the Law of Common Consent to the membership of the Church.

Further down in the article, wherein Satanists are being identified by their positions in the Church, another error has occurred: The article says, "bishops, a state president. . ." The correct term is *stake president*. A *stake* is an administrative group of individu-

al congregations (Wards and/or Branches). There are usually about 5-8 units in a Stake, and somewhere in the range of 3,000-6,000 members. A Stake is contiguous in its geographic boundaries. A Stake President serves with two counsellors in a *Stake Presidency*.

Leaders of the Church are not professional clergymen. Local leaders (Bishops, Stake Presidents, etc.) serve without pay. All earn their livelihoods in conventional types of employment. Some are even magazine publishers/editors like me. (I have a Church calling of minor responsibility in a suburban Maryland Stake.)

I am disappointed to find errors in *EIR* of the type I have mentioned. This has all been offered in the spirit of constructive criticism. I hope that it is of help to you.

Ross McMullen
Silver Spring, Maryland

South Africa not in Commonwealth

[In] *EIR* issue July 26, 1991, Vol. 18 No. 28, on page 8 you are *incorrect* in stating that ". . . Kenya and South Africa, both of which are members of the British Commonwealth. . . ."

Dr. Verwoerd took South Africa *out* of the British Commonwealth in the early sixties!

In the sixth paragraph you refer to President Botha. I am not sure whether you are referring to the previous President Botha or to the Foreign Minister Mr. Pik Botha, or to President De Clerk.

Similarly on page 9 in the sixth paragraph you write, "We have to start talking straight," declared President Botha in a May interview. If you are referring to May 1991 then Mr. De Clerk was the President.

It is such a pity because one welcomes a different point of view based on facts that in themselves cannot be challenged although their interpretations could vary.

Y.D. Asmall
Pietermaritzburg
Republic of South Africa

The Editor replies: We appreciate these corrections of minor factual errors, and note that neither reader appears to quarrel with our general account of the events in the cited articles, events which require serious response from anyone in a position to influence the institutions named. Reader Asmall is referring to a two-page article, "Will South Africa Choose Regional Development or IMF Austerity?" Despite the editorial lapses he cites, the article clearly identifies De Klerk as the President and Pik Botha as the foreign minister of the Republic of South Africa, in the first two paragraphs. The thrust of that article was to challenge South Africa not to fall into the trap of Thatcherite looting of Africa. Albeit, as he points out, South Africa is no longer formally in the Commonwealth, in economic policy it has regrettably acted as the City of London's stooge, with tragic results.

Missionary appreciates anti-genocide information

Christian greetings to you in the name of the Lord Jesus Christ. I visited America in June this year and at New York airport J.F. Kennedy I met some of your group who were selling your information magazines, especially your American genocide in third countries. I will appreciate you if you can start sending us your magazines.

Thank you.
Rev. Shadrick T. Kachazah
Missionary
Ndola, Zambia

The Editor replies: Thank you for your letter, and we would also like to express our gratitude to an *EIR* subscriber, who has donated \$490 to pay for one full-year subscription to the magazine to Reverend Kachazah's Life Tabernacle mission in Zambia.

We welcome your comments and queries. Letters for publication must be signed and include the writer's address; names may be withheld on request. Mail to: EIR Letters to the Editor, P.O. Box 17390, Washington, D.C. 20041-0390.

Art books make good holiday gifts, but don't neglect the art museums

by Nora Hamerman

Paintings from the Frick Collection
by Charles Ryskamp, Bernice Davidson, Edgar
Munhall, and Nadia Tscherny
Harry N. Abrams, New York, 1990
149 pages, hardbound, \$39.95

**Fifty Old Master Paintings from the Walters
Art Gallery**
by Eric M. Zafran
Baltimore, Trustees of the Walters Art Gallery,
1988
128 pages, paperbound, \$15

**Resplendence of the Spanish Monarchy:
Renaissance Tapestries and Armor from the
Patrimonio Nacional**
by Antonio Domínguez Ortiz, Concha Herrera
Carretero, and José A. Godoy
Metropolitan Museum of Art, New York, 1991
172 pages hardbound, \$49.50

Greek Sculpture
by Andrew Stewart
Yale University Press, New Haven, Conn., 1990
380 pages text, 881 plates, two volumes,
hardbound (boxed), \$95

Zurbarán
by Jonathan Brown
Harry P. Abrams, New York, 1991
128 pages, hardbound, \$22

The first two volumes listed are recent "coffee table" books, good acquisitions for one's own library or as gifts. The folio-sized *Frick Paintings* is the first comprehensive volume on the pictures in The Frick Collection, and contains many large-scale reproductions and details, and very short written entries. The smaller *Walters 50 Old Master Paintings* has no details, but each painting is reproduced in an excellent color plate, and the catalogue entries strike a nice balance between information for the general public and for scholars.

