

EIR

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Europe must dump the monster of Maastricht
Russia shifts its Balkan policy
Railroad 'reform' will dismember Argentina

**Save 40 million in Africa:
a food plan with a future**



DERAIL NAFTA

fast track to rule by the big banks

EIR Special Report, May 1991

Auschwitz below the border: Free trade and George 'Hitler' Bush's program for Mexican genocide

A critical issue facing the nation in this presidential election year is NAFTA, the North American Free Trade Agreement. Bush and Clinton both back it. This proposed treaty with Mexico will mean slave-labor, the rampant spread of cholera, and throwing hundreds of thousands of workers onto the unemployment lines—on *both* sides of the border—all for the purpose of bailing out the Wall Street and City of London banks.

In this 75-page Special Report, *EIR*'s investigators tell the truth about what the banker-run politicians and media have tried to sell as a once-in-a-lifetime opportunity to get economic growth started across the Americas. The Wall Street crowd—led by none other than Henry Kissinger—are going berserk to ram this policy through Congress. Kissinger threatened in April: "It should be signed by all parties, and should be defended on all sides as a political vision, and not merely as a trade agreement." Kissinger's pal David Rockefeller added: "Without the fast track, the course of history will be stopped."

With this report, *EIR*'s editors aim to stop Rockefeller and his course of history—straight toward a banking dictatorship.

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From the Editor

In the summer of 1980, Lyndon H. LaRouche, Jr. joined with the late Hulan Jack—the former borough president of Manhattan who had been the highest black elected official in the nation—to form the Ad Hoc Committee for a New Africa Policy. This committee mapped an alternative policy to the zero-growth perspectives offered by Jimmy Carter as well as the Reagan-Bush camp. Had their proposals been implemented, Africa today would not be facing a holocaust.

When Carter was renominated by the Democrats, the leaders of the Ad Hoc Committee formed the National Democratic Policy Committee to represent the traditional labor-minorities-business-farmers coalition of the FDR Democrats. The demand for a new Africa policy was the core of LaRouche's 1980 presidential campaign.

In the Sept. 9, 1980 issue, *EIR*'s cover story "Famine in Africa: Who's Responsible?" surveyed the State Department's policy of population reduction and the refugee relief agencies that funneled aid to predatory paramilitary operations. We printed a plan for modern technology and alliances for moderation to stop the famine, internecine strife, and the plagues of locusts and drought. We exposed the hoax of encouraging "alternative energy" sources with low throughput, and urged construction of fission power plants in Africa, in the transition to a global fusion-energy economy.

The program was amplified and elaborated in the dozen years since. In mid-1984, during the presidential campaign, *EIR* printed an emergency crash program to get food to Africa during the drought, including expanding worldwide food production and the concrete transport proposals summarized again in the lead article in *Economics* this week. In September 1986, we presented technical solutions for the locust plague, and identified International Monetary Fund austerity as its principal cause. In summer 1988, LaRouche helped to found "Food for Peace," an international farmer-consumer alliance.

Every delay in the past 12 years, every decision to obey the dictates of Wall Street and City of London banks, has pounded another nail in Africa's coffin. As in 1980, the moral and economic fitness of "advanced" nations to survive, is more endangered by this failure, than any other. No memorial is worthy of the multitudes who have needlessly perished, save to implement LaRouche's Africa policy now.

Nora Hamerman

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40 million face starvation if Africa is not helped

by the Editors

On Aug. 10, the German stateswoman Helga Zepp-LaRouche released an appeal to governments entitled "Help Save 40 Million People!" The words of the founder of the international Schiller Institutes follow, in translation (with deutschmark amounts rendered in U.S. dollars):

"A catastrophe of apocalyptic dimensions—one to which the world public has scarcely reacted—is currently unfolding in Africa. Forty million human beings—the equivalent of two-thirds of the population of former West Germany—are threatened with death by starvation in the coming weeks and months.

"Never before has there been a famine on this scale. The immediate cause is a drought which has afflicted large parts of Africa, a drought against which this extremely underdeveloped continent is utterly defenseless, and which has caused grain production to plummet to one-half of what it was in previous years.

"At present, approximately 1,000 people are dying each day in Somalia. In Madagascar, 1 million people may have died of starvation by the end of this year. In the Horn of Africa, 23 million people are in acute danger of succumbing to a combination of starvation, wars, and the agony of a refugee existence. In southern Africa, yet another 18 million face the same fate.

"But there is still time to prevent horrible mass death provided that we in the industrialized nations muster the requisite political will. Yet up to now, not even half of the absolute minimum amounts of food required to enable these people to simply survive, have been promised, of which only a small part has been actually delivered. So far, the European

Community and other states have promised approximately 4.3 million tons of food, but about 3.2 million additional tons are needed according to information from the World Food Program and the FAO. And that is nowhere near adequate for a diet fit for human beings, but is only the bare essential for sheer survival.

"In order to bring this absolute minimum of 3.2 million additional tons of food into the affected areas, funds for purchase and transport on the order of \$1 billion must be made available. The food itself is available: The European Community has 20 million tons of reserve food stocks. And in comparison to the approximately \$65 billion bill for the Gulf war, \$1 billion is a ridiculously small pittance. So if we cannot even muster the political will for this emergency program, we are indeed morally bankrupt.

"Already back in 1974, the U.S. presidential candidate Lyndon LaRouche—now also a political prisoner of the Bush administration—warned in a study that Africa would experience a biological holocaust if the monetarist policy of the International Monetary Fund (IMF) were continued. At that time it was already clear, and western governments already aware, that one could not simply continue to lower the living standard of an entire continent and thereby permanently weaken the population's immune system, without provoking the emergence of new epidemics. But instead of adopting the all-Africa development program proposed by LaRouche back then, the international financial institutions refused to give the continent any opportunity to develop. As a result, between 1975 and 1990, the forcible application of the IMF's austerity policy has led to a real flight of capital and goods

out of Africa on the order of \$750 billion to \$1 trillion.

"Today, Africa is threatened with imminent large-scale depopulation, unless the rudder is turned about drastically. AIDS, malaria, cholera, and plague, as well as hunger, wars, and terrorist bands who steal food even from the poorest people, have turned Africa into a hell on Earth.

"Do you really believe that we can look on as an entire continent dies right before our eyes, while we ourselves remain alive? No: Our moral failure to help, when it would be so easy for us to do so, would mean the collapse of our own civilization as well. Under those circumstances, we would fall victim to the results of our own egoism and our own moral senility.

"Only a combination of immediate emergency aid in order to save 40 million people acutely threatened with starvation, in connection with a comprehensive program for developing infrastructure, independent agricultural production, water and energy supplies, industrial development, as well as medical care and schools—only this can prevent the death of an entire continent."

Emergency aid plan

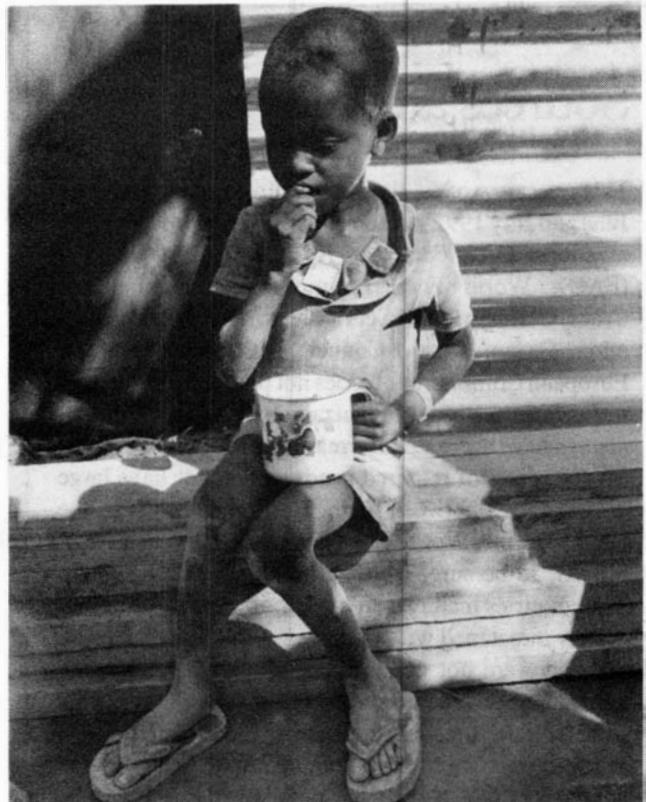
Mrs. Zepp-LaRouche's appeal called for signatures on an emergency program, which includes the following points, especially directed at European governments but certainly applicable to other developed nations such as the United States and Canada:

"1) We must act immediately to make available and transport 3.2 million tons of food, valued at \$1 billion, into the affected areas. Our watchword in this effort must be: Food must be brought to the people who need it, not vice versa.

"2) Let us halt the insanity of the European agricultural reform, which in our country has reduced grain production by 30% and is driving our farmers into bankruptcy, while, according to a report by the Food and Agricultural Organization, one-third of humanity is in a permanent state of hunger, and only one-third is adequately nourished. We are for the rapid realization of a global 'Food for Peace' program as the only means of preventing mass death, warfare over food supplies, and floods of hundreds of millions of refugees during the years immediately ahead.

"3) In the German and other armies, instead of lamenting about a new 'identity crisis' and training soldiers with a new 'enemy image' for future wars between North and South, we must give them a true peace mission. In consultation with the affected nations, our soldiers, and especially the engineering corps, could take on the important task of food transport and help to build infrastructure.

"Every one of the 40 million people who are now acutely threatened with starvation, feel pain and suffering just as you and I do. Every one of the children threatened with death, has the right to laugh and frolic. Therefore, how we react to those catastrophes in Africa, is a measure for our own moral capacity to survive."



Refugee child sips milk in the Guri-Ely refugee camp in the Beledweine District of Somalia. At least 4.5 million Somalis are in need of emergency food assistance today, while the U.N. plays cynical power games.

Depopulation stalks Africa: a fact sheet

The fact sheet which follows was prepared by Jutta Dinkermann and Alfred Dinkermann to accompany Mrs. LaRouche's appeal.

Africa is facing a famine which goes far beyond any previously known, and which is the result of both the drought now sweeping the continent, and decades of lack of infrastructure development. Forty million people in 19 countries are particularly threatened (Angola, Botswana, Ethiopia, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mozambique, Namibia, Rwanda, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Zaire, Zambia, and Zimbabwe). While the world is fixated on the European refugee drama, a far greater catastrophe is playing out in Africa. Wars and drought have left 7.5 million Africans homeless, one-third of the world's refugees. Some nations have already declared a national state of emergency and mass deaths have already set in.

A report by the United Nations Food and Agricultural Organization (FAO) and the World Food Program estimates

Sources and method

This overview of food relief requirements is based on June and July 1992 statements from the following organizations: U.N. Food and Agricultural Organization (FAO), World Food Program, International Red Cross, Catholic Relief Service, Lutheran World Federation, Oxfam, World Council of Churches, and the European Community. It does not pretend to completeness, since the cited organizations themselves do not always have accurate information.

Estimates of required needs sometimes have large discrepancies between them. Here, the reports of the FAO and the World Food Program have been employed, to be sure, as merely a "ballpark" estimate. The countries included are only those which are immediately threatened with famine, but that does not mean that there are not many other African countries, not named here, which need food relief.

Since we are speaking here of food relief, what is involved is a minimal ration, required for the direct survival of that part of the population which can be reached by the aid organizations by conventional means. The actual requirement is significantly higher. These rations also have nothing to do with the actual requirements of full nutrition. To meet these real needs and to ship them into Africa as quickly as possible, must be the basis of any serious aid program.

It should also be clear that this involves only a small segment of African needs and the corresponding aid requirements. A combination of drought, the resultant food shortage, and the threat to the drinking water supply, as well as the spread of diseases like malaria, AIDS, cholera, and even plague, are working to depopulate whole regions, as was reported in the last issue.

—J.D. and A.D.

that grain production in some of the drought-stricken countries is as much as 50% lower than last year. Even those nations which have long enjoyed plentiful harvests and even been able to export have now been hit. Even South Africa must this year, for the first time, import some 5 million tons of grain.

The southern part of Africa has to battle with the largest food shortages. Early projections for East Africa estimate that the harvest will drop only slightly. In West Africa it has just recently rained, but it is too early to make crop projections.

TABLE 1

South African region: food relief requirements as of June-July 1992 (for free distribution) (tons)

Country	Threatened population	Food requirement	Food promised
Angola	1,400,000	44,900*	43,400
Botswana	100,000	5,000	?
Lesotho	170,000	15,700	10,800
Malawi	5,700,000	379,400	317,000
Mozambique	3,150,000	492,900	357,200
Namibia	250,000	17,900	15,200
Swaziland	250,000	46,500	20,500
Tanzania	800,000	16,500	?
Zambia	1,700,000	109,000	53,900
Zimbabwe	4,600,000	517,600	176,800
(Not yet assigned in June)			595,600
Total	18,120,000	1,645,400	1,590,400

Source: World Food Program and FAO

* The stated amounts of food needs for Angola vacillate considerably in various publications of the World Food Program and FAO, from 44,900 tons to 120,000 tons. Against this stands the shortfall of food relief which has reached these countries. Even if the June figures had meanwhile doubled, the difference remains huge.

TABLE 2

South African region: free food relief, which had reached the drought-stricken countries by June (tons)

Country	Food relief
Angola	—
Botswana	—
Lesotho	3,100
Malawi	135,000
Mozambique	73,900
Namibia	7,200
Swaziland	—
Tanzania	—
Zambia	12,300
Zimbabwe	11,900
Total	243,400

There is still time to prevent mass starvation among the peoples of Africa, but this depends on political will and quick, comprehensive international efforts. So far not even half the minimum food requirements have been pledged

TABLE 3

South African region: food aid needs for purchase on the market, as of June-July 1992
(tons)

Country	Food requirement	Food promised	Food deficit
Angola	9,000	0	9,000
Botswana	11,700	0	11,700
Lesotho	62,000	0	62,000
Malawi	340,000	5,000	335,000
Mozambique	861,000	263,139	597,861
Namibia	43,500	10,000	33,500
Swaziland	19,000	0	19,000
Tanzania	265,000	1,460	263,540
Zambia	726,000	350,000	376,000
Zimbabwe	203,400	238,750	-35,350
Total	2,540,600	868,349	1,672,251

Source: FAO and World Food Program

which are needed to assure the bare survival of the stricken populations, not to speak of an adequate nutritional level. And of what has been pledged, only a small portion has been delivered (see tables).

The European Community had up to June pledged from its budget an estimated 1,681,000 tons of food (of which 800,000 are to come from a special aid program). Of this, 675,000 tons arrived in Africa. In addition, as of June there were 350,000 tons promised by single EC member nations. Together with the pledges of the United States and other nations, the overall quantity of promised food at this point is something over 3 million tons. In July 1.3 million tons appeared. But for the nearly 3.2 million tons of food minimally still needed, so far there are no commitments.

To ship one ton of wheat to its destination in Africa, including internal transport, the European Community reckons on a rough overall cost of \$333 per ton. This is arrived at by figuring a cost of \$147 for the ton of wheat itself, plus about \$55 for sea transport, and then, for inland transport to the recipients, several hundred more dollars are required. If one leaves aside the costs of inland transport, then the cost of shipping a ton of wheat is about \$200 per ton (for buying the wheat and for ocean transport.) Using these rough factors for wheat (which is not the only foodstuff required,) the remaining 3.2 million tons of food aid carry a bill of \$640 million that has to be raised (without inland transport costs;) or a total bill (inclusive of inland transport) which comes to \$1 billion.

According to its own statements the EC can fall back on some 20 million tons of stockpiled food supplies. So there is no lack of food supplies, and the costs for the aid can be

TABLE 4

Food aid requirements for the Horn of Africa as of June-July 1992
(tons)

Country	Threatened population	Food requirement	Food promised	Delivered to date*
Somalia	2,426,000**	173,365**	69,888	66,000
Ethiopia	6,900,000	913,767	754,911	240,000
Eritrea	2,330,000	300,679	271,360	?
Kenya	1,291,000	163,357	58,311	?
Sudan	7,840,000	635,198	472,125	58,000
Djibouti	20,000	5,000	5,000	?
Total	20,807,000	2,191,366	1,631,595	364,000

Source: FAO and World Food Program.

* Based on June figures

** Under war conditions in Somalia, supplying the population is very difficult. There are 4.5 million people in need, which would mean a requirement of about 500,000 tons of food. But these statistics correspond rather to the levels which the aid organizations believe they can achieve under current conditions and with current means.

TABLE 5

West and Central African countries: food relief needs as of June 1992

(tons)

Country	Food requirement	Food promised	Food delivered
West Africa			
Sierra Leone	100,000	49,000	11,000
Liberia	127,000	77,000	11,000
Togo	14,000	19,000	7,000
Central Africa			
Zaire	140,000	31,000	29,000
Ruanda	12,000	14,000	2,000

Source: FAO and World Food Program

covered, if the political determination to do it can be found.

Compared to the costs which the Gulf war ran up, money should not cause the plan to founder. The money which was used for just a few days of war in the Gulf would be enough to feed Africa for this entire year and to prevent tens of thousands from starving.

Food relief is in the foreground at the moment, but it does not encompass everything that is urgently needed. The water supply has to be assured, and the means have to be prepared for controlling and fighting disease. Seeds must be delivered, since seed production naturally suffered especially from the drought, as well as agricultural equipment, in order to assure

a better harvest in the 1992-93 season, just to name a few of the most pressing tasks.

There are staggering logistical problems and bottlenecks, because Africa has few harbors capable of receiving large quantities of commodities. Distribution internally in these countries is essentially assigned to the old rail networks which served the colonial powers in the last century. There are only a few links between north and south, because the rail lines were laid out in order to extract wealth from the land but not to distribute goods into the interior. Getting relief into the interior is a very difficult, but nonetheless feasible undertaking, and for this the world community must intervene.

Southern Africa. Overall, according to the World Food Program's analysis, the drought-threatened countries in the southern African region require about 4.2-4.3 million tons of food relief in the period between March 1992 and April 1993. So far, for free distribution among the poorest, who have no money to buy food on the market, 1,590,400 tons have been promised. In addition to the free food aid program there are 0.8 million tons of food promised to be available for purchase on the market. The total deficit therefore runs between 1.7 and 1.8 million tons.

Madagascar. In order to avoid mass starvation in drought-stricken Madagascar, the World Food Program has launched an appeal to world public opinion. About 700,000 people desperately need food relief, and it is expected that the number will reach a million by the end of the year. In all, 112,000 tons of food relief will be needed, of which only 33,000 is promised and some 6,000 tons so far delivered.

Horn of Africa. About 23 million people are threatened in this region with famine and starvation. Under conditions of drought, wars, and gigantic streams of refugees, the region needs as a whole more than 2.2 million tons of foodgrain deliveries. So far, some 1.6 million have been pledged, and only about 364,000 tons (as of June) actually have arrived.

West and Central Africa. Although in West Africa the food supply is somewhat good, both **Liberia** and **Sierra Leone** need food relief. In Liberia 750,000 people need food aid, and in Sierra Leone 290,000 people. In **Togo** further aid programs are needed for the population which is under the threat of civil war.

Measures against hunger

As early as July 1984 an Africa Commission of the Fusion Energy Forum of Germany had prepared an extensive memorandum on how to meet the emergency in Africa at that time. The situation since 1984 has rapidly worsened, yet the strategy laid out then is still timely and the suggested measures are more urgent than ever. A few of the key points were:

- An aid program is to be set up such that, from the beginning, it fulfills a twofold goal. It must, as quickly as possible, allay the acute crisis in nutrition, and at the same

Somalia must be flooded with food, to stop hecatomb

The devastating plight of Somalia's population of 6.7 million people has finally made it into the front pages of the American and European press. But while one-third of the population could die in the next six months, and at least 4.5 million are in need of emergency food assistance, Somalia is still being used as a pawn in a cynical power-play by the United Nations Security Council, U.N. Secretary General Boutros Boutros-Ghali, the Bush administration, and various European governments.

Despite the fact that for over one year the Somalis have survived with no government, no economy, and a civil war and drought as the realities of the day, the United Nations ignored the crisis, and in fact pulled out of the country, citing insecurity created by the armed gangs of men and youths roaming the cities looking for food. Now, suddenly, the Egyptian-born Boutros-Ghali has made Somalia a priority—but not for the massive quantities of food and other aid needed to prevent one of the worst holocausts of the century from taking place.

Rather, the new U.N. secretary general is seeking to use Somalia as a test case for promoting his new concept of the United Nations as a so-called "peacekeeping" force, with the capability of sending in troops and guards, "with or without" the agreement of the government of the country in question.

In addition, a U.N. mission assessing security for famine relief is examining a proposal to carve the shattered nation up into four separate zones, according to Reuters news agency, citing U.N. sources. They said the U.N. team discussed the plan with southern warlords in early August in Kismaayo, the country's second port.

Somalia is a country without a government, since

time shape the framework within which food production can quickly be increased and, in the long term, food self-sufficiency can be guaranteed.

- Distribution of food should be decentralized, i.e., it should be shipped directly to the affected areas. Mistakes in earlier food relief programs should be avoided, in which food was distributed centrally in specially set up camps to refugees from famine, who came there to search for food. It is obvious that this wrecks the social infrastructure of the country. The underlying principle of the aid program must be: Food must be brought to the people, not the people to the food.

- In order to accomplish this, food must be delivered

President Mohamed Siad Barre was ousted 18 months ago. The country has been in a state of civil war since, with tens of thousands perishing in the conflict. But as drought conditions have advanced in eastern and southern Africa, and as the economy of Somalia has been completely wiped out by the clan warfare, famine and diseases such as tuberculosis have spread dramatically throughout the country in the last three months. It has been estimated that up to one-fourth of all children in Somalia under the age of five have perished already.

According to the International Committee of the Red Cross, 1.5 million are in immediate danger of starvation in the weeks ahead, with millions more perishing in the months to follow. The Red Cross has also estimated food relief needs to be in the order to 50,000 tons per month, but only about 15,000 tons per month are moving into the country. The United Nations' special representative for Somalia, Mohamed Sahnoun, states that at least 4.5 million people are in need of emergency food assistance, and that relief agencies are barely able to supply one-fifth of the country's food needs, according to the *Washington Post* Aug. 11.

Several well-publicized incidents of looting or attacks on food convoys have been used to buttress demands by the U.N. and the Bush regime that U.N. peacekeeping troops and guards be sent in large numbers into the country before more food can be shipped. Somalia has therefore become a crucial test case for the new secretary general's efforts to eliminate national sovereignty under the name of "peacekeeping." In the case of Somalia, which has no functioning government, the U.N. and the Bush regime are now demanding that their forces be sent in, without the prior agreement of the warring factions.

This was spelled out Aug. 3 by James Kunder, director for disaster assistance of the U.S. Agency for International Development (AID). At a special State Department briefing with the press corps, Kunder reported back on a two-week assessment team trip into the Horn of Africa.

He noted that "virtually the entire economy [of Somalia] consists either in protecting relief food—that is, the hiring of armed guards for relief convoys—or attacking those convoys." Despite his admission that "most of the food has gotten through to somebody who can use it," he insisted on the deployment of troops, "with or without" the permission of the different factions. Sen. Nancy Kassebaum (R-Kan.) has also introduced a resolution calling on the U.N. to deploy troops.

At a meeting in late July of the House Select Committee on Hunger, Assistant Secretary of State John R. Bolton took the position that the peacekeeping mission was the first priority.

But the president of Doctors without Borders, which has had volunteers in Somalia since January 1991, disagreed. Said Rony Brauman: "It is imperative to flood the country with food, so that it ceases to be a high-stakes item, stolen by those with weapons. Only by making food readily available will it be possible to ease the tensions caused by shortages."

Even the U.N. special envoy, Mohamed Sahnoun, the former Algerian ambassador in Washington who in principle backs Boutros-Ghali's call for troop deployment, stresses that the food must come first, before security can be established. According to an interview published in the *Washington Post* Aug. 11, Sahnoun states: "Wherever there is a scarcity of food, you're going to have a security problem. You can't escape the fact that people will fight for food. These people have guns—and each one of them has a family to feed."