While recommending both books, I enter a strong plea to readers to actually visit the two modest-sized museums which are illustrated here.

The Frick Collection is located in New York City, and the Walters Art Gallery in Baltimore. Thus both are in two of the largest metropolitan areas of the United States, within an hour's drive of millions of people who have probably never entered their doors. Anyone seriously interested in his or her own mind, within that radius, should go there, often enough, even at the sacrifice of "free time" otherwise spent in passive leisure activities.

It is important not to get lulled into thinking that fine reproductions, like those in the two volumes here reviewed, are as good as the masters' own work.

As in the case of the recording industry, modern advances in photography and four color printing are a mixed blessing. They have made facsimiles of beautiful art accessible to millions of people. Yet, electronic reproduction of concerts "flattens out" the breathing sense of the *work* of performing music—especially today, when classical recordings are as much the work of the sound engineer as of the performing artist. As for great paintings, reproductions are seductive, but they lack the subtlety and three-dimensionality of original paintings, and above all, they invariably homogenize the differences in scale, which may range from tiny miniatures to vast murals.

What's in the Frick

The Frick Collection is unique, because almost every work in it is a masterpiece. Even *one* of the great paintings is worth the pilgrimage: for example, Rembrandt's late, monumental self-portrait in a chair, or his *Polish Rider*; the poignant Velázquez portrait of Philip IV of Spain dressed in red and silver; Goya's *Forge*; Giovanni Bellini's *St. Francis in the Desert*, possibly the most famous painting in the Frick;

Holbein's portrait of St. Thomas More; three (!) Vermeers; the Paolo Veneziano *Coronation of the Virgin* of 1358, in which the musician angels representing the "harmony of the spheres" give a remarkably realistic image of vocal and instrumental technique of that period; the rare pictures by Piero della Francesca and Van Eyck—the list goes on and on.

For uniqueness among these treasures the prize may go to Claude Lorrain's large *Sermon on the Mount* (1656). The subject from the New Testament in which Christ sets forth the Beatitudes is rare in classical painting. The artist, the first great landscape painter who specialized in that genre, chose to express this theme by creating an imaginary panorama of the entire Holy Land, with Christ and the Apostles seated atop the wooded summit of Mount Tabor. The crowds whom the evangelist Matthew described as "astounded at his teaching" are gathered below, gesticulating with a marvelous innocence in the luminous landscape which seems to exude the beneficent effects of divine grace through man's activities in nature. The blown-up details of Claude Lorrain's picture in the book are delicious, but no reproduction can approximate this painting, because the scale itself is part of the impact. (It is more or less the same as if one performed Beethoven's Ninth Symphony with only one instrument per part, and only one voice per choral part.)

What's in the Walters

The Walters Art Gallery has one of the broadest arrays of Italian Renaissance and European medieval art of any museum in the United States, and compared to the Frick, gives the impression that the collector who assembled it had more of a personality of his own, complete with a few quirks. The rooms were carefully designed with high ceilings and textile wall coverings to imitate a Renaissance palace, and this atmosphere was kept when the gallery was renovated from top to bottom about a decade ago. Tranquility pervades the museum. Much "friendlier" than the Frick (whose guards seem instructed to snap at any visitor who comes even moderately close to a picture and take an extremely dim view of children, even teenagers, as visitors), the Walters also includes a broader variety of kinds of art, and many pedagogical helps to the visitor.

The book reviewed here only deals with the history of the collection, and with 50 of the best paintings. These include one of the very few intact altarpieces of the early 15th century, complete with its original frame and *predella* (the row of small narrative scenes below the main subject).