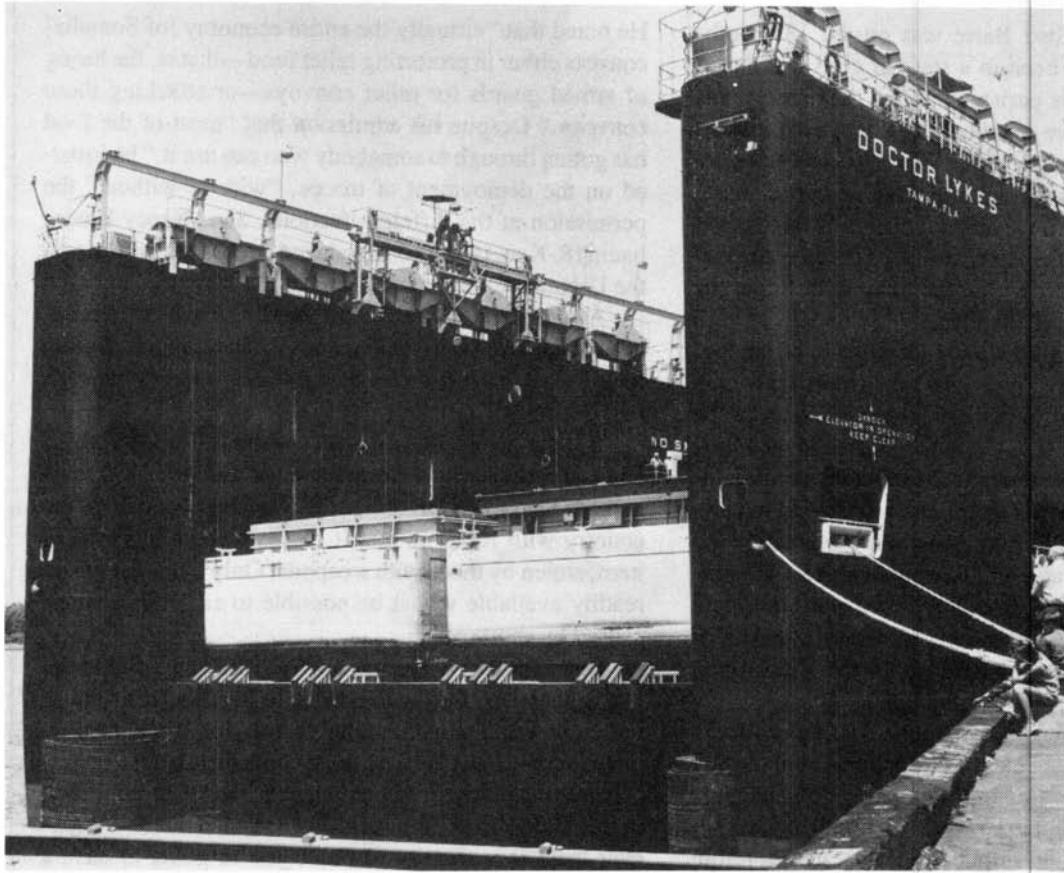
Moreover, David Bassiouni, U.N. coordinator for humanitarian assistance to Somalia, stresses that military intervention without agreement between the two principal opposing sides would be dangerous. "We might find ourselves trying to take over the country and fight our way through, and then the humanitarian operation would become secondary," he told the London *Financial Times* July 29.—Dana S. Scanlon

together with the means of transport, so that it can actually be brought to the most remote regions. Special trucks and overland transport vehicles are needed for this, and at times, helicopters and airplanes will also be needed, in order to get the relief to regions where it cannot otherwise be conveyed. In the meantime, road building and earthmoving equipment must be brought to the site, together with the relevant technical personnel, in order to build roads and bridges over which the food can be delivered. This relief infrastructure can then, in the next phase, be used as farm machinery and so forth to build up a goods-producing economy. The same trucks which today deliver grain or milk powder, tomorrow can be

carrying fertilizer and farm machinery.

- Ships with a 30,000-40,000 ton capacity such as for example the LASH (Lighter Aboard Ship), must be put into operation. These can transport a series of boats, which are already loaded with grain and which at the point of debarkation can become independent on the inland waters with the help of tugboats. The so-called "Ro-Ro Ships" (Roll-on/Roll-off), which can be loaded both fore and aft and can carry their own ramps, can transport trucks loaded with grain. A 20,000-ton ship can carry 250-300 trucks, loaded with food and other commodities, to their destinations.

- At the same time "long piers" should be towed to



Loaded barges lower off the stern platform elevator of Doctor Lykes, a Lighter Aboard Ship (LASH) vessel, which carries barges and comes equipped with a self-contained loading and unloading elevator. Cargo containers on the deck are loaded with grain and can become independent at the point of debarkation. Such technologies allow a rapid, effective relief effort.

selected mooring places, anchored there, in order to make it possible to transship arriving cargoes. These temporary piers can be used for several years before they have to be replaced by new permanent harbor facilities.

● During Phase 1 of the relief program, in which the main goal is to overcome acute hunger, already the prerequisites must be created for raising agricultural production. The goal must be to make food relief unnecessary in the medium term, during which the local agricultural economy will get the means in its hands to produce itself sufficient quantities of food. This involves of course, among other things, production and distribution of fertilizer and farm equipment as well as vaccines and medicines against livestock diseases, insecticides, as well as the implements needed to operate farms and, initially, technical advisers.

● Delivery and installation of water pumps and irrigation systems must be achieved as fast as possible. Simple energy supply systems must be set up on an emergency basis in rural areas, in order to stop further burning of wood which is causing large-scale deforestation and which leads to desertification. Bottled gas and simple gas stoves can be used as a stopgap until modern energy systems are brought online.

● Along with technical measures for a rapid improve-

ment of infrastructure, the "social infrastructure" must be upgraded. This includes construction of hospitals, supplying medicines and equipment, the training of technical personnel as well as the building of schools. Just the achievement of an adequate medical infrastructure in Africa would be an emergency program in itself.

● All these short-term projects must be embedded in medium and long-term great projects, in order to achieve a real development, which would prevent a relapse into underdevelopment. This presumes building up a continent-wide infrastructure. This encompasses the creation of a modern transport system and a modern water infrastructure system, which would not only supply people and livestock with drinking water, but would also serve for irrigation and make possible the greening of the deserts.

Two projects have the highest priority and should be the first to be undertaken. The water reserves in the region of the Zaire River must be made to serve for a wide-ranging improvement of the water supply of Central Africa. A second important project is the achievement of a west-east rail line between Dakar and Djibouti—a plan which is more than a century old and now finally should be carried out. Plans are already drawn up for numerous other regional projects, which should be put into operation as soon as possible.

ANC-led strikes: a dangerous power play

by Uwe Friescke

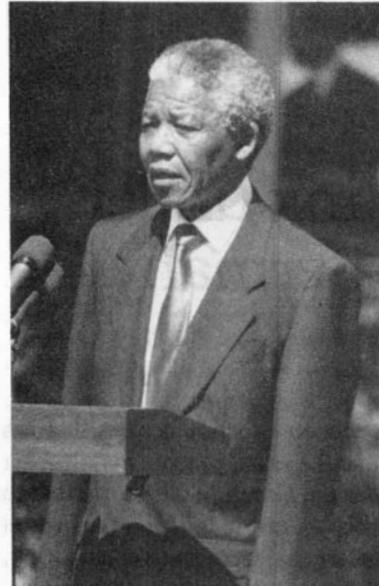
On Aug. 3-4, the three-way coalition composed of the African National Congress (ANC), South African Communist Party (SACP), and the Cosatu trade union federation, organized what was, from their standpoint, a highly successful mass strike, in which an estimated 4 million workers took part. The high points of the strike were the mass demonstrations in the big cities of Capetown, Johannesburg, and Pretoria. In Pretoria, Nelson Mandela, the symbol of the ANC's struggle, exactly 30 years after the day of his arrest, led 70,000 supporters up to the steps of the Union Building, in which President F.W. de Klerk was meeting with his cabinet.

The three-way coalition clearly intends to strengthen its position for the next round of negotiations of the Covenant for a Democratic South Africa (Codesa). Already, information has come to light about the discussions within the de Klerk cabinet, to the effect that the government is ready for far-reaching concessions. It could lead to elections in November of a constitutional assembly consisting of only one house. The government will drop its previous demand for veto power.

The strike was not a general strike, which would have established the ANC as the sole representative of the black population of South Africa. It was more a precisely calculated action on the part of the top leadership of the three-way coalition, intended to weaken the positions of their political rivals, particularly de Klerk's National Party and the Inkatha movement of Mangosuthu Buthelezi, and to strengthen their own position at the center of power.

It is quite interesting to note that the country's gold and platinum miners did not join the strike. The real power center of South African society, the Anglo-American Corp. and its junior partner, the British firm Lonrho, were therefore not affected. This feeds the long-circulating speculation about whether Anglo-American and Lonrho do not have considerable material and political influence over the leadership of the ANC, and thereby play an important role on the chessboard of South African politics.

The Anglo-American establishment is not interested in really overcoming apartheid, but more in creating a destabilized political situation in which existing ethnic conflicts, as for example those between the Xhosa and the Zulu peoples,



Nelson Mandela, symbol of the struggle of the African National Congress, during a visit to Washington in June 1990.

could prevent any strong, development-oriented government from emerging.

Looming tragedy

The future of South Africa portends a tragic development, in which an explosion of social and ethnic conflicts could lead to civil war, if a process of economic reorientation is not set into motion. For that, there must be a break with the policy of the international financial institutions. South Africa's economy is forced to pay annual debt service of Rand 17 billion, and the government has been forced to implement a restructuring program which has led to a loss of 110,000 industrial jobs in the last two years. The finance minister now plans to raise the value added tax from 10% to 15%. This austerity policy will prevent any peaceful solution of the South African constitutional crisis.

Neither in the ANC nor in Inkatha nor in the National Party do the leading political forces appear to recognize this danger. All the groups seem to be playing out their own roles in the chess game.

When President de Klerk took office at the end of 1989, it very quickly became clear that he would only be given limited room for action. In the middle of 1990, there began a murderous wave of violence among the opposing black political groups, whose background to this day has not been clarified.

So the political conflict in South Africa will continue, and with actions like the June 17 massacre in Boipatong township. The tension and destabilization of the political negotiations will intensify, while at the same time, the three-way coalition of the ANC, Communist Party, and the trade unions influenced by them, will come closer and closer to taking power.

Central bank under attack in Germany

by Rainer Apel

A big taboo of German economic policy debates that has been observed for more than 12 years, is about to fall. After its decision the week after the Group of Seven summit in Munich to increase the discount rate to 8.75%—the highest since late 1931!—the Bundesbank, Germany's central bank, has come under heavy public attack by industry associations, labor unions, the opposition Social Democrats, and econometric institutes.

A critique published at the end of July by the well-reputed DIW, the German Institute of Economic Research based in Berlin, minced no words, charging the Bundesbank with being a “state within the state” that had maneuvered itself into the “trap of its own monetarism,” the consequences of which policy was that the entire economy of the state was kept hostage to the central bank.

There would have been no postwar “economic miracle” in the 1950s, the DIW declared, had the same high interest rate policy being carried out today been practiced by the Bundesbank at that time. The Bundesbank policy is aggravating the recession and slowing down industrial and infrastructural investments to such an extent that the five eastern states of Germany could never hope to experience a 1950s-style economic recovery which the government of Chancellor Helmut Kohl has promised them for the late 1990s.

Apart from ruining the prospects of eastern Germany, the Bundesbank's high interest rate policy has a devastating effect also on the still relatively robust economy of the 11 western states of Germany. The cutbacks in investments are enormous, which is reflected in the fact that of the 177,000 new jobless reported in the month of July, no less than 70% were recorded in the western states.

Domestic orders in the machine tool sector collapsed by 22% in June. National unemployment broke the “magic” 3 million threshold in late July, with about half a million more jobs already preprogrammed now for “phase-out” in the next two or three years. The biggest single component of these future losses is 200,000 workers in the auto industry who will have to be laid off because of the “dramatic worsening of conjunctural outlook”—as if it were a natural law. Managers in the machine tool industry announced plans for 75,000 job cuts.

The effects of the central bank's monetarism policy are also increasingly felt in eastern Europe and among the Community of Independent States (CIS), where more and more potential importers of industrial goods produced in the five east German states prefer to invest their hard currency reserves in the German high interest rate market instead of signing contracts with east German producers. That is one of the reasons why even the much-reduced Bonn government credit guarantees of 5 billion deutschemarks (\$3.3 billion) this year for exports into Russia, Ukraine, Belarus, and Kazakhstan are not utilized: CIS customers of east German industrial exporters have so far only finalized contracts totaling DM 700 million.

Quick-buck economics ruins economy

There is a tendency toward what Dieter Rudorf, deputy speaker of the state parliament of Saxony—one of the five east German states—called an “Americanization” of economic policy: Even east German firms would invest in monetary ventures in the seemingly profitable short-term money markets, rather than investing in productive capacities. What has characterized the collapse of United States domestic industrial production, Rudorf charged in a discussion with *EIR*, has been repeated primarily in east Germany, which has seen a collapse of industrial output by 40-50%, as compared to the level held in 1990 shortly before German reunification; but it is also being repeated in west Germany.

The Bundesbank, which should safeguard industrial employment as the prime power base of the German economy, is doing quite the contrary, Rudorf said on Aug. 12. The same point was made by Franz Steinkühler, the boss of the metal workers union, Germany's largest labor organization with close to 4 million members. In an essay published by the *Handelsblatt* business daily Aug. 10, Steinkühler said that the Bundesbank's exclusive emphasis on price stability and tight money policy was creating an imbalance endangering overall economic stability, by curbing investment and exports, growth rates, and employment.

Steinkühler urged a change in the structure of the central bank which has a status of independence from political control that has no precedent anywhere else in the western world. The bank should be put under mandatory controls by the parliament, with the duty to report on its activities to a special committee there, he proposed, and its advisory board should be broadened to allow “vital societal interests” to exert certain influence on and control of the Bundesbank's actions.

The Steinkühler initiative is fairly limited, because it only aims for certain modifications of the central bank's structure but does not call into question the status of independence as such, as would be the case with a call for transforming the bank into a real national bank. The initiative is highly important, though, because it finally re-opened the door to a fundamental debate on the Bundesbank status and policy orientation which had been muzzled for the past 10 years.

Yegor Gaidar's days may be numbered

by Konstantin George

A decisive power shift in Moscow, which could occur in October, is being prepared by a combination of forces in the Russian elite, anchored by the military, and including the vast military-industrial complex and the state industry lobby. These are interests who will not sit idly by while Russia crumbles. The power shift in question will not be a coup in the popular image of "tanks in the streets." Most likely, the initial phase will take the form of Boris Yeltsin establishing, or trying to establish, a presidential emergency rule system.

The first signs of the impending shift were clear back in June, when President Yeltsin installed Yegor Gaidar, the symbol of Russian submission to International Monetary Fund (IMF) "shock therapy," as "prime minister." A closer look at the fine print in that promotion, so effusively hailed in the western media, tells a different story. Gaidar was appointed "*acting* prime minister," denoting a strictly transitional role as head of government. By autumn, in response to the peak of popular rage against the Gaidar policies, Yeltsin may remove Gaidar and bring in a very different complexion of cabinet. The victims of the Russian "October Surprise" will be the darlings of the IMF free market ideologues.

Throughout the summer, rearguard resistance to Gaidar has been manifest in the cabinet (itself irreconcilably split over the continuation and degree of shock therapy policies), and from a Central Bank-state enterprise axis. This axis, teaming up with allies in the cabinet, was able in early August to secure a budget compromise amounting to partial rejection of IMF demands. The Central Bank was allowed to extend 500 billion rubles in credits to keep state enterprises running, which, while only half of what the enterprises had demanded, should suffice to keep most large enterprises alive this year, thus preventing across-the-board closures and mass firings.

Parallel to this, the main IMF condition for any further credits, namely, keeping the budget deficit to 5% of gross domestic product, was ignored. The actual budget deficit will remain at a level equal to about 15% of gross domestic product.

These are only rearguard actions, actions which at best can slow down the rate of collapse occurring under shock therapy. The economic policy must be stopped and turned around, and the time to do this is running out.

Russian farmers' revolt spreads

Nowhere is the economic crisis so visible and urgent as in the Russian food crisis, which is reaching critical mass already in August. The food crisis is not strictly an objective one based on a "lack of food." The hyperinflation produced by shock therapy has driven the cost of living for everyone through the ceiling, and that includes the farmers. In the case of the farmers, this has been juxtaposed to artificially low, pre-shock therapy state procurement prices for the grain they produce.

The result has been a farmers' revolt that began in late July in the southern Russian breadbasket regions of Stavropol and Krasnodar, and has since spread to cover all of Russia. This was manifest in an Aug. 5 national "Peasants' Day of Unity" that featured farmer protest rallies in Moscow, St. Petersburg, and many other Russian cities. The farmers have refused to sell grain to the government until they receive parity prices and compensation for fuel, machinery, and spare parts. All of those prices have skyrocketed under the Gaidar government's price liberalization policies.

To prevent the disappearance of bread from the shops, the government has granted higher grain prices, but passed them on to the urban consumer, with the doubling of the bread price. Even the higher bread price will not solve the threat of bread shortages, as the farmers are releasing as little as possible even under the higher price regime.

Hyperinflation

The reason, as we stressed above, is the overall shattering hyperinflation wrecking the economy. Farmers know that their *own* cost of living will be much higher a few months from now, and their only "defense" against this is to withhold now as much grain as possible and sell it later at higher prices.

For the population as a whole, the food price hyperinflation, with average food prices rising since June at a rate of 18% per month, is the single most destabilizing factor in the social-political situation. Discontent in the urban centers is extremely high. There is the potential for protests and food riots in the next weeks and months.

This crisis, which will reach fever pitch by October if not sooner, could dictate the removal of Gaidar and his cohorts. This will be linked to the phenomenon of the demise of the political bloc known as the "democrats," who by their failure to oppose shock therapy have discredited themselves.

A pattern of Russian "national-patriotic" forces will emerge around assorted platforms striving to restore Russia as a "great power," which will have a potentially healthy side, but also a nasty one. In this new wave will be more than a strong suggestion of empire restoration.

What remains undefined is what exactly will be the "alternative" economic policies that the new combination of forces will put forward. The answer to this question will determine the direction which post-Gaidar Russia takes.

Railroad 'reform' will dismember Argentina

by Cynthia R. Rush

During the 19th century, Great Britain and its allies used geopolitics and warfare in Ibero-America to prevent the emergence of sovereign nation states. Today, in Argentina, President Carlos Menem and his Harvard-trained finance minister, Domingo Cavallo, are using the policies of the International Monetary Fund (IMF) to physically tear apart the already weakened Argentine nation. As Elido Veschi points out in the accompanying interview, the monetarist school of economics dominated by "bookkeepers and accountants," of which Cavallo is exemplary, is responsible for this situation.

Cavallo's plan to privatize and deregulate the country's state-owned railroads, along with such crucial services as health care and education, will result in the dismemberment of the country. In the case of the railroads, he has told provincial governors that unless they are willing to absorb at least 50% of the railroads' existing deficit, all long-distance passenger service to those parts of the country will simply cease.

Although domestic resistance to this plan has forced the government to back off from its original deadline of July 31, by which the governors had to decide whether or not to absorb these costs, there's no doubt that Cavallo is determined to ram this plan through as quickly as possible.

A colonial tradition

In the mid-19th century, there were attempts to build nationally owned railroads in Argentina, in order to encourage the development of the country's interior; but as in much of the rest of the continent, those first lines were eventually bought out or eliminated by foreign, mostly British, capital, whose only interest was transporting raw materials from the interior to the ports for export, and transporting imported foreign manufactured goods to the interior. This is the classical colonial policy to which the IMF is committed today.

Through imposition of excessive freight costs and other unfair practices, the British-owned lines destroyed small businesses, industrialists, or incipient commerce in the Argentine interior, whose growth was viewed as undesirable competition.

In his *Historia de los Ferrocarriles Argentinos*, Argen-

tine historian Raúl Scalabrini Ortiz quoted Congressman Alejandro Gancedo, who in 1922 charged that the foreign-owned railroads were "depopulators." Earlier, in 1909, Gancedo explained that "in what has been called the granary of the republic, in the heart of the wheat-growing region, industrial enterprises which were yesterday the most prosperous, important and strong, are closing their doors . . . the factories, shops and warehouses of one of the country's founding industries are closing. Who's to blame? There is no work, nor can there be, without facing bankruptcy or disaster because of the excessive freight costs of the railroad companies."

Years later, in 1922, Gancedo reported that "in Santiago del Estero, the railroads eliminated flourishing commercial centers such as Villa Loreto, Altamisqui, Maillín, Salavina, etc., important cultural centers where today the ruins of the old houses stand next to the plazas where the animals graze. The point is that the railroads aren't interested in developing life and culture, only in obtaining benefits and dividends by any means possible."

It was not until the early 20th century, that the government challenged the role of foreign capital, and founded the state-run company Ferrocarriles del Estado. New railroad lines were developed with the idea of integrating remote parts of the country and developing regional economies. The nationalization of the railroads by Gen. Juan Perón constituted a severe blow to the foreign interests which presumed that Argentina was a perpetual source of loot.

Territorial disintegration

The simple reality is that Argentina's provinces are close to bankruptcy as a result of years of economic austerity dictated by the country's foreign creditors. Regional economies, based on small and medium-sized agricultural enterprises, and small industry, are moribund. Many provinces depend on the federal government to cover up to 90% of their operating expenditures; now, not only is Cavallo cutting back on those revenue-sharing funds, he is demanding that provinces take on the additional burden of financing health and education in a situation which is far more economically depressed than a decade ago.

Many provinces now function almost as tiny, independent nations, issuing their own currencies, and dealing directly with foreign governments to make trade and other economic deals, in an attempt to survive economically. As Veschi points out, cutting off "unprofitable" rail service will condemn many of these regions to death. At stake is the country's territorial integrity.

This policy has strategic and military implications as well. A study issued by the Institute for Technological Cooperation and Foreign Affairs in Buenos Aires points out that with the closing of several railroad lines, in times of crisis the country will be unable to transport military personnel to strategically important regions of the country. "Among the

lines to be privatized," the study explains, "is the wide-gauge railroad which joins Bahía Blanca [on the Atlantic coast] with the Chilean border, one of enormous strategic importance."

In a statement issued in early August, Col. Mohamed Alí Seineldín, leader of the nationalist faction of the Argentine Army who is currently in jail as a political prisoner, said, "I am witnessing how the railroad, which was the pride of the country and a symbol of development and prosperity, is being abruptly shut down, condemning to death the republic's localities and towns, whose bad luck is apparently not being located geographically in or near the capital." The railroad's dismantling, as Seineldín points out, is also related to the Menem government's global policy of destroying the Armed Forces and ceding territory to Chile in a soon-to-be-signed agreement.

On Aug. 27, Menem is scheduled to sign a treaty with Chilean President Patricio Aylwin, by which Argentina will cede 1,050 square kilometers in the Patagonian province of Santa Cruz to Chile. Under the guise of resolving a border dispute which Argentine experts say was actually resolved by papal edict in 1902, the treaty is framed in the context of strengthening the IMF's "democracy" in both countries, and allegedly putting an end to the "arms race."

Referring to the disputed region of Santa Cruz, known as the Hielos Continentales, Seineldín warned:

"Perhaps the Hielos Continentales . . . has lost the President's interest, because he has so distorted the specific function of the Armed Forces, the Security and Police Forces, that today, it is impossible to provide for the common defense and protect our territory, thus preventing the country from exercising its legitimate right to protect and defend its patrimony."

The death sentence to which Seineldín referred will be particularly brutal for regions such as the Patagonia, which, because of the government's economic austerity policy, and also because of the lack of a railroad and other necessary infrastructure, could literally cease to exist. In April of this year, a correspondent from the Buenos Aires daily *El Cronista* warned that "the Patagonia is dying."

He reported that Comodoro Rivadavia, one of the most important cities in the province of Chubut, "has had 2,800 layoffs only in the oil-producing areas run by [the state oil company] YPF during the past year alone; Río Gallegos, the capital of Santa Cruz, has seen 10,000 people emigrate over the past decade, and the dismantling of the [state coal concern] YCF in Río Turbio also threatens to transform it into a ghost town."

Chubut Gov. Carlos Maestro explained that the entire region is undergoing "a phenomenon of desertification, by which vast zones of the southern provinces are becoming depopulated." If the federal government doesn't take emergency measures, he added, "the Patagonia runs the risk of becoming an immense desert."

Interview: Elido Veschi

'They want to colonize us again'

Mr. Veschi is an engineer who is secretary general of the Argentine Personnel Association of the Railroad and Port Directorate (APDFA), which includes career technicians of the Argentine State Railroad. EIR's Gerardo Terán Canal interviewed him on July 30.

EIR: Where is the railroad privatization plan of President Carlos Menem headed?

Veschi: This plan is one more element in the geopolitical and geoeconomic model designed for Latin America. The importance of transportation for the economy has been clearly understood, first by the British Empire, and later by the world financial empire. They know that if they dismantle transportation, they will be able to design a model that is very beneficial for their international interests.

These interests have known how to take advantage of the level of inefficiency to which the state sector companies have been reduced, as a result of the policies intended precisely to create that inefficiency, so that their model might succeed. Many people say that the economic program of [former finance minister José] Martínez de Hoz [1976-81] failed. No, that plan was a complete success for those sectors which now predominate and are destroying Latin America.

EIR: What will the railroad privatization mean for Argentine industry and agriculture?

Veschi: There have been many serious attempts to dismantle national industry and, unfortunately for Argentines and for Latin America, they are succeeding, as a result of the monetarist policies through which the country has become indebted—in both the public and private sectors—with no benefits for the population, and for the sole purpose of working to pay off that illegitimate debt. For regional economies, based on agriculture and cattle raising or primary industry, the dismantling of the railroad is a *coup de grace*, which will create the possibility of redesigning the country's economy. The creation of the Mercosur [Southern Cone Common Market] will generate a geoeconomic region with almost no resemblance to the nations we know today.

EIR: Can a national railroad run by the state be profitable?

Veschi: If we measure profitability the way the bookkeepers and accountants trained in monetarism at the Chicago School do—that is, looking at the operation's direct profitability—

obviously in many cases it doesn't exist. But if we measure profitability as a strategic tool of economic, social, and political development, obviously [the railroad] is profitable.

Look at such international examples as Japan, where the state subsidizes the railroads to the tune of \$14 billion annually; or the case of Germany, where the deficit has reached \$5 billion; Spain, with a \$2 million subsidy; or England, where the subsidy is more than \$2.2 billion. You might say the European Community (EC) has "thrown away" \$80 billion in railroad investment for the next several-year period. These are not stupid countries . . . they're not advised by the type of economists we have here in Argentina. They are intelligent, and they know that if they don't invest in this kind of subsidy, in the end they'll have to spend a lot more money.

EIR: What kind of cargo potential and how many kilometers of track do the state railroads have?

Veschi: Right now, we have 35,000 kilometers of track, of which 920 km are in the Buenos Aires metropolitan area, and 34,000 in the rest of the country. This is what is now at stake. At the conclusion of the privatization process, there will be between 5,000 and 6,000 km for cargo transport and the 920 km for urban transport in Buenos Aires. That's why we say that the regional economies are threatened.

EIR: Will 20,000 kilometers simply go out of service?

Veschi: On paper, probably not. But in fact, no cargo will move on them, except at a very high cost. That's why we say that this policy means the dismantling of a system which would allow Argentines to create a national model integrated with the rest of Latin America. In 1989, between passengers and cargo, the railroads had a capacity of 27 billion units of traffic. In 1983, some 23 billion units were actually used, which means that there was a surplus of 5 billion.

EIR: In your view, what type of economic model would allow the railroads to function efficiently and support the country's economic development?

Veschi: It's a political question. There's a lot of talk here about the indices of a fictitious economy—one that takes into account neither development nor growth. In this model, the railroad might serve as an instrument of the private sector. But the railroad as a tool for growth and development must be integrated into a model which emphasizes growth and development for all the inhabitants of this part of the planet, and should be conceived of as an integration model for all Latin American countries.

The fact that our Patagonia has no railroad, isn't because they dawdled in building it, nor is it because of the costs. These are no more excessive than other less necessary projects. It is simply that in the design of world strategy, Patagonia is not allowed to be exploited by the Argentines, or by the Latin Americans. If we add to this the fact that northern Argentina will be integrated with southern Brazil, Bolivia,



A diesel engine plant in Argentina. The railroads are vital for national defense, as well as for the economy.

and Paraguay into a large geo-economic region with its own rules and regulations, we are witnessing something which we once thought impossible—the disintegration of nations such as ours. If we Latin Americans don't make an effort to integrate our transportation as the Europeans did when they created the European Community, then we are making it easier for those [anti-national] interests to achieve their goals.

EIR: Let's talk a little bit about the railroad's role in the area of national defense.

Veschi: In Argentina, the usefulness of the railroad was demonstrated in situations such as border conflicts, when there was almost a war with Chile [in 1978]. The railroad played a crucial role in transporting war matériel. In the case of the Malvinas War [with Great Britain, in 1982], it also played a very important role, although it was then that we realized we had a terrible problem because of the lack of a railroad in the Patagonia. On the other hand, we were able to use the railroad maintenance shops as logistical support for our war infrastructure. These are industrial establishments for semi-heavy metalworking, which use top-notch technology.

[The railroads] are vital for national defense. Transportation in general, as well as energy and communications, are fundamental tools of growth and development and national defense taken as a global concept, not just as a particular war situation. National defense is a broader concept. In this sense, transportation, communications, and energy, as Raúl Scalabrini Ortiz said, are the vital elements for developing the nation. If we dismantle those sectors, the nation simply cannot exist.

U.S. airlines bleeding to death; British move in for the kill

by Anthony K. Wikrent

The latest round of quarterly financial reports from U.S. airlines should give pause to anyone inclined to accept the veracity of George Bush and Federal Reserve chairman Alan Greenspan's claims that the worst is over for the U.S. economy. The dynamic now ruling the U.S. economy is reflected in the bid by British Airways to buy a controlling stake in USAir: 20 years of "free trade," "free market," and deregulation policies have smashed U.S. industry, and now U.S. sovereignty itself is being swept aside, so that British subjects can come in and pick up the pieces.

Just as analysts had expected, the vicious fare wars that began in April have eroded the airlines' financial underpinnings in a flood of red ink. AMR Corp. (the holding company for American Airlines, the largest U.S. airline) reported a record second quarter loss of \$166 million. UAL Corp. (the holding company for number two, United) reported losing \$95.1 million; number three, Delta Air Lines lost \$180.15 million.

The *Minneapolis Star Tribune* reported July 22 that number four, Northwest, privately held by Wings Holdings Inc., has been losing \$1.5 million a day so far this year; \$68 million was lost in the month of May alone, and even greater losses are expected in June and July. USAir, the nation's fifth largest carrier, reported losing \$84.9 million during the quarter. Number six Continental, operating under the bankruptcy laws, reported losses of \$99.2 million in the second quarter. TWA, the seventh largest U.S. airline, also operating under the protection of a bankruptcy court, is privately held, but persons familiar with TWA's finances told the *New York Times* on Aug. 4 that TWA is losing nearly \$1 million a day.

Daily losses in the millions

U.S. airlines as a whole were already losing an average of \$11.9 million a day as of April, which indicates that the hemorrhaging of red ink is now much worse. If these figures don't impress you, consider this: In the past 18 months, U.S. airlines have lost almost \$7.5 billion, entirely erasing all profits previously recorded in the 67-year history of U.S. commercial aviation.

The weakening of the airlines' financial position that results from these losses comes at the same time that they are faced with the need to finance capital expenditures estimated at \$180 billion over the next eight years. Long-term debt of the six largest U.S. airlines surviving at the end of 1991 had grown from \$8.6 billion in 1987, to \$18.4 billion, while their shareholders' equity barely budged, from \$8.650 billion in 1987, to \$8.656 billion in 1991. It is now doubtful if the debt load will grow—Moody's and Standard & Poor's have been steadily lowering the credit rating of all the airlines, making borrowing more costly and less likely. And the spectacular failure of the initial public offering of Guiness Peat Aviation (the world's largest lessor of aircraft) in June indicates how hesitant investors are to commit money to the airline industry.

Before the flood of red ink, the profit margin of the U.S. airline industry in the past few years was less than 1% of revenues, compared to an average of 5% margins for other U.S. industries.

Flying in the Depression

Unfortunately, no one in the industry is looking for the source of their woes outside the industry. No one is pointing to the ruinous losses as proof that deregulation has been a disaster; no one is pointing out how difficult it is to fly profitably when the United States is in a second Great Depression and 25 million Americans can't afford 21 meals a week. AMR Corp. chairman Bob Crandall, for example, told the London *Financial Times* in late May, "Either this industry fixes itself, or the U.S. is not going to have an industry."

So, the debate is limited to whether the industry has a cost problem or a revenue problem. Those who see a cost problem are urging more of the same austerity that created the depression in the first place: extract concessions from employees, slash benefits, curb pension "liabilities," and lower wages even further.

Those who argue that the problem is not enough revenue come closer to the truth, but in the end, they also advocate slashing costs somehow. Chris Miller, an analyst at U.S.

Travel, one of the five largest travel agencies in the United States, told *Aviation Week & Space Technology* on June 8 that the public's frenzied response to the lower fares "demonstrates a clear need for low-cost travel. The industry's problem," Miller argued, "is that it has no infrastructure that can provide what the public wants and still make money." Miller's advice is that the airlines should "redefine [their] product to succeed in the current competitive climate." What that means is that the airlines start thinking of "unbundling" their services: charging separate fees to handle baggage, serve meals, show a movie, etc.

Miller would have done much better to simply assert that there is a revenue problem, and stop right there. The next step would be to focus on the collapse in personal and family incomes in the United States over the past two decades and more. This is the result of national economic, financial, and monetary policies; the airlines could demand that the policies be changed, but that is exactly what nobody in the industry is doing.

With no one challenging the national policies that have led the United States into disaster, the usual conclusions are being drawn that the industry has to "consolidate," "learn pricing discipline," and "reduce capacity." Testifying before a Senate subcommittee on aviation in mid-June, for example, AMR chairman Crandall barked, "We must allow the market to finish the painful process of eliminating whatever number of carriers are surplus to the market's needs." And this, despite the loss of 9% of total U.S. airline capacity with the liquidation of three airlines (Eastern, Pan Am, and Midway) in 1991! Crandall's is the same worn argument made by free market ideologues about every other industry left reeling by the depression.

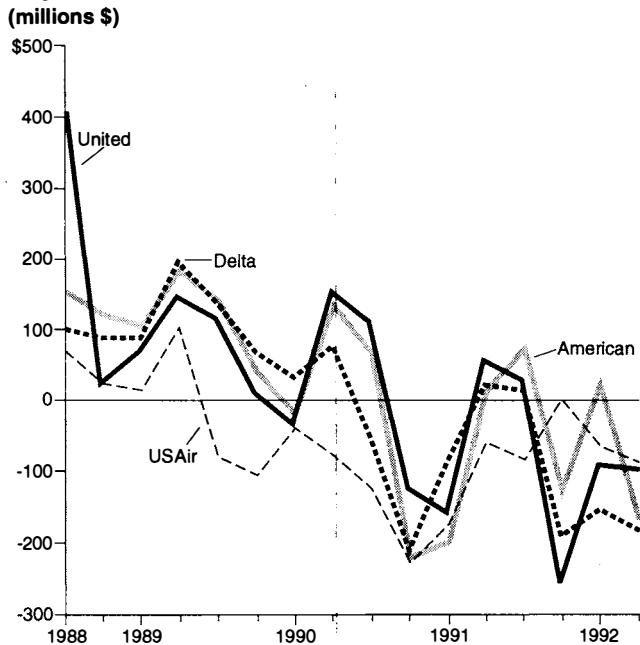
The theoreticians of deregulation, meantime—perhaps worried at the rapidly accreting evidence of their policy failure—have been arguing that U.S. industry would be strengthened if it were forced to deal with foreign competition. On Dec. 30, 1990, Deputy Assistant Secretary of Transportation Jeffrey N. Shane, previously the leading airline route negotiator at the U.S. State Department, told the *New York Times*, "The issue is, are we ever going to reinvent the global frame in a way that removes the concern about foreign investment?"

Two weeks later, in January 1991, *EIR* warned that "the free market 'solutions' now generally being put forward to deal with the [airline] crisis, will only make things worse, setting up what is left of the industry for foreign takeover. With U.S. airlines struggling to survive financially, the path may finally be clear to removing the present ban against domestic operations by foreign airlines, and the 25% limit on foreign ownership of American airlines."

What role Perfidious Albion?

Later in January 1991, the law was indeed changed: Foreign interests would be allowed to control up to 49% of a

U.S. airline losses have wiped out 67 years of profit



U.S. airline's stock, as long as the foreign interests controlled only 25% of the actual voting rights. Interestingly, one of the major proponents of the change was British Airways, which now proposes to buy a 44% interest in USAir for \$750 million in cash.

The USAir-British Airways deal should raise hackles, not only because of British Airways's pressing for sweeping changes in the U.S. law, but also because of its unique role in spurring the "shakeout" in the U.S. airline industry. In February 1991, British Airways cut its transatlantic fares by one-third.

It was the final blow for Pan Am and TWA, which filed bankruptcy petitions later that year. With their backs to the wall, Pan Am and TWA sought to raise cash by selling their valuable routes to, and landing rights in London, to United and American.

But British authorities refused to approve the sale until they had extracted major concessions from the United States. The British gave United and American fewer landing slots in London than Pan Am and TWA had before, while the United States was forced to agree to allow British Airways to operate between the United States and destinations in Asia and South America. No other foreign airline is allowed to serve the United States from other than its home country. The final result was that U.S. airlines could fly between London and eight U.S. cities, while British Airways could fly between 11 U.S. cities and London, plus other foreign

cities to boot.

The British also demanded at the time that the United States allow foreigners to own majority stakes in U.S. airlines.

The deal with USAir will make British Airways the first truly global airline, by providing British Airways access to the extensive USAir network inside the United States, the world's largest market. The ability to feed passengers from USAir into British Airways's overseas routes will be invaluable: British Airways will be the only airline to have feeder networks on both sides of the Atlantic.

Protests likely to fall on deaf ears

But American, Delta, and United have expressed strong opposition to the deal.

On Aug. 3, Delta charged that "the United Kingdom has repeatedly blocked Delta and other carriers which wanted to expand in the highly restricted U.S.-British markets, instead protecting British Airways from competition. . . . The US-Air-British Airways transaction must be seen for what it is: a foreign carrier cloaked in the protection of one of the most restrictive and anti-competitive international aviation regimes in the world, seeking control over a U.S. carrier in violation of our government's current law and policy."

Pointing to the veto power accorded British Airways by having four representatives on a USAir board expanded to 16 seats, and in which a super-majority of 80% must approve all major decisions, Delta argued that "British Airways will exercise control over virtually every significant business activity of USAir. . . . The Federal Aviation Act, as consistently interpreted and applied over the last 50 years, prevents a foreign air carrier from exercising control over a U.S. air carrier. Therefore, the Department of Transportation, as a matter of law, must take action to prevent consummation of this agreement."

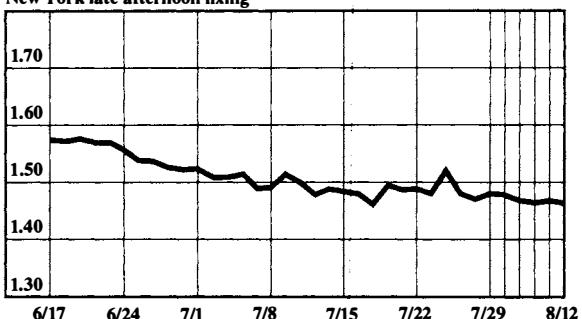
The problem is that the power of the U.S. government has been usurped by a band of free market ideologues who don't give a hoot about the smooth and safe functioning of industries. They don't even care about the intent of the law—witness how Glass-Steagall restrictions against commercial banks being involved in investment banking have been ignored. They desire to see the end of "economic anachronisms"—i.e., national governments seeking to succor and develop industries rather than abandoning them to the ravages of the free market.

Echoing Shane, U.S. Secretary of Transportation Andrew H. Card, Jr. described the proposed USAir-British Airways deal as an "innovative financial and operating agreement" offering "the promise of competitive benefits." Perhaps showing his cards too early, the secretary concluded, "The world's airline industry is clearly moving in the direction of cross-border alliances," and pledged that the deal would be reviewed on an "expedited basis."

Currency Rates

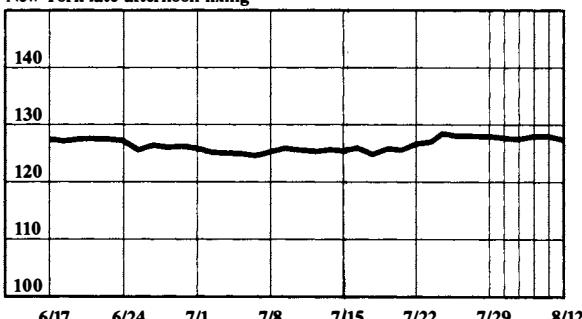
The dollar in deutschmarks

New York late afternoon fixing



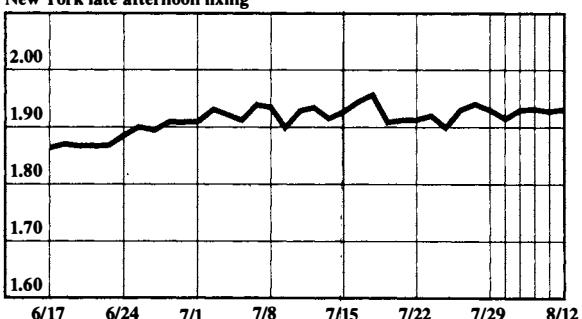
The dollar in yen

New York late afternoon fixing



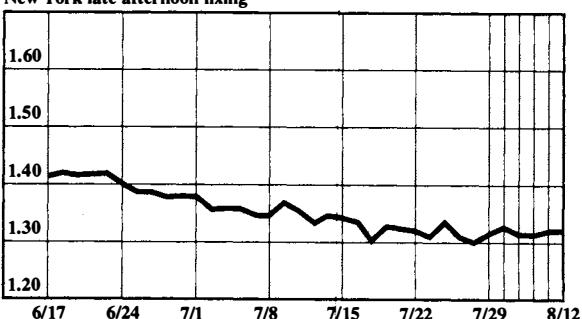
The British pound in dollars

New York late afternoon fixing

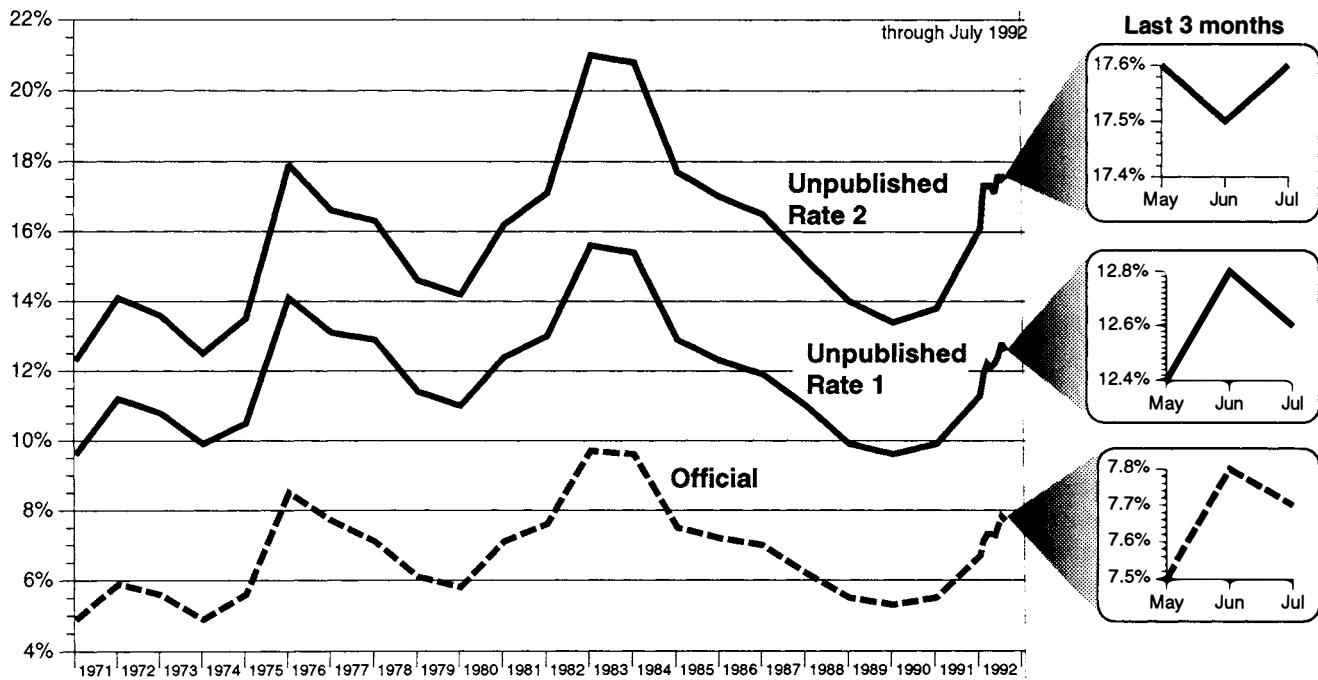


The dollar in Swiss francs

New York late afternoon fixing



U.S. Unemployment Coverup



Data used for unpublished unemployment rates
(thousands)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Official U-5b rate b/a	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
1970	82,771	4,093	3,881	2,198	4.9%	9.6%	12.3%
1971	84,382	5,016	4,423	2,452	5.9%	11.2%	14.1%
1972	87,034	4,882	4,493	2,430	5.6%	10.8%	13.6%
1973	89,429	4,365	4,510	2,343	4.9%	9.9%	12.5%
1974	91,949	5,156	4,514	2,751	5.6%	10.5%	13.5%
1975	93,775	7,929	5,271	3,541	8.5%	14.1%	17.9%
1976	96,158	7,406	5,233	3,334	7.7%	13.1%	16.6%
1977	99,009	6,991	5,775	3,368	7.1%	12.9%	16.3%
1978	102,251	6,202	5,446	3,298	6.1%	11.4%	14.6%
1979	104,962	6,137	5,427	3,372	5.8%	11.0%	14.2%
1980	106,940	7,637	5,675	4,064	7.1%	12.4%	16.2%
1981	108,670	8,273	5,835	4,499	7.6%	13.0%	17.1%
1982	110,204	10,678	6,559	5,852	9.7%	15.6%	21.0%
1983	111,550	10,717	6,503	5,997	9.6%	15.4%	20.8%
1984	113,544	8,539	6,070	5,512	7.5%	12.9%	17.7%
1985	115,461	8,312	5,933	5,334	7.2%	12.3%	17.0%
1986	117,834	8,237	5,825	5,345	7.0%	11.9%	16.5%
1987	119,865	7,425	5,714	5,122	6.2%	11.0%	15.2%
1988	121,669	6,701	5,373	4,965	5.5%	9.9%	14.0%
1989	123,869	6,528	5,395	4,656	5.3%	9.6%	13.4%
1990	124,787	6,874	5,473	4,860	5.5%	9.9%	13.8%
1991	125,303	8,426	5,736	6,046	6.7%	11.3%	16.1%
<i>Monthly data (seasonally adjusted)</i>							
1991:							
July	125,214	8,501	5,846 ¹	5,881	6.8%	11.5%	16.2%
August	124,904	8,488	5,846 ¹	5,892	6.8%	11.5%	16.2%
September	125,607	8,442	5,846 ¹	6,374	6.7%	11.4%	16.4%
October	125,549	8,582	5,932 ¹	6,328	6.8%	11.6%	16.6%
November	125,374	8,602	5,932 ¹	6,408	6.9%	11.6%	16.7%
December	125,619	8,891	5,932 ¹	6,321	7.1%	11.8%	16.8%
1992:							
January	126,046	8,929	6,118 ¹	6,719	7.1%	11.9%	17.3%
February	126,287	9,244	6,118 ¹	6,509	7.3%	12.2%	17.3%
March	126,590	9,242	6,118 ¹	6,499	7.3%	12.1%	17.3%
April	126,830	9,155	6,310 ¹	6,272	7.2%	12.2%	17.1%
May	127,160	9,504	6,310 ¹	6,524	7.5%	12.4%	17.6%
June	127,549	9,975	6,310 ¹	6,040	7.8%	12.8%	17.5%
July	121,532	9,760	6,310 ¹	6,324	7.7%	12.6%	17.6%

¹The want a job now figure is compiled quarterly. The figure used for monthly calculation of the Unpublished Rate 1 is that from the most recent available quarter.

Explanatory Note

In July, over 6.3 million jobless and 6.3 million more semi-employed people were ignored by the U.S. government's Bureau of Labor Statistics in its calculation of the official (U-5b) unemployment rate. To bring out the truth, EIR is publishing the rates you would see if the government didn't cover up.

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

But nearly 6 million of these discarded people are also reported on the monthly survey indicating that they "want a regular job now." EIR's *Unpublished Rate 1* is calculated by adding these discarded jobless to the officially "unemployed." The *Unpublished Rate 2* includes, in addition, over 6 million more people forced into part-time work for economic reasons such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics even if they worked only one hour during the survey week.

For comparability with the official rate, the EIR rates are calculated on the same base figure, the BLS defined *civilian labor force*. This figure comprises all civilians classified as either *employed* or *unemployed*. For a number of reasons the *civilian labor force* can be considered as a bloated figure. Its use as the divisor in unemployment rate calculations thus further masks the depth of the unemployment problem. Large segments of the population, who might not under healthy economic conditions be forced to seek work, have become a part of the *civilian labor force* over the past 25 years of "post-industrial society" economy. This includes young mothers, the elderly, and many college students.

Will Peru revamp its economic policy?

Fujimori is becoming painfully aware of the link between economic policy and military success or failure.

Peruvian Finance Minister Carlos Boloña returned from an early August fundraising trip to Washington with empty pockets and with his mandate to enforce the austerity dictates of the creditor banks consequently severely weakened. During his absence, President Alberto Fujimori had secretly met with the commanders of Peru's five military regions, where financing a full-scale war against the Shining Path (Sendero Luminoso) narco-terrorists was prominently on the agenda.

The Peruvian Armed Forces have repeatedly locked horns with Boloña over the question of expanding the military budget, with the minister insisting that "fiscal discipline" as demanded by the banks forbids increasing the military's pathetic allocation of 1.5% of the Gross National Product. Peru's Armed Forces are in such dire straits that they were recently forced to purchase several Soviet-made, obsolete helicopters from Nicaragua; the U.S. has cut off all military assistance.