There is also the *Madonna of the Candelabra* by Raphael, the famous perspective *View of a City* by a 15th-century artist in Piero della Francesca's orbit (which figures in the great "Circa 1492" exhibit in Washington as an example of the mastery of perspective), Bellini's unusual *Madonna Enthroned with Saints and Donors*, painted for a Venetian administrative office, and the Hugo van der Goes *Donor Portrait with St. John the Baptist*, a masterpiece which would merit a visit to the gallery all by itself. One of the joys of the



©The Metropolitan Museum of Art, New York

The Earth, showing Africa and the East Indies, detail from the tapestry series The Spheres, designed before 1543.

Walters is the number of surprises—pictures by less known or even anonymous artists which treat traditional themes in a highly original and beautiful way, like the Burgundian *Madonna of the Inkpot*, or a little Flemish panel with its gripping scene of a burial during the Black Death.

Both the works in the Walters Art Gallery and The Frick Collection were amassed by American financiers starting at the end of the last century. There are picaresque, and sometimes lurid, tales, of how these millionaires came to acquire their treasures from Europe, which I will deal with in a future article. After the deaths of Henry Clay Frick (1919) and of Henry Walters (1931), their collections were eventually opened to the public by the terms of the two patrons' wills.

Frick's mansion on Fifth Avenue in New York was erected in 1913-14 in a kind of neo-Renaissance style, with the idea that it would eventually become a public gallery. The Walters building, constructed in 1909 and fully renovated in the 1980s, was also conceived as a Renaissance palace as if the owner were some kind of Florentine prince of the 15th century. Although there was a yawning chasm between these American financiers—heavily influenced as they were by the British world-outlook which was innately hostile to the Renaissance conception of every human being as the "living image of God"—and the Florentine Medici, maybe this does not matter so much to the modern visitor. Ironically, the American oligarchs did make these works of human creative genius accessible to the public, and the public would do itself a great service by using the art as it was originally intended—to develop the individual and shed the oligarchs.

Spanish 'Resplendence'

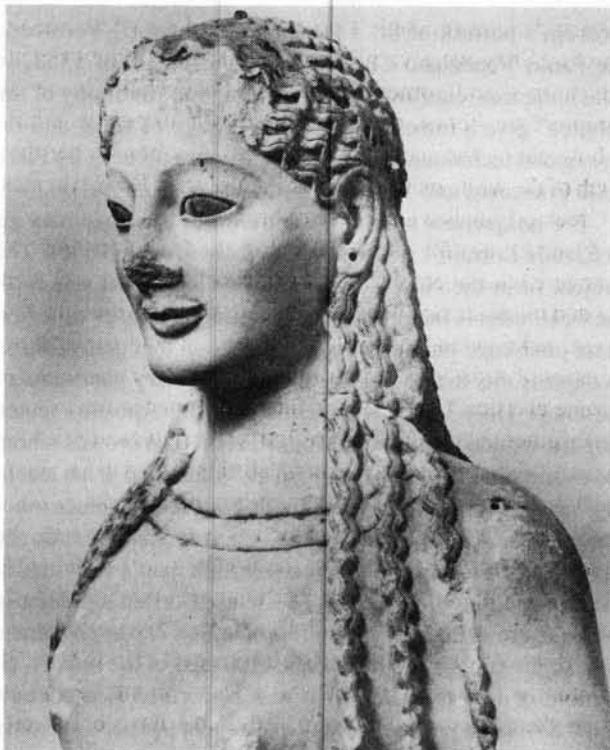
In honor of the Quincentenary of Christopher Columbus, the Metropolitan Museum of Art has an exhibit which will be on view a few more weeks, until Jan. 5, 1992. "Resplendence of the Spanish Monarchy" displays tapestries and armor from Spain's National Patrimony. The catalogue, of course, can't capture the exhibit, especially the tapestries, many of which average 30 feet in length and are reproduced on a scale about 30 centimeters in length! It's a beautiful show to take children to, as they will get a great charge out of these giant wall hangings and the full size models of horsemen all decked out in the fanciest armor imaginable.

Nevertheless, the book is excellent. It includes a most informative essay about the lives and policies of the Spanish Hapsburg rulers Charles V, born in 1500, and his son Philip II, who died in 1598, who thus between them span the entire 16th century. There are numerous enlargements of figures in the tapestries and scenes which are cast and engraved on the armor, which allow one to appreciate how these "minor arts" came close to the fine arts of painting and sculpture, and indeed surpassed by far the fine arts of many other nations and eras.

Why should one bother to look at the so-called decorative arts? This show provides a tacit answer to that question, because in the armor and tapestries not only do we glimpse a level of international collaboration which is a lot less obvious in paintings, but also the gap between the "idea" or "design" side of art, and practical implementation in technology and industry, is bridged in such objects. Flanders—what is now northern France and Belgium—was the unquestioned world center for tapestry weaving. But the fine wool that went into the tapestries was merino wool from Spain, a heritage of the Muslims who had long ruled the Iberian peninsula.

The thematic programs of the tapestries originated in the courts, and, frequently, the artists who designed them were either Italian, or Flemish-born artists trained in Italy. The most amazing set of tapestries in the exhibit is Bernard van Orley's three tapestries *The Spheres*. They were commissioned by King John III of Portugal and likely came into the Spanish royal collection in 1543. They exalt the exploits of the Portuguese navigators who had begun the voyages of discovery in the early 1400s. Woven in Brussels, probably on the design of an Italian-influenced Flemish painter Bernard van Orley, the set of three "spheres" (the celestial sphere, the armillary sphere, and the Earth) originated before 1543, when Copernicus made known the heliocentric system of astronomy to the world. One of the tapestries shows the Earth, with a very accurate map of Africa on it (see illustration).

The textile industry was the major heavy industry of the day and the backbone of economic ties between Spain and Flanders, which underpinned the dynastic ties between the Castilian monarchy, the Portuguese ruling house of Aviz, and the Dukes of Burgundy who ruled Flanders. Intermarriages among these families produced Charles V. The achievement of the tapestry weavers is mind-boggling. As often was the



Yale University Press

Head and shoulders of the "Peplos" kore from the Athenian Akropolis, ca. 530 B.C..

case in engravings and woodcuts, the tapestries involved a separation between designer and executor. The weaver worked from a full-scale pattern called a cartoon, which they executed in reverse on a loom using gold, wool, silk, and silver threads. They could not see their final work as they were doing it. The resulting three-dimensionality, as optical effects and perspective are rendered in the cloth almost as credibly as in much more malleable media such as paint, is truly a tribute to the level of economic development.

Similarly, what was then the heavy industry of the future, metalworking, is celebrated in the armor, swords, and helmets, which the development of artillery was rapidly making into a merely ceremonial costume. Again we see a marriage of Italianate design and northern European, especially German (Nuremberg) technique, in these suits of armor gorgeously adorned with Old Testament and ancient history heroic scenes.

Making Greek sculpture boring

It seems almost impossible to do, but Andrew Stewart has produced an unreadable book about one of the most fascinating areas in the history of art, monumental Greek sculpture. The book is handsome, and punctilious about detail. In the second volume the statues are illustrated with fine black and white photographs. In this era of color photography this was a rather daring move in a way, and of course a good black and white photo cannot be surpassed. But it must be remembered that ancient Greece looked more like modern

Mexico than most people's pristine idea of the white marble temples. They were vividly colored. Traces of the original polychromy and sometimes, the inlaid eyeballs made of semiprecious stones, occasionally survive to give us a hint of how gaudy the sculpture once was. Also remember that much of the white marble "Greek" sculpture is Roman copies of Greek originals which were of bronze.

Over the last 50 years, archeology and scholarship have discovered that ancient Greek art and society were hardly the isolated miracle once believed. The tremendous influence of Egypt, acknowledged in Plato's *Timaeus*, and the ancient societies of Asia Minor contributed to the flowering of what became classical Greek art and the heroic conception of man which emerged in the *kouros* and *kore* statues. Professor Stewart seems quite oblivious of all this, and writes about Greek art in a very insular way, piling on one detail after another with a thoroughness which fails to convince us, in the end, of its accuracy. With the typical narrow vision of the professional art historian, he maintains that cemeteries were among the principal locations of Greek social activity—why, you may ask? Well, because a good deal of monumental sculpture was found in them, and since monumental sculpture is the subject of the book, they must have been very important places.