That President Fujimori is perhaps waking up to this reality is suggested by a series of interviews recently published by the business magazine *Gestión* with former Prime Minister Carlos Torres y Torres Lara, who is strongly urging a "reorientation" of government economic policy "for and from within, and not for and from abroad." Torres y Torres is an intimate of President Fujimori's, and his statements are viewed as a "trial balloon" for the eventual abandonment of policies run by—and for—the international banks.

The demands of a full-scale internal war against Shining Path's rampages, says Torres y Torres, will necessarily cause further impoverishment of the already desperately poor nation. Therefore, economic policies are required "that directly support the population, not only in consumption but also in production." Vast quantities of government-generated credit for this purpose, says Torres y Torres, might prove inflationary, "but death is worse than inflation. The other option would be a war economy."

Whether, and how soon, Fujimori decides to take his friend's advice remains to be seen. Upon his return from Washington, Boloña was obliged to announce plans for releasing additional funds for "internal defense," but has not agreed to increase wages for the nation's impoverished troops. It is no accident that in recent weeks, several prominent members of the "pro-democracy" front against Fujimori have exploited tensions over the military wage question by issuing calls—some veiled and others explicit—for an "institutional coup" by the Armed Forces. Among these are former President Fernando Belaunde Terry and former Senate president Máximo San Román.

Given Shining Path's brutality and far-flung international support apparatus, Fujimori cannot win the war on narco-terrorism with starving and desperate soldiers. That point was driven home by Luis Arce Borja, Shining Path's leading propagandist abroad and editor of its newspaper *El Diario*, based in Brussels. Arce Borja recently

gave an interview to the German weekly *Der Spiegel*, in which he warned, "We will never reach power if we worry about how many will die. We know that many innocents are dying, but history is written in blood. . . . The price is high," says this lunatic, "but without blood and violence there is no revolution. Our goal is seizing power. Only then will the killing end."

Shining Path has also sent a loud and clear message to the military that not even its elites are safe. On Aug. 3, terrorist commandos gunned down Col. Edmundo Obregón Valverde, the director of the Army's elite anti-terrorist training school, and seriously wounded members of his family. Colonel Obregón had been active in anti-subversive operations in Lima, as well as in various regions of the country, such as Ayacucho, where Shining Path has a significant presence.

Shining Path is selectively targeting Peruvian military personnel; but the populations of neighboring countries are also not safe, as the narco-terrorists spread their operations throughout the Andes. An interview with a Bolivian undersecretary of the interior, appearing in a mid-July edition of the Lima daily *La República*, details Shining Path's infiltration of that country, through such fronts as the Support Committee for the Peruvian Revolution and the "religious" sect Followers of Abimael. A large cache of Chinese-made weapons was recently discovered in Santa Cruz, reportedly destined for Shining Path's Peruvian operations.

It is worth noting that a November 1991 edition of *El Diario* rhapsodizes over how Shining Path chieftain Abimael Guzmán's ideas "radiate a guiding light to the world, while expanding to neighboring countries such as Chile, Ecuador, Bolivia, and Colombia."

Olympia & York U.S. holdings next

With Canadian operations in bankruptcy and the London Canary Wharf in receivership, now it's the U.S. branch.

The U.S. arm of Olympia & York Developments has moved closer to formal bankruptcy, with the threat by a banking syndicate led by J.P. Morgan to initiate legal action to seize the cash flow from six of the bankrupt real estate developer's U.S. properties. In May, O&Y filed for bankruptcy in Canada for itself and its Canadian operations, and its massive Canary Wharf project in London was put into receivership, leaving only the U.S. subsidiary outside formal bankruptcy proceedings.

O&Y pledged six buildings in Los Angeles and New York City, including two towers in the World Financial Center, as collateral for a \$160 million loan from the eight-bank Morgan syndicate in 1991. Earlier this year, O&Y pledged part of the income from the World Financial Center to a group of Japanese institutional lenders in exchange for an agreement to defer interest payments on the Japanese syndicate's \$800 million loan to O&Y.

Morgan's threat to force O&Y to place the rental incomes from the six buildings into accounts controlled by the lenders, if carried out, would almost certainly force the real estate company into Chapter 11 bankruptcy proceedings in the United States, by blocking the company's efforts to use the cash flow from its financially healthier properties to support its weaker ones.

O&Y is hemorrhaging, posting a loss of \$1.7 billion for its fiscal year 1992 ended Jan. 31, after writing down the values of its U.S. and Canadian real estate, and the values of its holdings in publicly traded compa-

nies, by \$1.2 billion. The write-down, which followed \$452 million in write-downs for fiscal 1991, did not include any write-down for O&Y's Canary Wharf project. O&Y still carries a \$3 billion value on its books for Canary Wharf, despite the company's admission that there has been "major deterioration" of the value of the project. A new value will be placed on the project once its future becomes more clear, the company said in July.

O&Y's repeated claims that its U.S. operations are basically healthy were belied by papers it filed in Canadian bankruptcy court in July, showing that its U.S. subsidiary lost \$184 million in fiscal 1991, after losing \$147 million in fiscal 1990. Those papers showed the U.S. operation had a net worth of minus \$470 million at the end of 1991, and mortgage debt of \$5.7 billion.

That loss will continue through 1995, according to O&Y's own projections. Of the 33 U.S. properties listed in the Canadian filing, 18 are expected to have negative cash flows in 1993; 14 are projected to have negative flows in 1994, with 10 in 1995 and 8 in 1996.

No wonder the creditors are nervous.

The depression which bankrupted O&Y is taking its toll on other financial interests, too, chief among them the Edper empire of the Bronfman family of Toronto. Edper's Bramalea Ltd. real estate company, whose troubles have been described in the financial press as being "at least as serious" as those of O&Y, has defaulted on a number of debt payments and is desperately seek-

ing to renegotiate the \$4 billion it owes its bankers and bondholders.

Bramalea was forced to eliminate its stock dividend payments, forcing its 72% owner Trizec (which is one-third owned by O&Y), to cut back its own dividend payments. Similarly, the rapid rise in non-performing loans at Royal Trustco will likely force a dividend reduction at its parent, Trilon Financial, the financial holding company of the Edper Group. These dividend cuts, and expected cuts in the group's natural resources units, put the entire Edper group in serious jeopardy. Given that the Edper Group represents some 10% of the total market capitalization of the Toronto Stock Exchange, the collapse of Edper would have serious repercussions, both in Canada and internationally.

The crisis at O&Y also directly affects JMB Realty of Chicago, which has pumped \$1 billion of its investors' money into joint real estate projects with the Canadian firm. Shares in some of the JMB-O&Y funds can now be bought for less than 10% of their original purchase price.

O&Y defaulted in July on a \$160 million mortgage held by Hong Kong billionaire Li Ka-Shing, until recently the vice chairman of the notorious Hongkong & Shanghai Banking Corp. Li had acquired the mortgage just eight months earlier. Li's O&Y problems, coupled with the unexpected \$10 million half-year loss just reported by his Hutchison Whampoa company, have made it difficult for Li to borrow money from his bankers.

The real estate crunch has hit Britain with a vengeance. Barclays Bank just reported an after-tax loss of \$57 million for the first six months of 1992, only the second time in the bank's 300-year history it has reported a deficit. There are no "green shoots of recovery," warned Barclays chairman Sir John Quinton.

Feds okay more speculation on food

Regulators are proposing changes to expand the speculative free-for-all on the Chicago Board of Trade.

In April of this year, the Commodity Futures Trading Commission (CFTC) announced plans to raise the limits on the size of positions that can be held by parties trading in soybean and grain futures on the Chicago Board of Trade (CBT). Already, a small handful of traders dominates the exchange; in 1987, revisions were made to abet this, and the proposed 1992 revisions will usher in larger volumes of speculation, controlled by a select few. The aid to speculation comes as the unmet demand for foodstuffs is growing.

The National Farmers Union has reported, "For example, in 1990, there were approximately 8 billion bushels of corn produced with as much as one-half that amount consumed by livestock, and yet over 55 billion bushels were traded on the exchanges."

Because of opposition to the new proposals, the deadline for public comment was extended from June 12 to Aug. 3. We publish here excerpts of the comments sent to the CFTC on July 20 by this author, a Nebraska farm leader and former four-term member of the state legislature.

"These comments are submitted to document my reasons for opposition to the proposed CFTC revision of federal speculative position limits published in the April 23, 1992 issue of *Federal Register* (Vol. 57, No. 71).

"The proposal to tailor the single month and all-months speculative position limits per trader at each exchange on the basis of a percentage of open interest [the formula in use now] completely misses the objective that the annual production of each commodity is the only true reference that

should be used as a basis of setting the limits.

"Having the inflated open interest resulting from the quadrupled limits established in 1987 serve as the basis for the proposed expanded limits is to compound one error into another.

"The proposed position limits specified for Section 150.2 should be returned to or set at 3 million bushels for corn, oats, soybeans, and wheat for the spot, single, and all-months categories for the Chicago Board of Trade and likewise for that at the Kansas City Board of Trade and the Minneapolis Grain Exchange.

"The CFTC should discontinue the trading of corn, oats, soybeans, and wheat at the Midamerica Commodity Exchange. The public understanding of the operation of this exchange is that it is a subsidiary of the Chicago Board of Trade, that it opens for trading one-half hour before the CBT, and that the low volume of trading on this exchange by a handful of traders polarizes the opening price trends on the CBT.

"As the Commitment of Traders report for June 30, 1992 indicates, two reporting corn traders had 26.3% of the open interest in a speculative short position, seven soybean traders held a 24.9% speculative short position, and the reportable commercial positions were either nil or minute.

"This indicates how the polarization of prices at the CBT is directed. A congressional investigation of this situation is in order to determine the economic beneficial purpose of this exchange.

"The percentages of speculative

short positions at the CBT during 1991 as well as in previous years, projected against the annual trade volume, have introduced more speculative short bushels of wheat and soybeans into the market than are produced annually in the United States. This leaves the producers without a negotiating position for a single bushel of their production in the cash market. A third party has sold it all for them to willing buyers at a manipulated depressed price and this price directly references the cash market price.

"One reason that the proposed expansion of speculative position limits is improper is that it is offered on a converging schedule with GATT [General Agreement on Tariffs and Trade] negotiations being conducted by the administration to remove price subsidization and price supports of agricultural commodities. The removal of the federal price supports in concert with the expanding of speculative trading the way it is being proposed for the CBT will allow the speculative short trading monopolies such as commodity funds to drive commodity prices to rock bottom levels.

"A case of price collusion can readily be documented for this result where an administration forces an international treaty to remove price supports and subsidies at the same time the presidential-appointed commissioners of the CFTC remove regulatory prices protection from the markets.

"As stated previously, the regulatory limits should be based on annual production of a commodity. The annual volume of speculative short selling of a commodity should be limited to substantially less than one-half of the production. This can be achieved by limiting the open interest percentage of speculative short selling to 5% or to ban speculative short sales at prices below 90% of parity."

Business Briefs

Great Britain

Major urged to speed up infrastructure spending

Two institutes have warned of a deepening recession in Britain and have urged the government to stimulate the economy with public infrastructure investments.

The Institute of Purchasing and Supply (IPS) reports that production growth in the manufacturing industry is at zero and that new orders have significantly declined.

The Oxford Economic Forecasting Group forecasts that national output (Gross Domestic Product) will be down 1.1% this year and proposes higher public spending in infrastructure and specific help for the housing market.

The semi-annual report of the chemical giant ICI, a traditional economic measure for British industry, showed a 17% before taxes loss for the first half of 1992 and ICI chief Henderson said he sees "no sign whatsoever for an end to the recession."

Tory Prime Minister John Major, however, announced that he is ready to endure a "bitter autumn" for his popularity, by keeping the pound sterling parity with European currencies and toughening his anti-inflationary policy. According to the latest Mori poll for the London *Sunday Times*, the opposition Labour Party is now ahead of the Tories for the first time since the last elections.

Trade

Canadian opponents of NAFTA go on the attack

Canadian opponents of the North American Free Trade Agreement (NAFTA) mounted an attack on the treaty even before government officials from the United States, Mexico, and Canada finished negotiating it on Aug. 13, Reuters reported Aug. 6.

The leader of the opposition New Democrats has gone on the road across Canada and to Chicago to rally opposition. The Free Trade Agreement with the United States signed several years ago "has been a disaster for Canada," New Democrats leader Audrey McLaughlin said in late July. "Michael Wilson has no mandate to go one step further and sign a NAFTA

. . . no mandate from Parliament, and certainly not one from the people of Canada," she said.

Two New Democratic provincial prime ministers, Bob Rae of Ontario and Michael Harcourt of British Columbia, have called on the Canadian government to pull out of the talks.

Opponents are complaining they have been shut out of negotiations conducted in secret, even though the deal could lead to huge changes in the economy and the loss of jobs. According to Reuters, their opposition is partly rooted in a sharp rise in official unemployment, to 11.6% of the work force, during the two-year recession—the highest among the Group of Seven industrial nations.

Labor

Revolts against 'reform' reported across China

In the "rust belt" of China, as the old industrial heartland in Sichuan and Manchuria provinces is now known, reports of labor actions against the economic austerity "reform" policies are increasing.

Workers occupied the Chongqing Knitting Mill in Sichuan's capital, and took the city official in charge hostage when it was announced that the mill was to be shut down, Reuters reported on Aug. 3. The city Communist Party chief told Reuters: "I told them that if the factory goes bankrupt, it does not mean they will starve. It does mean they may not eat as well, however." More than 40% of Sichuan's state enterprises lost money in the first half of 1992.

China Labor Minister Ruan Chongwu on Aug. 3 confirmed reports that disgruntled workers were staging protests but denied they were exacerbated by reforms in the state sector that have led to 1 million job losses this year. Ruan said redundancies were causing some discontent among workers in state enterprises but that three recent official surveys showed 94-98% of workers were satisfied with China's labor reforms. "There is a small number of workers who are not happy with these reforms," he said.

Meanwhile, Beijing allowed 66 firms to go bankrupt in the first half of this year, "in the process of making enterprises cut losses and

operate efficiently," Xinhua news agency reported Aug. 5. Beijing has been reluctant to allow so many bankruptcies for fear of causing layoffs and social unrest. The figure was far higher than Beijing had previously admitted. Nine enterprises were shut down in the city of Shenyang, in China's industrial northeast, alone.

Environmentalism

ASEAN denounces use of conditions on trade pacts

The Association of Southeast Asian Nations (ASEAN) officials and business leaders told U.S. counterparts at a meeting in Bangkok that unilateral American actions against developing countries had impeded international trade, according to Thailand's permanent secretary for commerce Bajr Isarasena, Reuters reported on Aug. 5.

ASEAN officials also told Deputy U.S. Trade Representative Michael Moskow that Washington should not use environmental issues to win concessions from other countries. "We don't think trade and environmental issues mix. Raising the latter will disrupt trade," said Bajr, referring to a recent U.S. decision to ban canned tuna imports from countries accused of indiscriminate fishing.

Disease

AIDS reaching alarming proportions in Asia

A majority of the world's 10 million AIDS cases by the year 2000 will be found in Asia, an Asian Development Bank (ADB) report said on Aug. 2, Reuters reported from Manila, the Philippines.

India and Thailand, which in 1987 had fewer than 1,000 cases each of infection by the HIV virus which causes AIDS, now have hundreds of thousands of victims, the ADB's Infrastructure Department and its Economic and Development Resource Center said in the report. Thailand has an estimated 200-400,000 cases of people infected with the virus while India has between 400,000 and 1 million

Briefly

cases, according to an excerpt from the report in the ADB quarterly review. The number of people who have the HIV virus is expected to reach 40 million by the end of the century and more than half of them will be found in Asia, the report warned.

"The epidemic appears much less serious in other parts of the region, although low recorded rates of infection may be due to a combination of social conventions which delay the disclosure of infection, widespread ignorance of the disease, and poor testing capabilities," it said. The epidemic is expected to impose heavy economic costs on countries affected.

Dope, Inc.

Friedman invited to discuss legalization

On Aug. 6, Colombia's lower house of Parliament voted unanimously in plenary session to invite University of Chicago economist Milton Friedman to address them on why drugs should be legalized. Friedman is a leading proponent of the economic theory of "free trade."

Congressman Rafael Serrano Prado argued that it was important to compare Friedman's theories with what is going on in Colombia today, and added that he agreed with Friedman that it was the United States that had to solve the drug problem, and that legalization was the answer.

Manufactures

Hamilton cited by NAM, but depression ignored

The National Association of Manufacturers has mailed out a 27-page "Report on Manufactures, 1992" to mark the bicentennial of first U.S. Treasury Secretary Alexander Hamilton's *Report to the Congress on the Subject of Manufactures*. In a cover letter, NAM president Jerry Jasinowski stated that the Department of Commerce, pursuant to a request of NAM, has agreed to undertake a more extensive study of the role of manufacturing in the U.S. economy. The study will be done by the Commerce Department's Economics and Statistics Administration, and is scheduled to be completed early next year.

At the beginning of the NAM report is a letter to President Bush, which quotes Hamilton: "Not only the wealth but the independence and safety of a country appear to be materially connected with the prosperity of manufacturers."

Unfortunately, the quote from Hamilton is the best part of the NAM report. According to the NAM, "The contribution to economic output comprised by value added in manufacturing has, over the past four decades, remained relatively stable at slightly more than a fifth of GNP [Gross National Product], with no evidence of secular deindustrialization." The report claims that U.S. manufacturing has enjoyed an "export boom" in the past few years. "In the 1990-91 recession specifically, the improvement in net exports reduced the severity of the GDP [Gross Domestic Product] contraction by about one-third."

NAM does admit that financial and regulatory pressures have adversely affected manufacturing profit margins, technology development, and investment in new plant and equipment.

Infrastructure

Taiwan postpones push into 21st century

Taiwan, at best, is postponing its ambitious \$303 billion infrastructure-building plan to bring the country into the 21st century, the *International Herald Tribune* reported Aug. 4. Taiwanese Prime Minister Hau Pei-tsun recently called the six-year plan, which includes 775 projects, just a "guideline," and said that the projects must be subject to each year's budget review.

One of the projects is a bullet train connecting the island's main cities. Foreign investors were expected to bid for \$50-70 billion in projects.

Despite its \$80 billion in reserves, Taiwanese economists are concerned that the government bonds needed to finance the projects would reach \$600 billion by the year 2000, which is one and a half times Taiwan's annual Gross National Product. Economists are concerned that this situation could force the country to raise taxes and interest rates, which would be very damaging for the labor-intensive industries which are the backbone of the Taiwan economy.

● **CHINA** issued new restrictions on fishing in its territorial waters, meaning the entire South China Sea, *China Daily* reported July 22. The new restrictions include limits on the number of fishing vessels to be allowed in Chinese waters, the time of year they can fish, and the types of nets to be used.

● **OIL AND GAS** well completions in the United States collapsed 21.2% in the first six months of this year, according to the American Petroleum Institute. There were 12,313 oil wells, natural gas wells, and dry holes completed from January to June, compared to 15,629 in the same period last year. The total footage drilled also declined 16.1%.

● **SIEMENS AG**, the German electronics group, said Aug. 3 it would not complete construction of a nuclear power plant in Iran, despite strong requests by Teheran. A Siemens spokesman told Reuters that it became impossible to complete the plant in Bushehr as the Bonn government would not permit the export of certain crucial components, such as a centrifuge, for a reactor. Iran has invested about \$3.73 billion in the plant, which Siemens's subsidiary KWU started to build in 1975.

● **FARM PROFITS** in Texas will drop by 14% this year, says a Texas A&M study, the Aug. 5 *Houston Chronicle* reported. In the past two years, prices farmers have received for their production has decreased 2% while their costs have increased 3%. This, combined with lower government payments, will amount to a 14% decrease in farm profits.

● **RUSLAN KHASBULATOV**, Speaker of the Russian Parliament, began a week-long trip to India Aug. 3, Radio Moscow reported. In a visit to the Indian Scientific Center and the Center for Space Technology, he said that the Russian agreement to sell rocket engines to India for its space program "must be fulfilled, as it is in the national interests of Russia and India. We will not allow a third country to interfere in this."

Europe must dump the monster of Maastricht, now

by Jacques Cheminade

The author is the president of the Schiller Institute in France, and has run several campaigns for the French presidency. This article aims to shape the debate around the European Community's Maastricht Treaty, which will be the subject of a referendum in France on Sept. 20.

The Maastricht Treaty on European Union, signed by representatives of all European Community (EC) member states on Feb. 7 and now waiting to be ratified by parliaments, is generally debated in the most irrational terms. Instead of conceiving the policies most appropriate for the people of Europe and for the world economy, almost all the "pros" and the "cons" base their thinking on prejudices and illusions. The "pros" claim that Maastricht will secure peace, economic growth, and the security of Europe, while the "cons" generally defend their respective countries, based on a notion of "national independence" that is often negative and chauvinistic. So if something meaningful is to be said on the Maastricht Treaty and its consequences, we should reject such ideological views and rather start with the challenge facing Europe today, as compared to what is actually written in the treaty.

"Is Maastricht an adequate answer?" should be the question in our minds. My answer is "no," not so much because of what is written in the treaty—which by itself leads to disastrous deflationary policies—but because of what it lacks.

Let me prove my case, not as a cool supporter of some self-centered "nationalism," but as a person committed to the cause of Europe. Europe, not as a mere word, but as a purpose, a lever to shift the world historical situation toward economic growth and social justice.

I. The challenge facing Europe

During the twentieth century, following the two world wars, the United States brought to the world, and in particular to Europe, its potential for economic



French President François Mitterrand (left) and German Chancellor Helmut Kohl meet in June 1990. If Europe is going to face the challenge of continental unity and development, it has to break with Anglo-American economic policies. The heads of state show no sign of doing so; but the coming referendum in France presents an opportunity to inject reality into the public debate.

recovery. We could and should say that, without the United States, without the intellectual and infrastructural capacities accumulated in the United States and made available to the rest of us, there would not have been a world economic recovery after 1918 and 1945.

Today, the situation is very different. The United States no longer has that intellectual and infrastructural potential. Its human infrastructure—schools, scientific laboratories, hospitals—has been destroyed by a “liberal” ideology sacrificing long-term investment in favor of short-term hot money and immediate gratification. The physical infrastructure of the United States—highways, bridges, railroads, ports, steel mills, shipyards—has also been destroyed by the same ideology, an economic monetarism leading to financial speculation and usury incompatible with any long-term purpose. America, since at least the murder of John Fitzgerald Kennedy, has been going backwards and has lost the wherewithal to be the basis for a world recovery.

That potential now lies in European and Eurasian resources, provided that the nations composing that Eurasian “whole” overcome their divisions through far-reaching economic development projects. It is a “whole” stretching, potentially, from Lisbon to Vladivostok, from Berlin to Tokyo, and from Paris to Jakarta.

Western Europe has a key role to play to ignite the process because—like the United States in 1918 and 1945—it has accumulated in the most dense form physical and human economic infrastructure. That ignition, in turn, means that Eu-

rope must transfer—like the United States did, imperfectly, with the Marshall Plan—its potential to the rest of the world, combining it with the similar potential of Asian countries, a potential less developed perhaps, but often more dynamic.

To this end, Europe must break with the prevailing Anglo-American “monetarism,” the disastrous economic policies followed in Margaret Thatcher’s England and Ronald Reagan’s United States, and return to a true industrial policy, based on state-stimulated “great projects.” There is no other possible option if there is to be a world economic recovery.

Let me sum up the tasks that Europe must carry out if it is to fulfill its historical mission:

1) Break with the Anglo-American world order of usury, and take advantage of Europe’s lesser exposure to the present world financial speculative bubble. In other words, the true strength of Europe lies in the fact that its ratio of financial instruments to real physical investment is the lowest in the world, and its human and physical infrastructure is, together with Japan and Taiwan, the most advanced.

2) Break with the notion of isolated or semi-isolated “empires,” and establish a growth-oriented system, of the type that Friedrich List developed with the German *Zollverein*, or Customs Union. This must be done now, before Europe is drawn into the financial collapse and credit crunch of the United States, Japan, and the stock markets of the so-called emerging economies.

3) Secure the development of eastern Europe through an infrastructural development plan based on high-speed trans-

port, improved storage facilities, organization of distribution and energy expansion through a nuclear construction drive in the East.

4) Secure the development of the Third World, and in particular Africa and the Middle East, first because social justice demands it, and second because broader markets are needed for the Eurasian whole.

5) Launch infrastructural projects on a global scale, cutting through the limitations of "borders" or influences so as to generate an overall shift in economic logic, from financial entropy to negentropic growth.

6) Create a new international monetary and financial system, which shall ensure that credit be generated for the aims cited above, while speculative ventures and money flows be penalized.

7) Establish national banking systems, the national banks being controlled by the authorities of the different nation-states rather than by technocratic, independent interests undemocratically coopted. To promote such policies, the state needs a credit-generating system obedient to the orientations for which the people have voted. Concretely, this would mean to avoid privatizing the Banque de France and to nationalize the German Bundesbank.

8) Create jobs as part of the process of the "takeoff" in the East and in the South. Unemployment is now the big challenge facing France and West Germany as well: Close to 50% of the east Germans are now unemployed or underemployed, and 15% of the French, in real terms (the official rate is 10%, but 5% more should be added, which are kept out of the statistics).

9) Establish alliances with all states in the world which follow similar or compatible policies, so as to coordinate the world recovery.

The much-touted talk of a "recovery" under present conditions is nothing but a hoax, because there can be no recovery within the confines of monetarism and financial usury. What is required from Europe, is that it be Europe! Faithful to its own historic mission, Europe should lay the foundation for a true recovery, through policies which break with the "logic of monetarism" and instead, act upon the physical economy.

Bearing in mind the nine points we have made, we return to the Maastricht Treaty. Clearly, it does not meet the challenge. First because of what it lacks, and second, because of its own logic, which leads in the opposite direction of what Europe most urgently needs.

II. The monetary logic of Maastricht

A. A financial straitjacket

The Maastricht Treaty does not start from the standpoint of a concrete industrial, agricultural, or social goal. On the

contrary, it establishes monetary rules and is only concerned with stabilizing prices. It is guided by a purely anti-inflationary logic, precisely at the moment when the main problem of the world economy is deflation, not inflation.

Worse, by tying Europe into a monetary straitjacket, it blocks our continent from playing its natural role after the fall of the Berlin Wall: to be the source of a great design for industrial and infrastructural development from the Atlantic to the Urals and beyond, as de Gaulle wanted it. Therefore, Maastricht not only does not include a program for Europe, but it will actually stop Europe from carrying out the program it needs.

B. 'Financial stability'

The treaty's authors are obsessed by "financial stability," involving stable prices, well-balanced public finances, and a healthy balance of payments. In the treaty, monetary policy—which commands interest rates, credit issuance, currency printing, and short-term capital flows—has no other goal than itself.

Concretely, this means the respective weights of taxes and social expenditures are not supposed to be changed, while prices are held stable and economic policies, harsh. This leaves no room for economic growth!

Why? Because the firms will only be able to find "sources of productivity" through cutting back employment, which, in turn, will lower consumption.

At the same time, the banks, hit by the bankruptcy of the real estate sector, of stock brokers and middle-sized firms, will not be able to lend enough to the economy because they will have to keep their "Cooke ratio" at 8% (the ratio of capital equity to overall loans).

In such a situation, the firms, hit all at once by high interest rates, reduced consumption, and a credit crunch, while prices cannot be increased, will abstain from investing and continue to lay off workers.

The state's financial base will be eroded by deflation, which will lead to the state reducing expenditures in education, public health and research, though still borrowing to make up for the loss of resources.

In other words, Maastricht would bring to Europe American-style depression conditions..

It is now openly admitted by the pro-European socialists that Maastricht is not going to be "social" at all. But contrary to their belief, neither will it be "economic." As we see in the United States today, Maastricht will mean a regime of social and economic depression, both at once. This is still hidden in Europe, because we are living off our past per capita wealth, but our lack of productive surplus is rapidly emerging, as the population ages, and less means are generated to feed the social security and pension funds.

Far from addressing the problem, Maastricht brushes aside the solution.

Philippe Lagayette, number two at the Banque de France,

stated in a recent interview with the daily *Libération*: “The Maastricht Treaty is built upon an anti-inflationary option, the basis for economic growth,” but he went on to admit, “The programs on which our experts are presently working are not necessarily austerity programs.” This means that austerity is consciously the law of Maastricht, while non-austerity is conceived as only a possible exception.

C. ‘Convergence criteria’ are impossible to meet

The Maastricht Treaty has a single currency as an absolute goal. From now until the issuance of that single currency, at the latest on Jan. 1, 1999, all the member states are supposed to meet four criteria:

- The yearly budget deficit should be less than 3% of the Gross National Product (GNP);
- The total public debt should be under 60% of GNP;
- The rate of inflation of each single country should not be more than 1.5% higher than the average of the three members with the lowest rates;
- The long-term minimum interest rate of each country should be no more than 2% above the average of the three countries with the lowest interest rates.

These four criteria, if enforced in EC member countries, mean the harshest deflationary policy ever imposed upon industrialized countries. The end result would be a depression in Europe.

In reality, such “convergence criteria” are so impossible, that the authors of the treaty admit that measures proving good will in respect of those goals would be considered sufficient. But for countries like Spain, Italy, or Belgium, even those measures would be enough to hinder any economic growth, as we shall see. As of today, only France and Luxembourg would be able to meet these criteria—France because of the harsh policies already imposed by a decade of socialist rule, and Luxembourg because of its status as a tax haven for billionaires. Even Germany, given the difficulties facing it since reunification, could not meet the Maastricht goals.

D. The debasement of the nation-states

To allow such anti-popular and anti-growth policies to be enforced, Maastricht organizes the debasement of the nation-states.

First, the denationalization of all central banks has been imposed, which means de facto privatizing the Banque de France, a step backwards in history. The future European Central Bank will not be under the control of any elected institution. Although this is coherent with the “free market,” liberal approach of the treaty, it deprives the states and the representatives elected by the population of any control over the bank. The governors of the bank will be “responsible, with all guaranteed independence,” and composed of professionals of the financial markets appointed by the member states and the national central banks. Only the European

Central Bank will be allowed to issue currency, not the national banks. Furthermore, the European Central Bank will have power over the national governments, ranging from pressure to outright sanctions (fines, mandatory changes in loan policies, etc.).

In a word, it will be a “bankers’ government.”

Second, the economic policy of the member states is defined according to guidelines of the EC Council, with decisions made by a qualified majority. The Council of Finance Ministers, on recommendation of the European Commission, elaborates a project for the main orientations of the economic policies of the member states and the Community as a whole, and reports to the European Council (made up of heads of state). The European Council, on the basis of the Council of Finance Ministers, defines the main orientations of the economic policies of the member states and European Community as a whole. Its recommendations are adopted by the vote of a qualified majority.

Moreover, to secure tighter coordination of these economic policies and convergence of the economic performances of all member states, the European Council—on the basis of reports made by the European Commission—watches over the economic evolution in each of the member states and in the EC as a whole.

When it is established that the economic policies of a member state are not in conformity with the main orientations defined above, or that they threaten to endanger the functioning of the Economic and Monetary Union, the council can decide, following a proposal from the commission to recommend policies to member states and make those recommendations public.

According to article 104C, the member states should avoid “undue public deficits,” and the European Commission watches the evolution of their budgetary situation and public debt policy, so as to check errors or mistakes.

If one member state does not fulfill the conditions of public spending or state debt, the European Commission publishes a report. The council then decides whether the deficit is “undue” and may send a report to the member state, first confidentially, then publicly, if the member state does not correct its policy.

If, finally, the member state continues to refuse to follow its injunctions, the council can decide to compel the member state to take measures “appropriate to reduce the budget deficit” on short notice.

The council can impose upon the member states that they write reports on their policies according to a precise calendar, so as to follow, step by step, the adjustment efforts.

The council can go so far as to “invite” the European Central Bank to readjust its investment and loan policies toward the reluctant member state, and demand that the member state make “an appropriate deposit of funds” in a European Community account, paying no interest until that member state has corrected its undue budget deficit, according to the



Farmers in Brussels, Belgium demonstrate in December 1990 against the General Agreement on Tariffs and Trade (GATT), and its free trade policies that are wrecking agriculture.

council's final judgment.

Similarly, in matters of foreign policy and security, the council decides on action by unanimous vote, but decisions on the enforcing actions are taken by a qualified majority.

This means an overall system in which the veto—and therefore the national independence—of a nation-state can be systematically overridden.

The key point is that such a system aims entirely at imposing deflationary policies upon each member state, over the protests of its population and institutions.

Let's again quote Philippe Lagayette, the vice director of the Banque de France: "National policies will be coordinated. Each year, general orientations of European economic policy will be determined at the level of heads of states and governments. The Council of Finance Ministers will systematically check the application of such orientations in each country. As for budget deficits, a particular procedure is planned. It can become mandatory for those members which go into an undue budget deficit. If one country goes beyond the limits of the EC guidelines, the Council of Ministers will first make recommendations, then decide sanctions."

This is to say that policies of "competitive disinflation"—a new name for austerity—are going to be the law, with a supranational control to enforce these policies, sanctions being decided against member states by a qualified majority.

E. A shrinking Europe

Many countries will not be able to meet the financial requirements for joining the system of a common currency.

Therefore, we are going to hear more and more jargon about a Europe "at variable speeds" or "at a variable geometry."

What it means has been bluntly said by Jean Boissonnat in the French financial newspaper *La Tribune* (Boissonnat is not an adversary, but a proponent of Maastricht): "This being said, it is true that the single currency is going to be a true revolution. It is no less true that the purposes are at least as political as economical. And let's say, to speak brutally, that it is unthinkable that such a system could exist before the end of the century. It will only be possible among five or six countries among the Twelve [members] whose economies are sufficiently compatible."

Translating such a declaration into political terms, it means that southern Europe will be excluded from the Monetary and Economic Union, as well as eastern Europe. France will be at the center of a small Europe defined by financial rigor, and not of a great Europe defined by economic growth, development, and modernization.

Similarly, within the member states, the logic of Maastricht will leave behind the regions, professions, firms, men and women unable to adapt themselves.

Inside and outside the member states, the logic of contraction will prevail.

F. Technocratic rule

Civil servants divorced from national realities and not answerable to any constituency are supposed to play a key role in Maastricht's Europe. They will be the ones preparing all decisions for the Council of Ministers, to be adopted by

a qualified majority.

De facto, the commission replaces more and more the power of national parliaments or administrations. To its increased powers will be added those of the European Central Bank and the Luxembourg Court of Justice.

In Brussels, the industrial, agricultural, economic, and social policies will be conceived under a consistent financial bias.

Already now, the powers of Commissioners Brittan and Ripa di Meana, in charge of Competition and Environment, respectively, do not favor a strong industrial Europe; they promote the logic of industrial and agricultural contraction. Any attempt by European firms to establish alliances against American or Japanese competition is immediately labeled illicit, because it violates the "rules of competition" or the "protection of the environment."

It should be stressed that Europe was not built through the European Commission, but through association of state-owned or privately owned firms carrying out common programs, like the Airbus, military or space endeavors. Now, with its increased powers, the European Commission is hampering these programs instead of promoting them.

Besides, the Court at Luxembourg will have a supranational monopoly over the interpretation of treaties and the arbitration of intra-European conflicts opposing, for example, member states to the EC. We can expect that the judges in Luxembourg will systematically tend to favor the views of their administrative European colleagues in Brussels, rather than support the member states.

National governments, parliaments, and administrations—and the voters—will be more and more isolated or excluded from real power.

G. No guarantee of peace or security

Now, as the first major war since 1946 has broken out on European territory, in former Yugoslavia, the Maastricht Treaty perpetuates the division of Europe—the Twelve and their close associates on one side, the East on the other side.

How, in such conditions, could it be said that Maastricht will guarantee peace on the whole European continent?

It does not define conditions or ways to intervene in conflicts, and is not entitled to do so. If tomorrow a conflict were to erupt in the former Soviet Union, Europe would not be in a better position to intervene after Maastricht than before it.

Maastricht only stresses the solidarity among 12—or 11—countries that nobody seriously imagines would go to war with each other. Beyond that, Maastricht means nothing.

Worse, the French-German Euro-corps, a possible step toward a European guarantee of its own security, has been constantly reined in by its own authors.

French Defense Minister Pierre Joxe stressed that the Euro-corps "is going to operate under NATO command in case of aggression," in an interview given to *Jane's Defence Weekly* and published in London on June 17. "We are placing

the fruits of French-German military cooperation and of European cooperation on the table of the Atlantic Alliance," said Joxe. In a recent meeting in Petersberg (near Bonn), the foreign affairs and defense ministers of the Western European Union declared that the WEU is going to be "both the European pillar of the Atlantic Alliance and the embryo of a European defense identity." This is to say that the two are of the same nature. So much for Maastricht's "original concept."

H. British privilege

If something is to be said on power relations in the Europe of Maastricht, it is that France loses its "exceptional role" in European defense and economy, as defined by de Gaulle, and that England gains it.

Great Britain has been the only state to obtain "exceptions" to the common rules, so as to be a Trojan Horse in Maastricht's Europe, with a minimum of inconvenience. The British have been exempted from the common rules in matters of social and monetary policies.

Their "jump" into the single currency is going to be subordinated to a favorable vote by their parliament, and not to be "mandatory," as it is for the other member states.

This is clearly a regime of double standards, revealing what lies behind Maastricht.

In concluding, we can go so far as to say that the future order of the European Central Bank, as it is defined, will establish an International Monetary Fund (IMF)-type of authority over Europe, in a regional sense, but with a rigor like that imposed upon countries in the Southern Hemisphere. This will paralyze any efficient development policy, and keep Europe under the financial control of the Anglo-American system, for which Maastricht would only play the role of a conveyor belt.

This is why we keep repeating that Maastricht is more important for what it prevents Europe from doing, than for what it is in itself.

III. Evaluation of Maastricht's impact

A. The University of Liverpool view

The first competent public estimation of Maastricht's economic and social impact was made by a team at the University of Liverpool, under Patrick Minford.

This team states that the Economic and Monetary Union, as defined by the treaty, implies that two economic stabilizers disappear: the classical budget responses to economic bumps, and the interest rates weapon.

Therefore, in case of an economic challenge in Maastricht's Europe, the rate of overall instability will be 80% greater than that of a Europe ruled by flexible exchange rates

and a policy of monetary coordination among central banks.

Minford concludes that "we should refrain from seeing only advantages in a single currency. The Monetary and Economic Union threatens, instead, to shake the European economies. Governments should think twice before submitting to such a fatality."

The Monetary and Economic Union, in fact, would only be economically possible if there were overall economic growth in Europe and mobility of labor.

The unemployed, under such circumstances, would go from a region hit by a local crisis to find employment where development is taking place. But we have seen that the Europe of Maastricht implies deflation, not development. Therefore, in the absence of development and mobility of labor, only massive budget transfers from one region of Europe to another more impoverished would lessen the impact of a crisis. But this does not exist under the liberal-Darwinian law of Maastricht.

Let us remember that the McDougall report of 1977, ordered by the European Commission, had rejected the idea of a European Monetary and Economic Union unless accompanied by a large common budget to be invested in the more backward regions. This report said that were Monetary and Economic Union made without such investment schemes, the poor regions would drag down the wealthy ones.

This is exactly what Maastricht is going to do, if adopted. In precise terms, it is the Europe of Maastricht that the McDougall report of 1977 rejected, in advance, and rightly so.

B. The IMF's evaluation

A confidential IMF evaluation on the economic impact of Maastricht has just been leaked by the press, and confirms our analysis.

According to that evaluation:

1) In a first, optimistic, scenario, if the "financial markets believe in Maastricht's adjustments," the enforcement of the "convergence criteria" on the member states will lead to economic growth dropping by 0.4% yearly between 1993 and 1996. The recession will be the hardest at the beginning of Maastricht—some -0.8% in 1993—and a positive impact of +0.1% could be expected by . . . 1996.

2) In a second, pessimistic scenario, if the "financial markets do not believe in Maastricht and expect monetary disorder and new parities," the Maastricht effect will be much worse and longer. The negative effects of the budgetary policies will combine with the impact of high interest rates to bring about a European depression.

For the 12 EC members, the negative impact on growth would be -0.8% per year (double the figure of the scenario above), with a peak of -0.9% in 1993 and still a -0.5% in 1996.

Italy, the worst case among the industrial countries (excluding Greece) would be drawn into a maelstrom: The drop

in growth would reach first -2%, then -2.7%, -3.2% to reach -3.4% during 1993-96.

All other evaluations, even the one from the European Commission, go in the same direction.

C. Other evaluations

Brussels EC headquarters estimates that the impact of Maastricht will cause a drop in growth of 0.5% in the 1993-95 period, with a stimulation of 1%, "once the adjustment measures have produced their effect."

In France, the Finance Ministry has made a model; the fact that it is kept secret proves it is far from optimistic.

The main private forecasting institute, Rexecode, has also made an evaluation. In its highly "optimistic" version (interest rates dropping by 0.5 to 1% and growth rising by 0.5% compared to the present period), Rexecode says that only France, Great Britain, Germany, and possibly Spain will meet the "criteria of convergence" established by Maastricht. Italy, the Netherlands, Belgium, and Greece would be out—and we are speaking of a highly optimistic scenario.

In the Rexecode "pessimistic scenario" (interest rates keep their 1991 level and growth 0.5% lower than the present), none of the European countries will meet the criteria of Maastricht by the year 2000. Even France, the country in the relatively best position, will have a budget deficit above the Maastricht ceiling of 3% of GNP. Rexecode concludes: "Our pessimistic scenario is far from unrealistic; it is, on the contrary, the most likely one. It foresees a weak and non-inflationary growth in Europe, with interest rates maintained at their present level. And this 'moderate' scenario means, in Maastricht terms, a catastrophe."

Italy, for example, has a debt representing 103% of its GNP, and a budget deficit of about 10% of GNP. Even were the most deflationary policies enforced, they would only lead to a 98% to 138% debt to GNP ratio, and to a 4.4% to 12.7% budget deficit to GNP ratio. Italy will be in the position of a Third World country if the guidelines are enforced.

Belgium is scarcely better off: Its budget deficit reaches 6.3% of GNP, and its debt is 130% of GNP. And Greece spells disaster: Its budget deficit is beyond 10% of GNP and its debt is 150% of GNP, with a yearly rate of inflation of about 14 to 18%. The Greek drachma does not even make it into the present European Monetary System!

Finally, in France, there are also projections by the OFCE (French Observatory of Economic Conjunctures) and the CEPII (Center of Forecasting and International Information). Their model is called Mimosa, and its perfume is also kept secret, because it is undoubtedly very bad. Only in one previous instance have the OFCE and CEPII kept an economic study "embargoed."

D. The arguments of the pro-Maastricht camp

At this point, the pro-Maastricht camp has to admit the validity of these evaluations: Reality cannot always be de-

nied. They bring up two arguments to oppose these pessimistic views:

1) Maastricht is a bitter pill to swallow, but afterward, the sick man will recover in a spectacular way. French Prime Minister Pierre Bérégovoy said in Brussels: "When our economic policies converge, and when we enjoy a single currency and reach totally free exchange, then economic growth will naturally come."

2) With or without Maastricht, austerity and deflation are going to prevail, and it is better to suffer together, in a coordinated way, than to be alone.

An EC adviser, for example, said:

"With Maastricht, it will be painful, but one day it will go away. But without Maastricht, it would be much more difficult. . . . Monetary and Economic Union or not, the member states will have to reduce their debts or deficits at any cost, lower their defense expenses and clean up public finances. Adjustment is not a choice, it is mandatory in any case."

We beg to disagree with such blackmail. In fact, the so-called European "experts" put the future of Europe within the frame of deflation, adjustment, and austerity, as if it were a mandate of God. It is not. It is a mandate of the Anglo-American system.

We are convinced that a new policy, neither inflationary nor deflationary, is possible, provided it is based on credit for infrastructure and production, and a healthy destruction of the financial bubble.

But this demands courage and will to face the Anglo-American system. In other words, the question is simple: Are the Europeans more afraid of the Anglo-American policies than of their own financial collapse, the spread of war over eastern Europe, and the waves of refugees from the East and from the South? Do Europeans still perceive reality? This is the true problem of Maastricht.

IV. Beyond perception

In the aftermath of the Danish vote against Maastricht on June 2, many French public figures spoke out against the treaty. Though the official political establishment is for Maastricht, still within the UDF, the neo-Gaullist RPR, the Socialist Party, the business leaders' association CNPF, the ecologists, and the farmers' union FNSEA, there is growing opposition to the treaty, and this could reshape French politics.

On the extremes, the National Front of Jean Marie Le Pen and the Communist Party of Georges Marchais are both against it—Le Pen on the basis of a mixture of neo-liberalism (von Hayek) and Darwinism, and the Communists on the basis of blind dirigism and chauvinism. Both are protest movements that cannot rule France.

Then, Philippe de Villiers leads a neo-Catholic move-

ment calling for a "return to national values" and rejection of a supranational order. His problem is a neo-liberal economic approach, verging on Thatcherism.

Among the Gaullists and neo-Gaullists, Philippe Séguin and Charles Pasqua, the "no to Maastricht" group does represent a majority in the party and campaigns much more actively than the leadership, which is calling for a "yes" vote. This dissident phenomenon is being closely watched by all observers of the French political scene.

Within the Socialists, Jean-Pierre Chevènement leads the "rejection front" with a program for the economic development of Europe.

Are the Europeans more afraid of the Anglo-American policies than of their own financial collapse, the spread of war over eastern Europe, and the waves of refugees from the East and from the South? Do Europeans still perceive reality? This is the true problem of Maastricht.

The managers' union, the CGC, also has called for a "no" vote.

France, therefore, looks somewhat like Denmark did before the referendum there: The establishment is for Maastricht, while a broad array of active dissidents is against it.

For the time being, the campaign for a "yes" vote has not been convincing, and the different evaluations of the treaty's economic impact will not help. To repeat "Maastricht, or chaos," as French President François Mitterrand does, does not persuade people anymore.

True, if the referendum took place today, the "yes" would win with about 55-57% of the vote. But those in favor of a "no" vote become more numerous by the day, as many of the undecided join the opposition to the treaty.

The extreme unpopularity of the Socialist Party and government, which are organizing the referendum, won't help the cause of Maastricht either.

In conclusion, whatever the result of the French referendum on Sept. 20, a political debate has been launched on far-reaching issues. This provides a chance to propose the orientation that Europe needs, as described above, and to make it known to the population. This will in turn raise the level of the debate, and perhaps create a higher standard of citizenry to respond to the challenge of history at the end of the twentieth century. Whatever the odds, to educate the population—and, if possible, the political caste—is our task and our hope.

Russia shifts Balkan policy, ‘Great Powers’ clash looms

by Konstantin George

The Aug. 4 announcement in the Bulgarian capital of Sofia by Russian President Boris Yeltsin that Russia will extend immediate, unconditional recognition to the Republic of Macedonia, in unison with Bulgarian foreign policy, inaugurates a decisive shift in Russian Balkan policy. The shift is, roughly speaking, along the traditional 19th-century lines of Czar Alexander II (1855-81), which was Bulgaria-centered in opposition to the powerful factions inside Russia who promoted a “Greater Serbia.” Until Yeltsin’s announcement, the Republic of Macedonia had only been extended recognition by Bulgaria and Turkey. The announcement was coupled with a joint statement by Yeltsin and Bulgarian President Zhelyu Zhelev, demanding that the European Community (EC) reverse its disastrous policy of refusing to recognize the Macedonia republic unless it changes its name.

The Yeltsin statements in Sofia have ended the Russian Serbia-centered policy, which reflected both a continuation of the Bolshevik policy when the U.S.S.R. existed, and, more importantly, the Russian side of the Anglo-American condominium policy of backing Serbia. It has also ended the “backstage” role that Russia had taken over the last year vis-à-vis the Balkans as a whole.

To fully understand the importance of the Yeltsin decision, which was tantamount to a coup on Balkan policy against the Foreign Ministry of Foreign Minister Andrei Kozyrev, one must recall the pre-Aug. 4 Russian policy under Kozyrev towards former Yugoslavia. In addition to backing Serbia, Russia was, with the exception of the United States, the last of the Conference on Security and Cooperation in Europe (CSCE) states to establish diplomatic relations with Slovenia and Croatia, and it has still not recognized Bosnia.

What were the reasons for this foreign policy coup? Military-security considerations were paramount in the decision,

which was arrived at by Yeltsin’s Security Council, the main policy-making body of Russia, which has been in place since June. The very creation of this organ was a coup in its own right. Unlike earlier “security council” models under Mikhail Gorbachov, it is almost exclusively an arm of the military, security, and military-industrial apparatus, and notably excludes any Foreign Ministry representation. Its six members, who in many ways operate like a post-Bolshevik “politburo,” include, beside Yeltsin: Acting Prime Minister Yegor Gaidar; Vice President Gen. Maj. Aleksandr Rutskoy; Gen. Pavel Grachev, the defense minister; Viktor Barannikov, minister of security; and Yuri Skokov, responsible for the arms industry.

The ‘Southern Belt’

The Russian leadership has been looking with mounting alarm at the extremely volatile “southern crisis belt” in the Balkans, an arc at or near the point of explosion extending from Albania on the Adriatic coast, across Kosovo and the Republic of Macedonia, through Bulgaria. The Kosovo situation alone, which could erupt at any time into a Serbia-Albania war that would rapidly involve all Balkan countries, suffices to make this entire region an explosive zone. Even if Kosovo didn’t exist, this area would be extremely unstable.

Besides Kosovo, three factors have brought this region to the boiling point, only one of which is the war in former Yugoslavia. The main overriding factor has been the application of International Monetary Fund (IMF) “shock therapy” programs in their most vicious, concentrated form anywhere in the former East bloc, to Bulgaria and Albania. Shock therapy architect, Harvard Prof. Jeffrey Sachs, has trumpeted these two countries as being the models for shock therapy in the East. The international isolation of the Republic of

Macedonia has accomplished the same ends without the formalities of a shock therapy program as such. The other factor has been the impact of the collapse of the former Comecon trade bloc on these countries, above all Bulgaria.