Stewart has lost the spark of excitement that infected, for example, Furtwängler's writings about Greek sculpture a century ago, yet has not counterbalanced that loss with any greater breadth. After surviving several years of graduate training in art history in an extremely stuffy environment, I consider myself almost immune to the narcotic effect of orthodox art historical prose, and yet I still fell asleep repeatedly over Volume I of *Greek Sculpture*, and so did several colleagues who are experts in Greek culture. So I can only conclude the obvious—the book was not meant to be read. Rather, it is to be owned, like an encyclopedia to look up what should be the most up to date and complete information on the Greek sculptors and their work. The complete lists of each artist and all works attributed to them, including lost ones, will be very useful for scholars. The book is obviously needed for libraries. But don't buy it for your home unless you are the sort of person who only likes to look at pictures and does not read.

Zurbarán

I'd say just about the opposite of Jonathan Brown's volume on the 17th-century Spanish painter Zurbarán, part of the Abrams "Masters of Art" series, which is coming out as there is increasing interest in Spanish art due to the Quincentenary celebrations. About a year ago there was a major exhibit of Zurbarán at the Metropolitan Museum in New York. Brown tells us nearly all we want to know, as interested laymen, about this unique artist, who most appeals to modern viewers with his full-length paintings of female saints in the "modern dress" of his own era, and through his few, but transcendent, still-life pictures. He was known as a "monastic"



©Harry N. Abrams, Inc.

Zurbarán's St. Serapion (1628), Wadsworth Atheneum, Hartford, Conn.

artist because of his special skill in portraying in a direct, unaffected way unusual scenes from the lives of figures in the religious orders who were most of his patrons. Zurbarán made up for his defects in training (inadequate understanding of both anatomy and perspective) by his bold color and light and forceful and sincere approach to religious themes. He is responsible for narrative pictures of some great moments in history—like the intervention of St. Bonaventure at the Council of Lyons, where he led the fight against usury together with St. Thomas Aquinas—which have otherwise not been painted by any major artist. In addition, Zurbarán was perhaps the only artist of any stature to record the life of the founder of the Mercedarian Order, St. Peter Nolasco, and leading figures in that order. The Mercedarians, begun in the early 14th century as a military order to ransom Christian slaves from their Arab Muslim captors, played a key, little recognized role in the evangelization of America and in the great works of architecture in the New World. Several of Zurbarán's "Mercedarian" pictures are illustrated in the Abrams book.

Zurbarán is well represented in U.S. museums. One of his greatest pictures, *St. Serapion*, is a very restrained image of a martyred Mercedarian saint in the Wadsworth Atheneum of Hartford, Connecticut. Peter Serapion had gone to North Africa in 1240 to pledge himself to the enemy in return for the release of Christian prisoners. While he waited for his order to ransom his freedom, he sought to preach Christianity to the Moors, for which he was put to death in a particularly gruesome way. Zurbarán completely omits the gruesome details to give a powerful image of the heroic courage of the dying saint, almost like an updated form of Renaissance classicism (see illustration).

National News

'Bush's most important opponent is God'

Democratic presidential candidate Lyndon LaRouche commented Dec. 4 on the waning political fortunes of President Bush, in reaction to a headline in the *Wall Street Journal* of that day which read: "Budget Writers Seek to Goose Economy."

"That, ladies and gentlemen, and others, is the *Wall Street Journal!* Bit by bit, we see our President, George Bush, the modern Caligula, flaking apart, piece by piece. And now, with this kind of headline on page two of the *Wall Street Journal*, we see the *Wall Street Journal* is probably beginning to flake apart, too.

"Some people ask, 'Who is George Bush's opponent?'

"Well, I can tell you who his most important opponent is: God. And George, I think, is on the way to turning into something like a pillar of salt—at least, if he doesn't suddenly mend his ways, and he's shown no sign of intending to do so.

"I think the *Wall Street Journal* is preparing privately for the day when there is no longer a Wall Street to which to report. Obviously, something hit the writer of this headline: 'Budget Writers Seek to Goose Economy.' That's in the *Wall Street Journal*. That's a sign of the times."

Wellstone calls for investment tax credits

Sen. Paul Wellstone (D-Minn.) attacked the idea that a tax cut alone will be sufficient to revive America's wrecked economy and called for investment tax credits, in an interview in the Dec. 7 *Minneapolis Star-Tribune*.