In Albania, for example, a new round of shock therapy which began on July 1 has dropped living standards to near-starvation levels. In early August, the price of bread increased again fivefold, the cost of utilities increased dramatically, the cost of water increased tenfold, and rents doubled. Crowds stormed bakeries in the capital, Tirana, and provincial cities, which is only a foretaste of what is to come.

The ruination of these countries, coupled with Russia's economic and political disappearance from the scene over the past year, has created a political and strategic power vacuum in the region, leaving it open to be easily filled by the NATO member that London and Washington have groomed to be the new "regional power," namely, Turkey. In the context of calls for Turkish intervention—Bosnian Foreign Minister Haris Silajdzic has appealed to both Turkey and Organization of the Islamic Conference for aid to stop the Serbian attacks—time to fill the vacuum was fast running out. To do so, and thus limit to the maximum extent possible the Balkan "land grab" being planned by the Anglo-Americans through their Turkish surrogate, Russia reverted to a Balkan policy based on trying to stabilize and strengthen Bulgaria.

The historical parallels

Thus, we are witnessing a repeat of the classic Balkan policy fights of the last decades of the 19th century within Russia, between the moderates of the Russian Foreign Office around Gorchakov, who pushed a Bulgaria-centered policy, as opposed to the slavophiles who actively encouraged, financed, and armed the cause of Serbian expansionism. These fights, however, were not only within Russia, but Russia pitted against the British Foreign Office.

A key historical reference point to these phenomena was the years 1876-78. In 1876, a Serbian war and insurrection against the Ottoman Empire began. It was financed and materially supported by the radical pan-Slavic lobby in Russia, and the Russian General Chernayev, a warlord who epitomized messianic pan-Slavism, arrived in Serbia to command the Serbian forces. Bulgarian uprisings against the Ottomans followed. Czar Alexander II wisely refused to heed the calls by Chernayev and the Serbians for a Russian military intervention, as Serbia had begun the war. The uprisings were crushed by the Ottomans, and above all in Bulgaria, with a brutality by the Turks very similar to what is being practiced by Serbian forces nowadays. The scale of the massacres created an outcry in Russia that forced the hand of the czar and, in 1877, war was declared on Turkey.

That war and its final outcome proved ultimately to be a historical turning point. The Russian forces were victorious and were on the verge of ending the Ottoman presence on the

European continent when the first British-led Great Powers' intervention occurred, which forced Russia to stop its armies as they were approaching Constantinople. However, Russian arms had liberated the area including present Bulgaria and the Republic of Macedonia. Czar Alexander II dictated the Treaty of San Stefano, which created a Bulgarian nation whose boundaries included what is now Bulgaria, the Republic of Macedonia (whose inhabitants speak a dialect of Bulgarian), and the Greek province of Thrace. Serbia was kept within the bounds of Serbia proper.

London's 'casus belli'

The Treaty of San Stefano was for London a *casus belli*. Russia was given an ultimatum by a British-led "concert of powers" to declare San Stefano null and void, and to attend a European conference, the notorious 1878 Congress of Berlin which was convened at the joint initiative of Britain and Austria, to redraw the map of the Balkans and reestablish the Ottoman presence in the Balkans. This was in 1878. British policy was then, as it had been throughout the 19th century, to artificially prop up the Ottoman Empire. The later British policy to dismantle the Ottoman Empire only became operational when Britain was certain that it could steer the dissolution in conformity with British imperial interests.

The new Russian policy orientation towards Bulgaria and the Republic of Macedonia will produce in time, if it is followed through with deeds and not internally sabotaged, as happened in the late 1870s, a major strategic clash with Anglo-American imperial interests.

Treaty of Friendship signed

It appears Russia will follow through. Yeltsin and Zhelev signed a Treaty of Friendship, focused on economic and cultural cooperation, but also, significantly, ensuring cooperation in the field of armaments. In the talks, priority was attached to restoring the collapsed Russo-Bulgarian trade relations, which for Bulgaria is a life and death matter. Up through 1990, when trade was still normal, 60% of Bulgaria's entire foreign trade had been with the former Soviet Union, and the collapse of this flow of goods has been the main factor in the catastrophic decline in Bulgarian industrial production over the past two years. The other main factor, as we stressed above, has been the imposition of shock therapy and its consequent widespread impoverishment of the Bulgarian population. According to statistics released at the end of July by the Bulgarian regime, 40% of the population is living at the "biological minimum" level of existence, and an additional 40-45% are living at what is termed the "social existence minimum."

This economic front in the Russo-Bulgarian relationship will be decisive, as Bulgaria, shown by the dismal situation we have portrayed, is teetering on the brink of complete socio-economic breakdown, with incalculable political consequences.

Glasgow press conference exposes brutality of Serbian aggression

by Our Special Correspondent

On Aug. 6, the Schiller Institute and the Glasgow-based "Scots against War" called a press conference on the Balkans war, in collaboration with several Scots groups and individuals opposed to present British policy in that area. Chaired by Keith Bovey, an Edinburgh lawyer, among the speakers were Michael Hare-Duke, Episcopalian Bishop of Perth; Dr. Norman Godman, a Labour Member of Parliament for Glasgow; and Anton Lasic, a Scot of Croatian origin who has been sending relief convoys to the beleaguered Bosnians and Croats.

The conference was prompted by the tour to European capitals by "Anna" of Vukovar, a Croatian woman who lost her husband during the siege of that city, and whose son disappeared after the Serbians evacuated the hospital there. Anna, who cannot be identified more precisely due to the danger to her son who is in Serbian hands, was the first to address the 50 or so journalists and representatives of relief, political, and religious institutions gathered in the Copthorne Hotel.

A shattering story

Journalists wept as she told what had happened to her friends, her husband, and her son, under three months of pitiless bombardment, during which they could leave their basements only at night, and then only at risk to their lives. She said that all the city's pet animals tried to flee to what they thought was safety in the cellars, because that is where the people were, but there was no room for them; even the canaries flew into the cellars and hid in people's hair from fright.

Her son had been one of the 600 people who at night, would creep out of the cellars and search for food and water throughout the city to restore the besiegeds' strength; when he was hit by shrapnel, over 30 shards remaining in his body, the hospital—it too was operating out of its cellars—could not take him. After the city fell, the Serbians looked for the 600 Samaritans to make a terrible example of them, put them on buses, and stole them away. Nothing has been heard of them since. Anna had taken her son to the hospital the day before the city fell, thinking that, as a wounded non-combatant, he would be protected by the Geneva Convention.

Instead, on Nov. 20, 1991, Serbian Maj. Veselin Slivanchin seized 247 men and women from the hospital, including Anna's son, and took them for a bus journey to a destination which remains unknown to this day.

A Serbian documentary celebrating the fall of Vukovar, and broadcast on Belgrade television, inadvertently showed

the awful truth: A Swiss International Red Cross (IRC) official is seen, haggard with grief and pale as death, impotently pleading with Slivanchin to respect the agreement signed with the IRC the night before, namely, that no military should go anywhere near the hospital, and that the IRC should be solely responsible for evacuating the wounded. Instead, men at arms and Serbian Red Cross officials are shown strutting through the hospital, bundling the wounded patients onto Major Slivanchin's "short bus ride" from which they have not returned.

Carrington turns deaf ear

Anna concluded: "I lived through World War II, and its horrors were not one percent of what now goes on in the Balkans. On the 10th of January 1992, I returned to Vukovar and begged the Chetnik leadership, which rules over the ruins of our city, to let me search for my son. They said they had no information on my son, and that I had to leave. Even the International Red Cross cannot go in there. Others who returned to Vukovar after it fell to look for their relatives, have never come back. On Feb. 6, I and other mothers met with Lord Carrington in Belgrade. We gave him the list of the hundreds who have disappeared from our city. He said nothing to our pleas and our tears, and we have heard not a word from him since. None of the international agencies have been able to help us. Already the Serbs are beginning to expel Hungarians and other non-Serb groups from Vojvodina. Our houses, our household objects, can be rebuilt, replaced. Imagine, if the thousands of men gone missing were potatoes, what a mountain it would be! But they are not potatoes, they are men. You cannot replace an individual human life! If you Europeans allow this war to continue, the war will come to you."

The next speaker was Paolo Raimondi, for the Schiller Institute. Speaking as a friend and associate of Lyndon LaRouche, he warned that the future of Europe is Vukovar, unless the peoples of western Europe can be mobilized to stop the war. Millions demonstrated against the Gulf war—where are they now? he asked. The people must be told the truth. They must be told, who is really behind this war, who pushed Serbia outside her borders; who, like Lawrence Eagleburger of the U.S. State Department, spoke as late as June 1991 of preserving "Yugoslavia's territorial integrity"? In any event, there will never be true peace anywhere in

Europe, unless we break with International Monetary Fund policies and rebuild eastern Europe's ruined infrastructure and industry.

Both Bishop Hare-Duke and Dr. Godman strongly attacked British policy in the region. The bishop said he was horrified by Margaret Thatcher's strident calls for military intervention, since "peace does not proceed from the barrel of a gun." Equally irresponsible, he said, was the refusal of the British government to take in refugees, when Germany, for example, has taken over 400,000. "We cannot tell the refugees where they should go—or stay. They must choose where they want to go." If the European Community stands idly by, he said, refusing, because of the Greek position, to recognize Macedonia, the conflict would soon spread to Macedonia, Kosovo, and beyond.

Noting that he had been cooperating with the Schiller Institute in the attempt to prevent the Belgrade authorities from carrying out death sentences on captured Croatian soldiers, Godman said he feared that behind the proposals for NATO military intervention, lie unstated aims which directly violate the NATO Charter. He said he did not know what the answer should be, or even whether the U.N. or Conference on Security and Cooperation in Europe (CSCE) could militarily intervene, but in any case, it cannot be tolerated that such

decisions be taken in secret, out of sight of the people's elected representatives in Parliament. The Balkan war, and the Baroness Chalker's scandalous statements on keeping refugees "as close as possible to their homes," made recalling the Parliament to London of utmost urgency.

The press conference went on for over two hours, as the dozen or so journalists and 40 to 50 observers debated what is to be done. Representatives of relief and child care agencies demanded that the British government allow in refugees. The conference was covered on Scottish television on the 1 o'clock news, on BBC Radio Scotland, by the *Glasgow Herald*, the *Scotsman*, the *Catholic Observer*, and the *Glasgow Evening Times*. Bishop Hare-Duke's remarks however, were taken completely out of context by the *Daily Telegraph* of London, so that it seemed he had taken an extreme stand against any form of intervention.

In the following days, Anna met with the Scottish members of the Committee to Save the Children in Iraq, lawyers, church figures, and activists in the nationalist cause. Her interpreter, a 19-year-old girl, was a Canadian of Croatian origin who, despite a severe hip injury, flew to the war zone three months ago to help Caritas do relief work. This beautiful young girl made a deep impression on the Scottish teenagers who came to hear Anna speak.

LaRouche on Bosnia crisis

Released Aug. 11, 1992 by independent presidential candidate Lyndon H. LaRouche, Jr.:

On the 11th of August, a display ad appeared in the pages of one of Germany's leading daily newspapers, the *Frankfurter Allgemeine Zeitung*, whose contents I fully support, on the subject of policy for relief and assistance to victims of Serbian aggression in the region of former Yugoslavia.

The United States has an obligation in this matter, because the war could have been prevented had not the associates of Henry A. Kissinger—specifically Lawrence Eagleburger in the U.S. Department of State and Lord Carrington from London—acted to spearhead actions to unleash the Serbian aggressors against their neighbors, first against Slovenia and Croatia, where bloody violations of human rights and aggressive war were conducted, and most recently against the Bosnians and implicitly threatened against the people of Albanian stock in Kosovo region and against the people of Macedonia.

In this situation, with over 100,000 dead, and perhaps up to 3 million refugees already generated by the Nazi-like Serbian operation, we cannot sit by on the sidelines and say this mess is too great, we cannot meddle in it. We

must take effective action. In my circumstances, I cannot prescribe in great detail effective action, because to have effective action, would mean to contact the various forces involved, and to come to agreement on a package of action.

However, we must understand one thing. We must not spread the Balkan war; we must contain it, and while containing it, we must secure some relief for the people of particularly Croatia and Bosnia-Hercegovina, who are the immediate primary victims thus far of Serbian Nazi-like aggression and Nazi-like concentration camps and Nazi-like people removal.

We are on the verge of what might be called a final solution method practiced by the Serbs, Hitler-style, against Croatians and Bosnians, and we know not what other peoples tomorrow. We cannot stand by again and watch this happen without doing something. Let us hope we do something effective, that we stop the war, and we do not spread it.

I should add one thing to this, that what we must do of course is to come in—as the ad itself in the *Frankfurter Allgemeine Zeitung* says—and introduce an economic reconstruction program. Economic development is the essence of the works of peace. The best weapon against war is not war, though sometimes we have to take military action; the best action against war, is the works of peace, the positive, affirmative works of peace.

Trial shows French officials allowed AIDS-contaminated blood to be used

by Katherine R. Notley

The trial of four French officials accused of knowingly allowing AIDS-contaminated blood to be given to donors came to an end on Aug. 5. The case started when it was discovered that as many as 4,000 people, most of them hemophiliacs, were infected by contaminated blood products in 1985. Some 1,200 hemophiliacs have tested positive for the HIV virus and 256 have died of AIDS so far. A verdict will be delivered on Oct. 23.

Two have been charged with fraud: Dr. Michel Garretta, former director of the National Blood Transfusion Center (CNTS), and former CNTS official Dr. Jean-Pierre Allain; the other two defendants—Dr. Robert Netter, former director of the National Health Laboratory, and Dr. Jacques Roux, former director-general of the Health Ministry—have been charged with “non-assistance to persons in danger.” Both the defense and the victims are calling for criminal charges to be brought against the policymaker officials responsible, especially former Prime Minister Laurent Fabius, former Social Affairs Minister Georgina Dufoix, and former Health Minister Edmond Hervé.

The scandal centers around the decision in 1984-85 to use up existing stocks of undisinfected blood, rather than import disinfected blood from the United States and Canada, and to hold off using existing AIDS tests for donors until indigenous tests were developed. Court testimony implicates efforts by the government to both cut the budget and increase the international competitiveness of the French pharmaceutical industry as being behind its decisions. Jean-Bernard Duclos, former president of the Consultative Committee on Blood Transfusions, testified that he had sent nine letters to the Health Ministry over the summer of 1985 urging that blood donors be systematically tested and claiming there was a persistent shortage of disinfected blood. His letters went unanswered.

Dr. Garretta’s former assistant at CNTS Gérard Jacquin, testified, according to Reuters, that the center was trying to become “self-sufficient” and “competitive” within Europe, which was in part achieved by cutting costs, including importing disinfected blood stocks. “The CNTS had decided in October 1984 to start making France professionally competent in pharmaceuticals. Foreign companies considered the French market attractive,” he told the court.

One of the victims’ attorneys, Eric Dupont-Morretti, declared that he planned to file a criminal suit against the former

ministers, who can only be tried by the High Court. The victims are also seeking to have charges of poisoning brought against the present defendants.

The three former ministers also testified mostly to proclaim their innocence by reason of ignorance. Edmond Hervé said that in June 1985 he had been told that AIDS-tainted blood was being used in transfusions, and, after consulting with experts, he agreed to permit its continued use until October. Georgina Dufoix admitted she knew there was a risk from insufficient donor screening to hemophiliacs—whose treatment includes blood products from many donors—as early as July 12, 1985. Although former Premier Fabius pleaded ignorance of any warnings, his former scientific adviser, Prof. François Gros, testified that he had personally chaired a government committee which, on May 9, decided to “hold back for a while” using the U.S. screening test in the expectation that the Pasteur Institute would soon develop its own.

Experimenting on hemophiliacs

Since at least May 1983, heat-disinfected blood products for hemophiliacs had been available. In October 1984, for example, the Centers for Disease Control in Atlanta, Georgia, had insisted that it was absolutely necessary to only use heated products in transfusions. Many other warnings had also been issued. On May 29, 1985, the directors of the CNTS had a meeting with Dr. Garretta, to discuss the possibility of destroying the contaminated blood stocks they still had, and of recalling those they had already issued.

However, when they looked at the financial implications of such a measure, they decided to continue using existing stocks, which continued until Oct. 1, 1985. (The minutes of this meeting were published in the weekly *L’Événement du Jeudi* in February 1991). AIDS testing for blood donors was made mandatory in August 1985.

Worse, the ignominy of the CNTS does not stop with giving untested and untreated blood to hemophiliacs. A special study was run on hemophiliacs from September 1983 to March 1984. One of the unwitting participants in this experiment, was Edmond-Luc Henry (see interview). Of a group of approximately 420 hemophiliacs, half were treated only with contaminated blood products and the other half were treated with heat-disinfected products. The experiment’s victims are seeking charges of poisoning.

Hemophiliacs were made ‘guinea pigs’

Edmond-Luc Henry is a hemophiliac—HIV positive. During 1984, he had 62 transfusions, coming into contact with the blood of over 300,000 donors. An accountant by profession, he is also a civil party in the “contaminated blood” criminal case, and has written a remarkable book on the subject. He was interviewed by Emmanuel Grenier in French on July 15.

EIR: One of the most shocking things you discuss in your book, *On Hemophilia in General and the Crime in Particular*, and which is receiving little notice in the press, is this experimentation on the hemophiliac “guinea pigs,” with the transmission of the AIDS virus. You went so far as to compare these “experiments” with those of the notorious Dr. Mengele.

Henry: All the rules of every moral code were violated in this matter. The first rule when it comes to performing medical experiments is to have the consent of the patient. This was not what happened: Four hundred twenty-five hemophiliacs (out of 3,000 in France) were made the object of this experiment without knowing it. Second, this had nothing to do with a protocol to experiment with a new medication or improve a treatment, but to carry out a statistical study on the mode of transmission of a virus which was known to be deadly to man. The facts are irrefutable since the study, which took place from September 1983 to March 1984, was published in the journal *Blood* in October 1985.

EIR: Was this subject brought up during the trial?

Henry: It was brought up last week. Dr. Allain defended himself by saying that he informed the National Hemophilia Foundation, which would have given him consent. He is also claiming that he informed some of his patients. The people who were in the courtroom, in every case, say they were never apprised that this had to do with a study on AIDS. He swore that entire services in the Paris region underwent this experimental protocol without the involved parties, the hemophiliacs, being made aware. But, the public health code requires that this authorization be expressly requested. Dr. Allain is claiming that these authorizations had been requested and agreed to orally. In my own case, I learned only about ten days ago that I had been one of the guinea pigs; no one ever asked me to give any authorization.

EIR: Your attorney, Sabine Paugham, has demanded that the defendants be found guilty of poisoning.

Henry: You must understand that the line the defense took today is to say that there was no intent to kill. But article 301 of the penal code—defining poisoning—is absolutely specific, because it nowhere presumes this intent. The act of poisoning is defined by the combination of two facts: knowing that one has a deadly substance; and, knowing that, administering said substance. This definition obtains even if poisoning does not lead to death. For historical reasons, poisoning is punished far more severely than premeditated murder. And article 301 ends by specifying, “whatever the outcome may have been.” Regardless, in the case we have brought, the acts will lead to the deaths of numerous persons, since, after all, nearly 1,200 people were contaminated, and there have currently been 256 deaths. One hemophiliac dies of AIDS every week in France, and 500 hemophiliacs in France now have full-blown AIDS.

It has been established that, whatever other motive there may have been, there was the deliberate intent, in full knowledge of the means, of administering deadly products. So, there was certainly poisoning, and many jurists are supporting us on this point.

EIR: To come back to this experiment, during which half of the 425 hemophiliacs were contaminated: In some of the experiments in the Nazi camps, there was also no intent to kill. Some doctors in the camps were only conducting “experiments” which ended in mutilation or death, but that was not their aim. Isn’t this a crime against humanity?

Henry: The idea of a crime against humanity is quite specific. It presumes the desire of one group to destroy another. I do not think this desire existed among the defendants. A committee of the French association of hemophiliacs swore out a complaint for a crime against humanity, but I doubt that this will succeed. In the present conception, and keeping in mind the magnitude of the tragedy, I can understand that one might use this term, but in juridical reality, I don’t think the juridical elements for a crime against humanity are all there.

EIR: Many Frenchmen are following your argument on poisoning, and nonetheless, it seems like the media are attempting to rationalize it. For instance, *Le Monde* on July 13 wrote: “This tragedy was therefore the result of a long line of resignations and ignorance, grafted onto real medical and scientific unknowns, and no less real commercial and financial factors.”

Henry: From the beginning of this affair, there have always been efforts to bring it back to “more realistic proportions,” perhaps precisely because it is so abominable. I think there are, in effect, more people who are guilty than just those in the defendants’ box today. On one side, the prescribing physicians and political leaders, the ministers at the time of

the occurrences. But a plurality of guilt does not make up a collective guilt. That is what Michel Garretta is trying to establish by saying that "others were equally knowledgeable." Sure, but that doesn't change the fact that a person is guilty.

EIR: In your book you quote from a book by Prof. Jean Bernard, *Man Changed by Science*, where he said: "The number of hemophiliacs, which has long stayed constant, is increasing because modern treatment allows hemophiliacs to live, to have daughters who are carriers, who will bear hemophiliacs." Do you make a connection between this statement and what has happened to hemophiliacs over the 1980s?

Henry: In quoting this sentence, I wanted to expose the detestable mentality which rules in a certain medical milieu, and especially with Jean Bernard, who, protected by his notoriety, is permitted to put out abominable lines which are reminiscent of eugenics, quite bluntly. He says it in all candor, and no one dares contradict him; that is intolerable. The Ethics Committee, presided over by Jean Bernard, has not been able to find anything abnormal in having someone knowingly contaminate people via transfusions. But, I would like to underscore that other representatives of the medical community have had a diametrically opposed attitude.

Prof. Jean Hamburger, who unfortunately died a few months ago, the former president of the Academy of Sciences, had a conception of medicine and of man totally different. For him, the primary function of the physician is to protect and to save his patient. And he used to love repeating a fundamental principle of his art: *Prima non nocere*, that is, "Above all, do no harm." Jean Bernard had the knowledge and notoriety necessary to intervene and change the course of things. If he had had a humane intellectual outlook, different from the one he expresses in the quote you brought up, closer to Jean Hamburger's, the tragedy could have been avoided.

EIR: Some people have yet to comprehend the magnitude of this tragedy, and the fact that such a thing—men deciding for financial reasons to bring death to hundreds of people—should have been able to happen in their country in the 1980s. What would you say to them?

Henry: First, I will tell them to distrust everything. I—who thought I had put myself in the hands of competent people—I have learned that I had been entrusted to incompetent and dangerous people. This is a personal reflection that proceeds from my situation.

More generally, as a citizen, I would say that one cannot allow everything. The more one allows the impermissible, the more one is drawn into tragedies such as what we have seen here. One cannot allow lines such as that put forward by Jean Bernard under the pretext that he is the president of

the Ethics Committee. One cannot allow what has happened by saying: "It's not possible that physicians would do that!" Yes! They have done it; they themselves are admitting it! If a minimum of morality is not reestablished in this society, we risk seeing other occurrences as mind-boggling as this one.

I am sending letters to every French member of Parliament, both deputies and senators, to demand that they convene the High Court of Justice. Only this institution can deliver a verdict on a present or former minister for the acts committed in the exercise of his functions. In order to call it into session, it requires that 10% of the members of Parliament from each of the assemblies demand it. Many of the deputies are sympathetic to our misfortune. I am demanding that they stop weeping for us and act. This affair is not political, but moral. If the High Court cannot be called into session for this, it will never be.

EIR: To conclude, we should talk about AIDS in general. The AIDS test is not generalized and made systematic and mandatory, for example, before marriage or surgery. "Human rights" are invoked or even the cost of systematic testing. People who are seropositive are thereby deprived of being aware of their situation and prevented from protecting their loved ones, as well as themselves. From that standpoint, could you say that the crime is continuing?

Henry: In France there has long been—perhaps it's because of our Latin culture—a moral judgment attached to illness, which is impermissible.

When it comes to AIDS, tuberculosis, or syphilis, one should not make a moral judgment. We have reached a situation where France is one of the European countries most affected by AIDS, especially when it comes to blood transfusions. By comparison with neighboring countries, such as Germany, Belgium, or Italy, the ratio is 1 to 10: the relative rate of people contaminated by blood transfusions is 10 times higher than anywhere else in Europe. The moral weight attached since the beginning to this illness has led to an unrealistic inaction.

It has been six months since I protested against the fact that we have not always protected people who are transfused from the risk they run and for the necessity for them to get tested in order to avoid, should they become seropositive, contaminating others. I ended up being heard by [AIDS researcher] Luc Montagnier, who has sent out a call for people to get tested. But, up to 1991, they have continued to stick their heads in the sand. They continue to make budgetary decisions which take no account of the vital needs of the population. The defense of life comes before the defense of "human rights." What "rights" will those people who died from contamination have?

I hope the tragedy of the hemophiliacs will have brought about advances in the issue and put a spotlight on the major dysfunction of our public health system.

Lies, fraud surround Bush-Rabin meeting

by Joseph Brewda

The U.S. relationship to Israel is characterized by “trust, warmth, and a commitment to meeting common challenges. This is strategic cooperation at its very best.” So gushed President George Bush following his meeting with Israeli Prime Minister Yitzhak Rabin at Bush’s summer home at Kennebunkport, Maine on Aug. 11. It was their first meeting since Rabin’s Labor Party edged out former Prime Minister Yitzhak Shamir’s Likud bloc in national elections in June.

Bush declared that he would “enthusiastically” recommend that Congress grant the Jewish state \$100 billion in loan guarantees that he had held up last spring, supposedly over Israel’s illegal settlement construction in the Occupied Territories.

A key election issue

The Israeli election results had largely been determined by the suspension of the loan, and the related threat that the United States would not continue to underwrite the bankrupt Israeli economy. Rabin, whose ties to Washington have always been central to his political career, made much of that threat in his campaign. Soon after the Labor Party assumed power in Israel in July, Rabin claimed that he was freezing the previous government’s construction program.

That, as we shall show, is an outright lie.

Bush also claimed that he had been persuaded by Rabin that his government is determined to make the Middle East peace negotiations, which are set to resume in Washington on Aug. 24, succeed.

“I call upon Arab parties to respond in kind,” Bush said. “The time has come to make peace, not simply talk of it.” What concessions the Arabs are supposed to make this time, he did not specify.

For his part, Rabin thanked the United States for channeling Soviet Jews to Israel (although many would have preferred to emigrate to the United States), while chiding Washington for not doing enough for the Bosnians now being slaughtered by the Serbs. In an odd twist of logic, Rabin told the Israeli press on the eve of his U.S. trip that the Serbian atrocities vindicate Israel’s policy of doing whatever is necessary to “defend itself” against its adversaries. He did not compare Serbia’s “ethnic cleansing” policy and expulsion of Bosnians to Israel’s treatment of the Palestinians.

Settlements continue

Contrary to Israeli and U.S. claims, there is no Jewish settlement freeze at all, except in name. The Rabin government is currently undertaking the biggest building spree in Israeli history.

First of all, the Rabin government has announced that any housing construction begun by the previous government, even if it only scratched the soil, will be completed, and is not considered to fall under the freeze. That involves at least 9,500 new homes for Jewish settlers. There are currently some 100,000 Jews living on the West Bank (excluding East Jerusalem), as a result of a colonization program which began around 1973. The new homes under construction will house at least 50,000 more Jews, according to Israeli estimates.

All that Rabin’s so-called freeze has changed is that another 5,000 homes that had been planned by the previous regime will be canceled, at least for now.

Further, Israel claims that East Jerusalem, which it seized in 1967, is forever part of “Greater Israel.” It claims to have “legally” annexed it, and therefore does not consider it to be occupied. Even the U.S. government does not agree to this annexation, and officially considers East Jerusalem to be occupied territory. But it now turns out that Rabin’s pledge to cancel new housing in the Occupied Territories does not in any way include East Jerusalem.

According to data of the Israeli Construction and Housing Ministry, Israel is now constructing 7,000 housing units in East Jerusalem and its suburbs. An additional 10,000 units in these areas are planned.

In a typical fraud, the previous Israeli government under Prime Minister Shamir had tripled the size of the municipal jurisdiction of the city of Jerusalem, in a series of administrative reorganizations. The Shamir government said—and this claim is entirely honored by Rabin—that this expanded urban area is also part of Israel and not part of the occupied West Bank.

This new municipal area has not been expanded uniformly, but rather extended in such a way as to link up with already existing or planned Jewish settlements on the West Bank. Soon these settlements will be legally classified as Jerusalem suburbs—or will be so, *de facto*.

According to the Housing Ministry, if the current rate of construction is sustained (that is, the rate under Rabin), East Jerusalem will have a Jewish majority in three years. Already, approximately 120,000 Jews, over 30% of Jerusalem’s total Jewish population, live there.

As it is, because of this policy, Arabs now constitute only 55% of East Jerusalem’s population. From 1967 until the end of 1990, the Israelis built 72,000 housing units in East Jerusalem, of which only 12% went to Arabs. Some 60,000 new Russian Jewish immigrants are now slated to be housed there. Meanwhile, the Israeli government is doing everything possible to drive the Arabs—both Christian and Muslim—out of the city.

Ecological economics and the perilous hoax of sustainable development

by Torbjoern Jerlerup

In a time when starvation and disease are devastating the less developed countries, and the developed world is being hit by what potentially could be the worst economic and cultural crisis since the time of the Black Death in the mid-14th century, nothing could be more timely than a discussion on how to rebuild the world and stop the collapse. But this is not being done. Why?

One can begin to understand why, by looking at what is called the field of “ecological economics” and the notion of “sustainable development.” An ever-increasing number of “experts” are traveling around the world to visit conferences and to spread the idea that there are too many human beings on Earth and that the products of man’s creative intellect—scientific and technological progress—should be halted and abolished.

One such conference took place in the capital of Sweden at the beginning of August—the second conference of the International Society for Ecological Economics (ISEE). Gathered in Stockholm was almost the entire elite responsible for millions of people’s deaths with their brainchild known as “sustainable development.” Among the participants were several World Bank advisers, such as Herman Daly, Jostein Aarestad, John Dixon, and Swedish senior adviser Erik Arrhenius; Robert Costanza, the president of the ISEE; as well as several advisers from the U.S. Environmental Protection Agency (EPA), and population “experts” like Paul “Population Bomb” Ehrlich and Colin Clark. In all, 425 people participated.

Investing in genocide

The keynote for the conference was struck by Herman Daly from the World Bank on the first day. He laid out the idea that we have to have a policy shift from an era in which man-made capital such as power plants, dams, and industrial capacity was most important in economics, to an era in which investments in so-called natural capital should be emphasized. This distinction between man-made and natural capital was repeated over and over at the conference, but what does it mean?

One of the books presented at the conference was *Environmentally Sustainable Economic Development: Building*

on Brundtland (1991, Goodland, Daly, et al.). Daly begins his chapter in this book, “From Empty-World Economics to Full-World Economics,” by stating: “The thesis argued here is that the evolution of the human economy has passed from an era in which human-made capital was the limiting factor in economic development to an era in which remaining natural capital has become the limiting factor. . . . This means that economic policy should be designed to increase the productivity of natural capital and its total amount, rather than to increase the productivity of human-made capital.”

Daly argues that we are entering a new era, and that traditional economists have failed to notice that the world has been transformed “from a world relatively empty of human beings and human-made capital to a world relatively full of these,” which means that the traditional ideas about economics must be scrapped.

“The productivity of human-made capital is more and more limited by the decreasing supply of complementary natural capital. Of course in the past when the scale of human presence in the biosphere was low, human-made capital played the limiting role. The switch from human-made to natural capital as the limiting factor is thus a function of the increasing scale and impact of the human presence. Natural capital is the stock that yields the flow of natural resources.” This means that “for example, the limiting factor determining the fish catch is the reproductive capacity of fish populations, not the number of fishing boats; for gasoline the limiting factor is petroleum deposits, not refinery capacity.”

Daly means that instead of putting man’s capacity to transform and improve the Earth first, and with that the emphasis on our capability to find new resources when the old ones are running out, through scientific and technological progress, we should go back to the old idea of a “Mother Earth” which puts limits on the development of the human society. Hence, humans can be treated as slaves: “We can substitute labor for capital, or capital for labor, to a significant degree . . . for example, we can have fewer carpenters and more power saws, or fewer power saws and more carpenters and still build the same house.”

This means that we must replace the use of machinery in heavy work with slave labor because it is more environmen-

tally "sustainable." In that case, we will arrive at the same situation as in China under Mao Zedong when they built tractors, roads, and houses with only manual labor instead of machinery, and work which was done by two men in Europe, using machines, required the work of 50 men using only muscle power and no machines, in China; i.e., slave labor!

Condoms instead of industries

After explaining that we have to get rid of the practice of always trying to produce our physical products "with less natural resources and more capital," Daly further elaborates his ideas on how to reorganize investments.

"In this new full-world era, investments must shift from human-made capital accumulation toward natural capital preservation and restoration. Also technology should be aimed at increasing the productivity of natural capital more than human-made capital," he writes.

After stating that we should increase productivity in natural capital (and develop the economy by eating more nuts!), he continues to talk about the future role of the World Bank: "The role of the multilateral development banks in the new era would be increasingly to make investments . . . that increase the productivity of natural capital. In the past, development investments have largely aimed at increasing the stock and productivity of human-made capital. Instead of investing mainly in saw-mills, fishing-boats and refineries, development banks should now invest more in reforestation, restocking of fish populations and renewable substitutes for dwindling reserves of petroleum. . . . Pollution reduction also increases in priority. . . . Investments in limiting the growth-rate of the human population are of greatest importance in managing a world that has become relatively full.

"Perhaps the clearest policy implication of the full-world thesis is that the level of per capita resource use of the rich countries cannot be generalized to the poor, given the current world population. . . . As a policy of growth becomes less possible, the importance of redistribution and population control as measures to combat poverty increase correspondingly. In a full world both human numbers and per capita resource use must be constrained. Poor countries cannot cut per capita resource use . . . so their focus must be mainly on population control. . . . Investments in the areas of population control and redistribution therefore increase in priority for development agencies."

Redefining infrastructure

Daly continues by redefining the word infrastructure: "Investing in natural capital is essentially an infrastructure investment on a grand scale and in the most fundamental sense of infrastructure—that is, the biophysical infrastructure." And that is something the World Bank should invest in instead of what usually is termed infrastructure, according to Daly. "Indeed, in the new era the World Bank's official

name, The International Bank for Reconstruction and Development should emphasize the word restoration and redefine it to refer to reconstruction of natural capital devastated by rapacious 'development.' "

To further develop his fascist ideas, Daly says that the U.N. should take the leading role in this global dictatorship: "Since much natural capital is not only public but globally public in nature, the United Nations seems indicated to take a leadership role."

The "sustainable development" crowd usually try to paint themselves as "outsiders." Within the ISEE, they even say that Daly and other members of the World Bank who work with them as ecological economists are "good people" who are trying to reform the World Bank from within. But those who know how the World Bank and other "development agencies" are killing millions of humans by halting the industrialization of the underdeveloped countries and by sterilizing dark-skinned people in the name of "saving the environment," know that it is a hoax.

'No' to industrialization

Sustainable development is a dangerous hoax because it leads to poverty for every nation which tries to implement it. To be able to save both human civilization and the so-called environment, we *must* have continuous technological development with a corresponding growth in the standard of living. No nation has ever achieved prosperity by "sustainable development" and, in fact, no human society can ever exist in this way. This is something of which these genocidalists behind the "sustainable development" fraud are well aware.

In *Environmentally Sustainable Economic Development: Building on Brundtland*, the authors put forward this question in the introduction: "Can development without throughput growth (sustainable development) cure existing poverty? Our belief is that it cannot; qualitative improvement in the efficiency with which resources are used will greatly help, but will not be sufficient to cure poverty."

If development never can lead to any kind of prosperity, what do the authors propose that we should do to eradicate poverty? In the introduction, they say that one actually requires "considerable growth as well as development" to be able to do that. So far, so good, but the authors of this book do not mean that we should industrialize the poorer parts of the world; when they talk about the need for "growth" and "development," they mean something else.

They propose, first, that the developing countries must reduce their population. The World Bank, they say, should finance sterilizations and the distribution of condoms in the poor nations instead of financing dams, irrigation systems, and modern farming. As Robert Goodland from the World Bank says in his chapter of the book: "Per capita resource use must decline as well as population."

They also say that poor countries should not be allowed to industrialize. "Developing countries often argue, for ex-

ample, that they cannot afford environmentally sound techniques . . . and that it is now their turn to benefit from the technologies the industrial world has been using for a long time," say P. Dogse and B.v. Droste from Unesco in their chapter. They continue: "However, as so much of today's technology is not environmentally sustainable, it is therefore not economically sustainable. . . . Developing nations . . . cannot invest in environmentally unsound techniques without facing rising domestic environmental costs. . . . Industrial countries should, therefore be prepared to compensate the developed world for these closed options. This could be done partly by financing sustainable technology investments in developing countries." Further, "the North has to reduce input growth and waste, using both economic and legal instruments, while at the same time providing the South with capital and environmentally sound technologies through various arrangements, such as green-funds and debt-for-sustainable development swaps."

What this means is nothing but installing a global environmental dictatorship where poverty-ridden countries are forced to halt all "unsound" investments in nuclear power plants and irrigation systems. And the "development banks" should steer all investment toward "biodiversity programs" and "soft" technologies as those we in the industrialized world used centuries ago—solar power, hand-pumps, and hand-plows.

To be able to implement this global dictatorship we should, according to Daly and his co-authors, let the United Nations be a global police force. Nobel laureate Trygve Haavelmo says in his chapter that an "internationally accepted body should be given the authority and power to choose the future path of development and enforce it."

Resistance against genocide

Fortunately, the conference met some resistance from demonstrators who exposed it as a hoax. The European Labor Party, the Swedish branch of the international movement affiliated with Lyndon LaRouche, demonstrated against it and challenged participants at the conference to stand up for the truth. In that respect the conference was a failure. It became obvious to participants that not everybody was willing to accept a "new world order" based on "sustainable development."

Confirming the genocidal intent in their own words, on the first day, Paul Ehrlich attacked "certain groups" even before the demonstrations had started: "Certain groups are demanding 100% proof on the effects of the global warming . . . but that is not efficient, we have to act now to stop it," he said. "One or 2 billion people with a high standard of living is better than 8 billion with a low standard of living, but immediately when I say this, some newspapers are crying out that I want to murder 6 billion people, when in fact we have to lower the amount of people in a time period of perhaps 100 years."

Candidate LaRouche to address Schiller-ICLC

Independent presidential candidate Lyndon H. LaRouche, Jr. will be one of the featured speakers at the Sept. 5-6 conference of the International Caucus of Labor Committees (ICLC), the philosophical association he founded, at the Sheraton Premiere Hotel in Tysons Corner, Virginia. The conference is sponsored by the Schiller Institute.

LaRouche is expected to address the conference through an audiotaped message although he is in prison, the victim of a frameup consummated during the last presidential campaign in 1988, at which time he was also an independent candidate against Bush and Dukakis. LaRouche and six associates were accused of vague fraud and conspiracy charges in late 1988, and convicted in a trial which shocked the world for its flagrant violation of defendants' rights.

Despite this persecution, LaRouche is running again as an independent candidate, with veteran civil rights leader Rev. James Bevel as his running-mate. In a statement released on Aug. 12, LaRouche warned that the world has entered a new downturn in the economic depression that has been in progress since the October 1987 stock market crash. Moreover, he said, "We have in fact World War III in progress. This is not the way World War III was supposed to break out, according to the accepted mythologies of nuclear exchange which we heard back in the 1950s, '60s, and '70s." Rather, so-called little wars are inflicting mass deportations, mass killings, famine, and disease in many parts of the world; he pointed especially to the Balkans, the Middle East, Africa, and Ibero-America.

These "wars will continue to spread as long as the current economic and related policies of the United States and London continue," he said. Yet, the two leading presidential campaigns will not discuss the economy: "Only the Lyndon LaRouche and Rev. Jim Bevel campaign, so far, are discussing the economy and the threat of World War III."

The ICLC came into being 20 years ago in 1972, when the National Caucus of Labor Committees, a political and philosophical grouping which LaRouche rescued out of the student ferment of the 1960s, was founded in western Europe. It is now present on five continents. The theme of the September conference is, "A Planet Cannot Survive Half-Slave and Half-Free," expanding on the famous dictum of Abraham Lincoln in the 1860 presidential campaign.

Stock scam sets off riot in Shenzhen

As riots and panic sweep the Chinese stock exchanges, Anglo-American profiteers are pouring billions into speculation.

Tens of thousands of Chinese during the first week in August rampaged through the city of Shenzhen, the free trade center across from Hong Kong which is the model for Deng Xiaoping's transformation of southern China into a series of 19th century-style foreign centers for speculation, drugs, and cheap coolie labor. The rioters overturned and burned police cars, smashed windows and street lamps, and built barricades against riot police, who used tear gas and shot into the air to subdue the mob.

This was not a new Democracy Movement protest, but an outburst of rage by workers and peasants who had flooded into the city to buy lottery tickets, which might win them the right to buy stock on the stock exchange!

About 1 million people tried to get hold of forms to enter the lottery for new issues of "A" shares, which are reserved for Chinese citizens only. The 5 million forms quickly ran out or disappeared, and those who were left out began the rampage, holding signs that accused the police and the officials of corruption by diverting the forms to friends and relatives.

Only one of ten of the forms would eventually allow the holder to purchase new stock issues next month. However, the government was only able to end the chaos by issuing 5 million more lottery tickets—which will obviously lower the odds by one-half.

The Chinese State Council held an emergency meeting in Beijing, and the Shenzhen exchange was closed for the day on Aug. 10. Although the exchanges reopened the following day, riot police forced those waiting in line

to squat, and bludgeoned people who didn't follow orders. By the time it ended at 5:00 a.m. on Aug. 12, the streets of Shenzhen were reported to look like a war zone.

As usual, Beijing accused a "few troublemakers" of causing the riots.

In fact, organized gangs, run by the "comprador" businessmen, control the exchanges. Soon after the markets opened this spring, two men were killed on the floor of the exchange for attempting to bypass the gangs' control over the queues.

Despite the fact that the riots were not politically motivated, the butchers of Beijing are responding with great concern. The charges of corruption are widely recognized as valid, and the bursting of the speculative bubble would expose the fraud of Deng's "opening up" to the Anglo-Americans, just as Deng hopes to solidify his policy at the crucial 14th Party Congress coming up this autumn.

The lottery tickets themselves cost 100 yuan, or \$18.70. This is more than half of the average *monthly* salary in China. These tickets, however, were being sold immediately on the black market for nearly \$100. The get-rich-quick fever generated by the speculative bubble in the tiny new stock market explains some of the hysteria; but there is another story behind the wires.

Although the Chinese have divided all new stock issues into "A" shares, for Chinese only, and "B" shares for foreigners only, both are in fact being speculated up into the stratosphere by the Anglo-Americans. The "A" shares are bought by

Chinese friends and relatives of Hong Kong (and Taiwan) investors, using the foreign money. That money in turn comes not only from the British base in Hong Kong, but directly from England and the United States.

London's Crédit Lyonnais told *EIR* that since they started a "China Fund" in March, at least ten other such Funds have poured well over \$1 billion into the speculation in the Shenzhen and Shanghai bourses. Some goes directly into the market, while some goes through Hong Kong companies investing in the mainland (i.e., into the "A" shares).

When asked what the dividends on the funds were, the Crédit Lyonnais representative laughed. "Dividend? There's no dividend. The average rates on these stocks are about 1%, when they pay anything. This is purely for capital gains." He added: "There's no protection for the investor, no legal structure, no laws. It's certainly a bubble, and it may be a short-term disaster, but we're telling people that even though the price/earning ratios look horrendous, that the market should continue rising."

Chinese officials admitted that there is no way to ascertain where a purchaser got the money used to purchase stock or the stock lottery tickets. While much of it comes from foreign investors, working through local middlemen controlled by the gangs, a major portion also comes from the massively expanding drug traffic in China's special zones, as an easy way to launder the profits.

At least some of the money, however, comes from peasants and workers. Several people who lined up in Shenzhen had pockets full of chits, signed by all the people in their village, who each put in a few pennies, possibly their entire savings, in hopes that they may win their way out of the desperate poverty of rural China.

Armed Forces win concessions

Is the besieged President buying the support of the Armed Forces . . . or is he just buying time?

On Aug. 8, the office of the presidency granted the Armed Forces Joint Chiefs of Staff (EMFA), the National Department of Mineral Production, and the state company which controls the nation's electrical system the final say on creation of new environmental conservation units, otherwise known as indigenous enclaves.

The presidential action was surprising, especially in light of the fact that action on the so-called "Indian question" has been one of the few decisive government moves to be taken in the midst of the shipwreck that the Fernando Collor de Mello government is suffering due to the corruption scandal engulfing his administration. It was, evidently, one more on a growing list of concessions that the government has begun to grant the Armed Forces.

As is well known, the Brazilian Armed Forces have repeatedly raised an outcry in the past two years against Collor's sell-out to George Bush's "new world order" strategems, such as the creation of the Yanomami Indian reserve in November 1991, which established a semi-autonomous enclave in a zone considered of maximum national security concern to the Brazilian military.

However, because of the instability created in Ibero-America by the military coup attempt in Venezuela last February, and its impact on the dynamic of decay of the "International Monetary Fund (IMF) democracy" presided over by Collor, the Brazilian liberal establishment, in alliance with Washington, has moved to soften its tense relations with the military.

The result has been that the military has begun to take a pragmatic approach to negotiating compliance with several of its more immediate demands. Not only the recently granted right to intervene in the heated issues of Indian affairs and the environment, but other aspects as well, such as the government's willingness to accept that the Armed Forces will not get involved in fighting drugs.

The Armed Forces also got the National Congress to pledge not to cut the budget for the nuclear submarine project of the Navy. Further, in July, Economics Minister Marcilio Marques Moreira gritted his teeth and authorized the Banco do Brasil to provide the Brazilian Aeronautics Co. (Embraer) assistance in facilitating the production of 80 Tucano training airplanes that had been pre-sold to the French Air Force. Embraer had been on the verge of breaking that contract because of financial warfare unleashed against it, as prelude to its privatization.

There is also the concession of substantial wage increases which, had they not been granted, would have turned the barracks into powderkegs of protest, as was threatened in early May. Thus, in the first week of August, President Collor finally sought and received congressional approval to meet the military's longstanding demand for salary equivalence with officials of the other branches of government, as the national Constitution promises.

While the pressures may have lessened somewhat, it would be an illusion to think that imposition of the An-

gro-American new order, with all its catastrophic implications for Brazil, has been stopped. Inevitably, a new confrontation will emerge to the extent that Collor's monetarist free trade program stays on course. What Washington's allies in Brazil have done is little more than a diversionary tactic designed to distract the military's attention from the real face of the enemy, and to force myopic and pragmatic agreements based on the assumption that the racist Anglo-American elite has softened its considerations with regard to Brazil.

Exemplary is the behavior of former Economics Minister Antônio Delfim Netto, an arch-monetarist with extensive influence among liberal layers of the Armed Forces, which he uses to reinforce existing fear of challenging the creditor banks and their monetarist policies. Setting himself up as a link between the U.S. State Department and the Brazilian Armed Forces, Delfim Netto told *Gazeta Mercantil* on July 25 that "there is, actually, a tendency toward military realignment with the United States, which [relations] have been problematic since the Geisel government," but now "everything indicates that the State Department is backing off."

More significant was the surprise visit to Brazil of Vernon Walters, a Kissingerian "specialist" on the Brazilian Armed Forces. In an Aug. 4 interview published in *Jornal do Brasil*, Walters answered a question on the significance for Brazil of the end of the communist threat: "Instead of my country sacrificing people and money to contain expansionism, we are going to concern ourselves more with our friends, helping them to achieve a better life." He even put a price on that promise of help. Brazil, he stated, should guarantee "the preservation of democracy," that is, of Collor and his corruption.

Free trade breeds cholera

The resurgent cholera epidemic in Mexico turned into "gastroenteritis" on the eve of the NAFTA signing.

During August, on the eve of the signing of the North American Free Trade Agreement (NAFTA), all official information regarding the cholera epidemic has suddenly disappeared. Now, according to the Health Ministry, there exists "an epidemic of acute gastroenteritis" in the same states where cholera was spreading only a few weeks ago.

When the epidemic first broke out in Peru last year, Health Secretary Jesús Kumate said there was no possibility that cholera would ever reach Mexico. But on June 17, 1991, the health secretary officially recognized that cholera had indeed arrived in Mexico. The first case was reported in San Miguel Totolmayola, in the state of Mexico, 2,000 meters above sea level and thousands of kilometers from the border with Guatemala or from any seaport, through which the cholera bacillus was expected to enter the country.

The emergency measures adopted by the government were to send health brigades, medicine, and potable water carriers to the small villages affected. Once the summer passed, the government's anti-cholera policy centered around a propaganda campaign designed to convince the population that everything was under administrative control—that is, that all new cases would be reported on a monthly basis.

This atypical arrival of cholera to Mexico was officially attributed to the decision of a suspected drug trafficker to defecate in a river. In 1992, the health authorities were no longer able to blame a new outbreak on some such

clandestine offense. This time, the disease spread more typically.

Last July 3, Guatemala's Health Ministry acknowledged that cholera had gotten out of control in that country: 13,000 ill, 200 dead, and 800,000 asymptomatic carriers.

In Mexico, the campaign against cholera was a total success—until the summer arrived. By June 20 of this year, 4,755 cases were registered since the disease first appeared. Of these, 1,826 cases had appeared in the first six months of 1992, of which 35% (591 cases) corresponded solely to the month of May. In June, the growth rate was 249 cases per week.