"Relatively small tax cuts for individuals would be worth passing, but they wouldn't boost the nation's economy. What would work, Wellstone said, is a combination of government spending and private investment tax credits targeted to encourage productive investment. That type of 'strategic economic investment' is necessary not

only to end the recession, but to keep the United States globally competitive in the long run," Wellstone said, according to the paper.

"There must be an 'investment-led recovery.' He said government must invest in public infrastructure—roads, bridges, and other public works—and education," the paper reported.

New White House chief has checkered career

"I spent my whole life understanding people," said White House Chief of Staff Samuel Skinner. "I prosecuted people. I've been into their inner lives. . . . I indicted, what, 5,000 people. I knew more about 1,000 of them than their own families knew, and I know what they are outside and I know what they are inside. And after a while all that experience just kind of goes into a little computer, and you can make pretty good judgments about people," he told the Dec. 6 *Washington Post*.

The "kinder, gentler" replacement for John Sununu started his legal career in Illinois as a teenager, when he was arrested for transporting liquor in his car. He told prosecutor (now chief judge of the Seventh U.S. Circuit Court of Appeals in Chicago) William Bauer, that he had purchased the liquor himself, without an ID. Bauer challenged him to prove it, and he went undercover and bought liquor in five out of seven stores he walked into. All lost their licenses, and the charges against Skinner were dropped.

His subsequent career choice confirms estimates of his friends that he is a consummate pragmatist, and, "beyond being a lifelong Republican," has no discernible ideology (i.e., principles).

Skinner worked with the Jewish mafia in Illinois to frame up and jail federal Judge Otto Kerner, a member of the old-line Daley machine. Sam "the Hammer" Skinner conducted the phony prosecution under the direction of the leader of the GOP in Illinois, "Big" Jim Thompson. After prosecuting numerous Chicago aldermen, Cook County political officials, and more than 40 Chicago police officers, Skinner was promoted to the

Chicago Transit Board during the period when the Cross-Town Expressway project and the Deep Tunnel water control projects, which were the backbone of Illinois infrastructure, were derailed.

NBC sued over 'Iowa' explosion story

The family of Clayton Hartwig, one of the 47 sailors who died in the 1989 explosion on the battleship *Iowa*, has filed a \$10 million lawsuit against NBC for purposely inflicting emotional distress.

NBC reporter Brian Ross reported in May 1989 that Navy investigators had found circumstantial evidence that Clayton Hartwig had been upset over a soured homosexual relationship and had planted an explosive device in the powder magazine of the gun turret where he worked, causing the explosion. NBC claimed this information was given to them by unidentified sources. The Navy officially apologized to the Hartwig family in November 1991.

Observers have suggested that the unidentified source cited by NBC and Brian Ross could well have been Park Elliott Dietz, then adviser to both the Naval Investigative Unit and the FBI's Behavioral Sciences Unit at Quantico. Dietz was brought into the investigation as an expert on "psycho-sexual violence."

Kissinger: U.S. future is policing eco-fascism

Henry Kissinger criticizes certain vacuous assumptions of the George Bush's new world order, and concludes that in the emerging world of regional balance of power alignments, the U.S. is most suited to control the "new agenda of population, environment, and nuclear proliferation," in a commentary in the Dec. 3 *New York Post*.

Kissinger dismissed the Gulf war rhetoric of Bush as a rehash of similar, failed, concepts retailed by Woodrow Wilson, and held to by successive U.S. Presidents, and said that the Gulf war was not the beginning

Briefly

of a new order but the final conclusion of the Cold War. "We should never again fight a war with other people's money; America cannot be the mercenary of a new world order; it should use its own resources on behalf of its own purposes. . . . Power will be the nexus of political, military, and economic assets. As a result, new power centers are emerging in Asia and Europe. . . . [The new system] will be characterized by six major states—the United States, Europe, China, Japan, whatever emerges in the Soviet Union, and probably India."

Kissinger pointed to the population, environment, and nuclear proliferation issues as new arenas for U.S. action. "These problems are so unprecedented, so complex, and so global in their implications that international order begins to merge into a challenge to domestic governance. Will leaders have to devote so much energy to gaining support of vast constituencies that too little energy remains for building a stable peace? Is it possible to master the future when electoral pressures turn every problem into a special case? Will societies of such different cultural origins be able to define even the genuinely global issues in a compatible manner? . . . The answers can be no better than the questions we pose."

White House group sets own rule, says Lewis

White House Counsel C. Boyden Gray and his team have set up a "George III society" at the White House to rule without the Congress, columnist Anthony Lewis charged in the Dec. 4 *New York Times*. Portraying the recent Bush move to cancel the fair employment regulations in a *fait accompli* as a brainchild of Gray's, Lewis wrote:

"Gray has been close to Bush for years, and it is usual for a President to have a friend advise him as counsel. But Gray and his staff have made the office into something more: an engine for making policy without accountability. . . .

"The danger of this unaccountable office making major policy is the more serious when the policy concerns race. For Gray is seemingly obsessed with that subject. He

planted in Bush's mind the idea that the civil rights bill would produce *quotas*. For two years, in numerous negotiations, Gray resisted all efforts at compromise.

"Gray has a young assistant who is equally fanatical on the subject. His name is Nelson Lund. . . . Evidently, Lund is one of that brand of modern right-wing radicals who are fundamentally disillusioned with democracy. The George III Society, I call them. They want the President to govern without congressional interference. Now it appears that they are ready to dispense with most of the Executive branch, too, and run things from inside the White House. For Gray and his office to launch a coup on regulations covering fair employment when the country is so edgy on race shows the danger of such a rootless office. It was the height of irresponsibility."

CIA sets up active ops against technology

The CIA has set up a new center to conduct offensive covert operations against the science and research capabilities of Third World nations, according to an article in the Dec. 3 *Washington Times* by national security correspondent Bill Gertz.

The Non-Proliferation Center was unveiled Sept. 17 at Langley, Gertz reported. When fully staffed, it will have about 100 analysts and clandestine operators, about one-third of whom will come from agencies outside the CIA.

The purpose of the center is not only to provide intelligence support to policymakers, but to be "pro-active" in halting the spread of weapons in the field. "Our mission, in essence, is to stop this kind of activity," one official told Gertz. This means identifying and "disrupting" targeted arms and technology programs, using the resources of nuclear engineers, chemists, biologists, lawyers, and experts on machine tools and micro-electronics.

The center will also concentrate on the threat posed by Soviet nuclear scientists who emigrate to Third World nations with knowledge to sell.

● FORMER CIA European operations chief Duane R. "Dewey" Clardige pleaded "not guilty" Dec. 6 to charges that he lied about arranging the Nov. 24, 1985 shipment of Hawk missiles from Israel to Iran. Clardige told Congress that Oliver North had told him the shipment contained oil-drilling equipment, not arms.

● KIMBERLY BERGALIS, the first person known to have died in the U.S. from AIDS transmitted to her by her dentist, died Dec. 8 at the age of 23. She spent her last months fighting for mandatory testing and regulation of the health care profession to combat the spread of AIDS.

● CARDINAL John O'Connor of New York pleaded with pro-abortion Catholic politicians to confess their sins and change their lives, reported the Dec. 2 *New York Post*. He chastised those "engaged in any sexual activity outside of marriage."

● CHARLIE BLACK, a partner in the public relations firm of Black, Manafort and Stone, has been named to run President Bush's reelection campaign. Washington observers consider Black a more vicious dirty trickster than was the late Lee Atwater.

● DAVID DUKE announced his campaign for President in Washington, D.C. on Dec. 4. To keep up interest, Anti-Defamation League asset Rabbi Avi Weiss of Riverdale, New York was allowed to walk onstage holding an anti-Duke sign, was duly photographed by national press corps, and was then escorted out. Duke will run in Maryland's March 3 primary.

● SEN. SAM NUNN (D-Ga.) arrived in Bonn, Germany Dec. 3 to campaign for deeper cuts in U.S. troop strength. Nunn, who has called for a reduction of U.S. military forces in Europe to a level of 70,000 men, is apparently in tune with George Bush's recently reported aim for a troop level below the 110,000 men planned by the Pentagon for 1995.

Editorial

The U.S. economy can recover

There is only one possible basis for a recovery of the U.S. economy from the Bush depression. This is the method used by President Kennedy to revive the United States from the combination of recession and doldrums caused by the Eisenhower administration policies. The United States paid a high political price for allowing the coverup of the Kennedy assassination, but it suffered an equal blow economically.

Once Kennedy was conveniently out of the way, the Johnson administration began to implement a policy to transform the United States from an industrial giant to a post-industrial slum. Johnson's Great Society was based upon a semi-automated economy in which an increasing portion of the people would become poor as the industrial sector of the economy was reduced.

This was also the time when hedonist values began to replace a family-oriented society, with the introduction of the rock-drug-sex-liberation counterculture, and neo-malthusian, anti-scientific, anti-technology policy of opposition to scientific investment and to technological progress generally.

We are now in the process of a disintegrating financial and monetary system; it is not exploding, it is disintegrating in the way a Hawaiian volcano, for example, disgorges its remorseless mudslide day after day, week after week. This and that flake off; every day we wake up, our financial and monetary system has shrunk; a new airline has crashed; a new industry has crashed; four or five banks have crashed; and more and more people are unemployed—or, as the government puts it, fewer and fewer people in the U.S. population are employed.

The Bush administration is facing a situation similar to that faced by the Hoover administration during the 1931-32 period, and, strange to say, George Bush appears to be repeating all of Hoover's mistakes.

This time, the economic basis of Anglo-American global political power is disintegrating, as we see in President Bush's frantic efforts to terrorize the world into submission to the aura of power which still attaches to the United States.

The U.S. economic collapse cannot be viewed as something in itself, apart from the current global strategic situation. The United States may still appear to be a superpower, even the only superpower, but the truth is that, since 1970, the basis of this power has been eroding to the point where it is now rapidly becoming a second-rate power, albeit still dangerous. In rates of replacement of worn-out infrastructure, 1970 was a turning point for the U.S. economy.

For a while the downslide was covered by inflated figures, the overvaluation of the income of banking or finance generally, administration, and services, which created the appearance of a new form of prosperity. It was prosperity for a few, perhaps, but for an ever-larger percentage of the population, it was downhill all the way.

Traditionally, the wealth of the United States has depended upon technological progress in agriculture, infrastructure, and manufacturing—or industry generally. That technological progress has been the engine of national growth. As the United States turned away from such policy, toward a policy of so-called administration and services, the rate of real domestic poverty has grown, and at the same time U.S. foreign policy has increasingly aligned with British imperialist designs to recolonize the world. This is a policy to steal what is no longer produced at home.

In 1982, Lyndon LaRouche offered the Reagan administration a program which would have allowed the U.S. to bail out the banking system; this program was rejected by forces around the Reagan administration at that time, including George Bush, Henry Kissinger, and Citicorp's Walter Wriston.

The U.S. can still recover, but only by repudiating once and for all the policies epitomized by the Bush administration, policies which have actually been destroying the U.S. economy since 1965. What is needed now is a major infrastructure program, coupled with massive investment in space and energy development. What is needed is the policies and person of Lyndon LaRouche, leading the United States to recovery.

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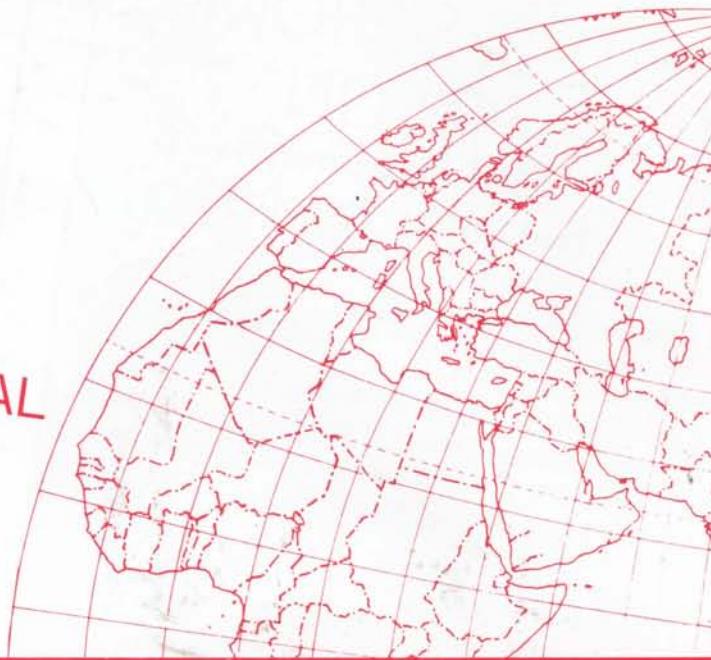
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