Until June, the most seriously affected states were those of the south and along the Gulf of Mexico, not accidentally the states where the most economic destruction has been wrought: Veracruz, 292 cases; Tabasco, 206 cases; Yucatán, 208 cases; and Chiapas, along the Guatemalan border and the Pacific Ocean, 155 cases. In Campeche, the disease reached the level of an epidemic, with 760 cases reported for the months of June and July alone, overflowing the capacities of the local social security hospital.

In other states where the disease first showed up last year, the new outbreaks are more severe. In Puebla, 135 cases have been officially recognized, but unofficially they speak of at least 250 cases. Cases of cholera have also appeared in the states of Mexico, Hidalgo, San Luis Potosí, and Tlaxcala; in Guerrero, the health authorities insist that it is not cholera, merely cases of vomiting and diar-

rhea. In Guanajuato, the disease has shown up simultaneously in the cities of León, Silao, and Celaya. In the bordering state of Jalisco, in the city of Guadalajara, 300,000 inhabitants are in danger of contagion, with the aggravating factor being that the center of that center is still devastated by the mysterious explosion of drainage systems. Further to the north, in Nayarit, the bacillus has been detected in the Acaponeta River.

What the government fears most, is that the cholera bacillus will infiltrate the *maquiladora* belt along the northern border—precisely what has now occurred. On June 13, the first case was detected in Matamoros, Tamaulipas. In Tamaulipas state overall, 151 cases have been reported. In Monterrey, Nuevo León, 19 cases have been reported for the months of May and June. In early June, the first case appeared in Ciudad Juárez, Chihuahua, where 85% of the population is considered at a high risk for contagion due to lack of basic sanitation services, according to the Northern Border College. Cases have also appeared in Nogales, Sonora, and in Tijuana, Baja California. In fact, the bacillus is said to have infected the length of the Rio Grande.

The National Epidemiological Institute (INDRE) of Mexico acknowledges that "in the growth curve, one can see a small tendency to rise, unlike previous periods." The figure could actually be much higher, given the tendency to hide cases behind a diagnosis of gastroenteritis and acute diarrhea.

During the first half of 1992, some 1,042,000 cases of diarrheal illnesses were treated. If in Mexico, 3.3 million such conditions are attended yearly and 17,000 die, then "50-plus cholera deaths is not a scandalous figure," said Health Secretary Kumate July 12 to the daily *La Jornada*.

International Intelligence

Russian military issues resolution against Japan

At closed-door hearings of the Russian Parliament Constitutional Committee on July 28, the Russian military issued a "Resolution of the Russian Federation's Armed Forces General Staff on the problem of territorial delimitation between Russia and Japan." The statement criticized Russia's Foreign Ministry and stated that no compromise is possible with Tokyo over the Kurile Islands.

The resolution criticizes the Japanese for "tying up the question of . . . financial help . . . extension of economic cooperation, and signing a peaceful treaty between Russia and Japan with the resolution of the 'territorial issue.'"

After detailing the importance of the Kuriles for Russia, the resolution notes: "The Japanese possession of the southern part of the Kuriles may create, should there be a war with Japan, a serious threat to the rest of the islands, when seizure or at least control over them would completely preclude the deployment of the naval forces in the Pacific Ocean, would considerably complicate" the defense of Kamchatka Island, and "would provide the adversary with an important superiority." The resolution adds, "The military-political leadership in the U.S. and Japan regard Hokkaido Isle as a main launching pad for deploying landing groupings against the Russian Far East."

The document warns that the Kuriles should not be traded for "a transient economic profit."

Argentine-Chile border pact meets resistance

A border agreement which Argentine President Carlos Menem wants to sign with Chilean President Patricio Aylwin, by which Argentina would cede 1,057 square kilometers of territory in the Patagonian province of Santa Cruz to Chile, has provoked intense resistance in Argentina. A statement published in the Aug. 7 *La Prensa*, signed by

former Presidents Arturo Frondizi and Juan Carlos Onganía, asserts that by moving the border eastward, as the agreement contemplates, Argentina would not only lose control of the Santa Cruz River basin, but that this would also affect Argentina's claims to the Antarctica "to the exclusive benefit of Great Britain and Chile."

Argentine Defense Minister Ermán González has emphasized that resolution of this dispute, which most Argentines recognize as having already been resolved in a 1902 Papal edict, will guarantee the demilitarization of both nations.

However, there is not yet sufficient support inside Congress for the bill that Menem is supposed to present in Chile on Aug. 27. There have been mass protests in front of the Congress and frantic attempts by Foreign Minister Guido Di Tella to muster the necessary votes.

In a statement on Aug. 7, Col. Mohamed Alí Seineldín, the nationalist leader imprisoned after the Dec. 3, 1990 uprising against the Army high command, attacked Menem's giveaway as a "scandalous and shameful" decision coherent with his policy of dismantling the Armed Forces.

Seineldín warned Menem that, unless he changes his policies, "with an ignored population, dispossessed territory . . . and violated sovereignty, there can be no state or nation."

Russian paper praises pope for his leadership

Nezavisimaya Gazeta, an independent Russian newspaper, called Pope John Paul II "the friend of freedom and the foe of despondency," in a story on Aug. 4 about the pope's latest illness. It noted that Russians, even Orthodox Christians, were concerned about his health. "What is the secret of John Paul II?" the publication asked.

The article stressed the pope's role within the Catholic Church and the way he affected processes of change in eastern Europe. "For those who were waiting for changes, for those who during all these years followed the activities of the pope . . .

John Paul II is the friend of freedom and the foe of despondency. . . . It is possible . . . to recall many of his prayers, speeches, and addresses in which he talked about the fact that pessimism and despondency cannot be justified. . . . Many followed his everyday activities as well as the activities of Solidarnosc which in our historic conscience is connected with its spiritual (and not only spiritual) father—the pope." Despair, despondence, and pessimism were rejected by John Paul II not only "in words, but in practice."

The article claimed that because of the strength the Catholic Church has shown under the pope's leadership, the Russian Orthodox Church has also grown in numbers and developed a new internal strength. "Without all that has been done by John Paul II it is impossible to fully comprehend the history of Europe in the 20th century—including . . . the history of the return to Christianity in Russia . . . at the end of this century."

Azeri forces step up aerial bombardments

Azerbaijani forces have stepped up aerial attacks against Armenians in the enclave of Nagorno-Karabakh in Azerbaijan, including the first-ever air attacks on the Karabakh capital of Stepanakert. At least 20 Armenians were killed and 50 wounded in an air attack in early August. In protest, the Armenian delegation has stormed out of the multinational talks on Karabakh which are now taking place in Rome.

In an interview with BBC on Aug. 7, Britain's Baroness Cox gave an account of the devastation in Karabakh, many details of which have been independently confirmed by *EIR*. She said, based on a trip to the region, that the situation has "deteriorated very seriously since June." The Armenians are feeling more and more desperate, as they are faced with constant bombardments, food shortages, refugee flows, and masses of people living in underground shelters. Azeri forces have adopted a "scorched earth" strategy against the Arme-

Briefly

nians in towns or villages they have conquered, including using incendiary bombs to burn down houses. The Azeris have "an enormous preponderance of weaponry," and are now subjecting the Armenians to "fearful aerial bombardments." The Armenians have no capability to retaliate by air, and no intention, in any case, of doing so.

Baroness Cox said the mood in Karabakh was one of "great despair," with the Armenian population faced with "enormous suffering." She warned, "They are in danger of being annihilated, and the world is in danger of looking away."

British monarchy moves to restore censorship

The recent uproar in England over press leaks on alleged sexual escapades of minister John Mellor, which culminated in stern warnings by the Press Council, is part of a campaign by the British monarchy to gag the press and prevent further indiscretions as to their financial and other evil-doings, according to Irish sources.

This assessment coheres with actions taken recently by the intelligence services against the press. On July 31, for example, the High Court in London held Channel 4 television in contempt for refusing to disclose its sources for a documentary alleging that the British military in Northern Ireland was linked to loyalist death squads, and was fined £75,000. These sources would most certainly be murdered were their names to become known. All leading journalists in the country have denounced the court's decision as, as one journalist put it, "the end of investigative journalism in this country."

This ruling is of the greatest importance in the light of the new directive by Miss Remington, head of MI-5, that British security forces may engage in domestic terrorist operations as "stings."

Similarly, Alan Muir of *The Sun* and Ron MacKay of *Scotland on Sunday* were arrested in raids on their homes in England and Scotland, after they published a report on a mysterious break-in to Edinburgh police headquarters on July 18 which was high-

ly critical of police security and claimed that stolen information had been passed on to terrorist groups. McKay was charged with reset, a Scottish term for receiving stolen goods, although it appears that neither of the journalists ever saw or received the files.

Austrian paper warns against 'new Versailles'

A realization of U.N. plans for a new Kuwait-Iraq border would be "a new Versailles at the Persian Gulf," the Aug. 6 Austrian daily *Die Presse* wrote. The paper warned of a repetition of the blunders of 1919 that brought no peace to Europe after the First World War.

The result of the U.N. border plan would be the implantation of instability and revanchism in the region for the long term, thus increasing the potential for new conflicts in the future. This is also the analysis of Arab diplomats who are critical of Saddam Hussein but are at the same time criticizing the U.N. scheme which is backed, in their view, by a "shortsighted policy of the Americans," the paper reported.

Even opposition Iraqis such as Gen. Hassan al Naqib, who is living in exile in Damascus, oppose the U.N. border plan as a "time bomb" against stability in the Persian Gulf region. This indicates, *Die Presse* wrote, that the problem will remain under a post-Saddam regime.

Meanwhile, opposition to the use of force to oust Iraqi President Saddam Hussein has been growing. Malaysian Prime Minister Mahathir Mohamad said, "We will not support any action to invade Iraq just to unseat Saddam. Our stand is clear as we are against military aggression," the Aug. 8 *New Straits Times* reported. Mahathir said Iraq's neighbors could build up their defenses with foreign help if they felt Baghdad threatened their sovereignty.

Russian President Boris Yeltsin said after his meeting with Ukraine President Leonid Kravchuk in Yalta on Aug. 3, that there is no need for special action against Iraq since it is currently meeting all U.N. conditions.

● **MALAYSIAN** Foreign Minister Abdullah Ahmad Badawi expressed grave concern over China's moves in the South China Sea, the government news agency Bernama reported Aug. 1. We are getting "uneasy signals" from China with its moves in the area, he said. "It is important that they do not send the wrong signals."

● **EVIDENCE** of massive dope trading by U.S.-backed Afghan rebel groups has been suppressed by the U.S., the Pakistani daily *The News* reported Aug. 2. When the news first broke some time ago, U.S. officials in Islamabad intervened to cover the affair up, the daily reported.

● **AFGHANISTAN** security forces head Gen. Abdul Rasul Parwani died Aug. 2 when a bomb placed under his car detonated, according to reports from Kabul. No group has yet claimed authorship of the attack. Afghani security services have come under attack in Anglo-American intelligence and media circles recently for cooperating too closely with Iran.

● **THE ZIMBABWE** weekly newspaper *The People's Voice* reported on Lyndon LaRouche's illegal prosecution for a second time, in its June 28 edition. The article, entitled "Bush 'Prisoner' Wins North Dakota Primary," covered his proposal to nationalize the Federal Reserve and create 6 million jobs.

● **AZERBAIJAN** is establishing diplomatic relations with Iraq, Radio Moscow reported Aug. 8. A full embassy is soon to be opened, and an ambassador will be sent to Baghdad.

● **INDONESIA** halted sales of the *Wall Street Journal* and *International Herald Tribune* on Aug. 7 after the government demanded they apologize for publishing an "unethical" advertisement. DHL International Ltd., a courier firm, on Aug. 5 apologized for its advertisement, which showed portraits of five Asian leaders with Indonesian President Suharto next to that of a DHL employee.

A personal account of Japan's Meiji Restoration

by Carol White

Samurai and Silk, A Japanese and American Heritage

by Haru Matsukata Reischauer
Charles Tuttle Co., Rutland, Vermont, 1987
400 pages, hardbound, \$22.95

Haru Reischauer is the wife of former U.S. Ambassador to Japan Edwin O. Reischauer, who has written several books about Japan. Mrs. Reischauer considers herself to be American as well as Japanese, because her mother was born and raised in America, whereas Mrs. Reischauer was born in Japan. In Japan she was tutored by Americans and then attended the American school, and she attended a Christian Science-run college in St. Louis.

All of this would have given Mrs. Reischauer a unique vantage point from which to write another book contrasting the two cultures, or explaining the Japanese to an American audience, but she has been able to do something far more interesting. On both sides of her family, Haru Matsukata Reischauer is related to the men and women who transformed Japan from a feudal to a modern state. She has written about accounts in her possession by members of her own family who participated in these great events, and added her own recollections, particularly of her maternal grandfather.

The story she tells is particularly relevant today for two quite different reasons: It is a welcome counter to the kind of anti-Japanese propaganda which is becoming increasingly popular in the United States. It also opens an exciting window into the roots of the strength of the Japanese economic system.

As is well known, following western demands that they open themselves up to foreign trade, the Japanese began the

process of rapidly transforming their country from a feudal into a modern nation. The Japanese learned a great deal from studying the economics of Friedrich List and Alexander Hamilton, from studying both their published works and the economies of Germany and the United States. That tradition is more alive in Japan today than in either Germany, or most assuredly, in the United States.

Although they learned and assimilated a great deal from the West, nonetheless, as Mrs. Reischauer documents, their ability to do so was rooted in the strengths of Japanese culture itself. And while Japan was relatively isolated for the 200 years before Admiral Perry sailed into Tokyo Bay in 1853, it was never completely closed off either from Europe or China; Nagasaki was kept as a port open to trade with both the Chinese and the Dutch. Japanese intellectuals learned Dutch in order to assimilate the latest advances in science, from astronomy to medicine. For example, inoculation was practiced in Japan at the same time that it was introduced into the United States. Moreover, it is estimated that there were around 300,000 Christian converts in Japan in 1630 when the Jesuits were expelled and Christianity banned. Many of these families and their descendants remained "hidden Christians."

Many Japanese throughout the 19th century debated the question of how to turn Japan into an industrial republic—well before Perry's arrival; and they urged that Japan be reopened to free contact with the West. Nevertheless, they, along with the more conservative members of the ruling elite, were concerned to protect their sovereignty against a correctly perceived threat from the western nations, particularly the British, who used the slogan of free trade as a wedge to open up colonial domination. One had only to look at their brutal intervention into China or the long history of British imperialist domination of India.

This debate was fought out over at least 25 years.

The impetus for the expulsion of the Jesuits was fear that warring feudal families would seek outside support. This, of course, was exactly what later occurred in India, where the British East India Company cleverly played off maharajas and Muslim overlords against each other—a classical “divide and conquer” strategy. Japan’s effort to thwart this gained it 200 years of peace, but at a cost of cultural and economic stagnation, which had begun to seriously concern Japanese intellectuals well before intervention by the American naval fleet.

While ostensibly a monarchy, the Japanese central government was run by a bureaucracy recruited from the ranks of the aristocratic Samurai class, headed by the Tokagawa family. The actual head of state in Japan was the Shogun, an elected figure, but who would be a member of the ruling Tokagawa family. Thus the Japanese had a tradition of a strong federal government. The emperor was maintained as a figurehead; and feudal lords, the Daimyo, retained a good measure of independent control in their domains. By the 1850s many of these Daimyo actively supported westernization.

At the time of the American intervention, the power of the Shogunate had already been weakened because of an economic crisis which had left most of the ruling Samurai class deeply indebted. We in the West have a distorted image of the Samurai, taken from Kurosawa movies, which are modeled on Hollywood cowboy films. In fact, the Samurai were the civil servants of the regime, although they also maintained a military tradition. Class society in Japan was structured by birth, and, along with the Samurai, there were the merchant and a peasant classes.

Throughout this period the merchants, who functioned as bankers, increased their economic—and hence their political—hold over their Samurai debtors. In practice, through marriage or adoption, outsiders were assimilated into the ruling elite, and, in turn, impoverished Samurai dropped into the ranks of merchants or peasants. Although there was fluidity within the apparently castelike class system, it was nonetheless quite rigid and dominated by protocol.

Facing the western intervention

How to respond to the western intervention sparked another national debate, involving educated people from all classes. Slowly but surely, class barriers and the formal structure within the Samurai ranks were eroded in face of the grave danger to the nation. An extraordinarily creative leadership was formed, men who successfully took upon themselves the task of remaking Japan.

The Shogunate was forced to sign treaties with the western powers, allowing them limited rights to trade, which opened the Shoguns to attack from all sides. They were accused of selling out on the one hand, and of failure to industrialize and westernize rapidly enough on the other. After a time, all of the opponents of the existing system united around the slogan of returning power to the monarch, which effectively became a device for a virtually bloodless republi-

can coup that ultimately deprived the Samurai of their feudal prerogatives. The name Meiji Restoration is taken from the reign of the Emperor Meiji who came to power in 1867, and who was a principled supporter of the process by which the new Japan was created.

It is against this dramatic backdrop that Mrs. Reischauer’s story is told. Her paternal grandfather, Masayoshi Matsukata, was born into the lower rungs of the Samurai class. His father had become an affluent merchant, who brought his family to Nagasaki—the center of the westernizing elite—so that his children could be active in modernizing Japan. He did this at a great financial cost, since only by becoming an adopted son of a feudal family who already lived in Nagasaki, was he permitted to emigrate there with his wife and children. Haru Matsukata Reischauer’s paternal grandfather was at various times finance minister and then prime minister of Japan, one of whose first political posts was as governor in the prefecture of Hita. There he started an orphanage as a way of encouraging families to end the abominable practice of infanticide that had been forced upon them by poverty. He and his wife personally helped to care for the 150 infants whose lives were saved.

Her maternal grandfather came from a merchant family, which had achieved quasi-Samurai status as the political leadership in their town. This family moved into the silk trade, and Mrs. Reischauer’s maternal grandfather emigrated to the U.S. in order to organize the silk trade with Japan. It was this trade which gave the Japanese the financial resources to support the capital investment for the industrialization of their country.

The grouping of which both Mrs. Reischauer’s grandparents were part were courageous men and women of enormous moral and intellectual stature—individuals who sought to meld the best of western and Japanese culture. Her book is exciting, because it is a personal account of these individuals.

Crichton: a dishonest contrast

Rising Sun (New York: Alfred A. Knopf, 1992) by Michael Crichton is a view of Japan in sharp contrast to that of Mrs. Reischauer. Crichton portrays the Japanese as amoral and characterless materialists, who are strangely different from the rest of us. His is a boring pastiche of the growing number of “Jap-bashing” books, which he obligingly footnotes in a bibliography at the end of his so-called detective novel. The dishonesty which characterizes his work is revealed in the opening pages. Here a Japanese public-relations representative of the Japanese corporate owners of a fancy new hotel tries to get the Los Angeles police to postpone their investigation of a murder on the hotel premises, until a gala event held to celebrate its opening is over. He is offensive to the police, but when next seen with the mayor, his behavior is obsequious. Reprehensible behavior, yes; but also unfortunately typically American as well. Nonetheless Crichton’s narrator uses the incident to attack Japanese national character as lacking in integrity.

The British assess Vietnam

by Linda de Hoyos

Vietnam at the Crossroads

by Michael C. Williams

A Chatham House Book, Council on Foreign Relations, New York, 1992
104 pages, paperbound, \$14.95

In this slim volume, Michael C. Williams offers no scholarly evaluation of current trends in Vietnam, but a gloss of Vietnam's recent history with a remarkable paucity of insight despite Williams's numerous conversations with Vietnamese leaders. The book gives more of an insight into British thinking. Commissioned jointly by Chatham House (the Royal Institute of International Affairs) and the Enterprise Oil Company, Williams's mission must have been to prepare an appraisal of Vietnam for British investors.

From that perspective, Williams gives the Vietnamese Communist Party leadership high marks. In Williams's eyes, the Vietnamese CP ranks up there with the Chinese in their ability to open up the economy to outside exploitation. Vietnam, he points out, has one of the most liberal foreign investment codes in all of East Asia. In December 1987, the government put forward a new code which allowed both joint and wholly owned foreign ventures. It also allows foreigners to hold management posts and repatriate profits. "Vietnam," says Williams, "has many attractions for the foreign investor: a domestic market of 67 million people, cheap and well-disciplined labor, and an abundance of natural resources. In addition to substantial deposits of anthracite, iron ore, bauxite, tin, lead, and gold, it has considerable offshore oil deposits." Although the continued U.S. embargo has shut out American investment in these fields, the British are one of Vietnam's biggest foreign investors, with British Petroleum leading the way. (Williams happily notes that lacking a refinery, Vietnam cannot even use its own oil.) The British Dope, Inc.-linked firm Inchcape was one of the first foreign trading companies to set up shop in Vietnam in May 1989.

Williams also gives muted praise to the Vietnamese leadership for its "reforms." "Agriculture and retail trade have effectively been privatized . . . and price controls have for the most part been abolished." This puts the Vietnamese CP way ahead of the Chinese. These reforms, Williams notes, "have won plaudits from the International Monetary Fund."

To be sure, even before the flow of Soviet money was stopped in 1989, Vietnam has bent over backwards to turn its economy inside out—putting emphasis on production for export. In early 1987, the Vietnamese communists launched a forced march decentralization of the economy. Internal trade barriers were largely scrapped and foreign trade was liberalized. Subsidies to the state sector industries were phased out and their new slogan became "sink or swim." In 1989, a drastic devaluation of the dong was enforced, and prices were for the most part decontrolled. Inflation forced another big devaluation of the dong in 1991.

Because of its strategic isolation and economic weakness, Williams implies, Vietnam will be forced to continue to carry out draconian "reform" that will open more opportunities for foreign exploitation. Although Vietnam has earned praise from the IMF, a U.S. veto has prohibited it from rejoining the Fund. This in turn has acted to maintain a credit embargo against Vietnam, making it doubly dependent upon maintaining conditions conducive to foreign investment and profit. Vietnam will further be propelled to beg from the West by increasing tensions with China, with which relations were normalized in 1991.

Reform or wreckage?

The dismantling of the state sector, with no development plan in operation, has wreaked the same kind of havoc in Vietnam that it has in eastern Europe—albeit in this case under communist leadership. The "reform" process has thrown 50% of the Vietnam economy into the "informal" sector, i.e., smuggling and other criminal activity, and un-taxed activity. Another effect has been massive unemployment. By the end of 1990, more than 550,000 state sector workers had been thrown out of their jobs, and by August 1991, the number had risen to 1 million. At the same time, with Vietnam's withdrawal from Cambodia, half a million soldiers were demobilized. On top of that, 150,000 workers from eastern Europe and the Mideast returned to Vietnam in 1991. Inflation is running at an annual rate of 75% in 1992.

Williams does not report the extent to which this economic toll will soon begin affecting life expectancies in Vietnam. Although Vietnam has emerged as the world's third largest rice exporter since 1989, the *New York Times* has reported that the Vietnam National Institute of Nutrition reported that the caloric intake of the average Vietnamese is 16% short of the 2,300 calories recommended by the World Health Organization. A full 8.5% of households in Vietnam had an intake of less than 1,500 calories a person each day—a condition of chronic starvation. A full 51.5% of Vietnamese children are undernourished. The institute angrily pointed out that "Despite dietary intake inadequacies, the state has exported locally needed food and foodstuffs such as rice, peanuts, eggs, shrimp, fish and vegetables in order to earn hard currencies to pay debts and purchase essential raw materials for production, including agriculture."

The peace movement that slipped out of Great Britain's control

by Denise M. Henderson

The Advocates of Peace in Antebellum America

by Valarie H. Ziegler

Indiana University Press, Bloomington, Ind., 1992
241 pages, hardbound, \$35

There is no doubt that war is terrible; yet one must ask the question that the peace advocate George Whipple ultimately asked, as quoted in Valarie Ziegler's book: "Is Peace the *one* thing needful when it leaves one party established as tyrant and the other as slave?" That was the issue for the sovereign United States in 1860. There was a point at which British treachery could no longer be tolerated; no peace conference was going to stop the Civil War, because the British puppets running the Confederacy had no intention of allowing it.

From 1776 down to the present, one leading world power, Great Britain, has sought to make itself economically, culturally, and politically hegemonic over the rest of the world, often resorting to war to do so. In the last century, Britain fomented the Crimean War to break up the Holy Alliance, which was seeking to control Europe by political means, and fought two Opium Wars with China over the issue of its right to "freely trade" in opium in that country.

The British also hoped to use the classic imperial "divide and conquer" techniques against its former colonies, the United States of America. Through active agents such as August Belmont, who started out as the Rothschilds' man in America, and Caleb Cushing of Boston, the British created their own imperial party in America.

As a professor of religious studies at Rhodes College, Valarie Ziegler sets her study in the period of 1776 to 1860, choosing the framework of a "history of ethics" abstracted from political history. Such academic blinders lead her to ignore some of the most important causes of the very phenomena she describes. She divides the advocates of peace into those who adhered to the "ethic of love," as first outlined by David Low Dodge (1774-1852), and those like Noah Worcester (1758-1837) who tempered that ethic with a de-

fense of the "policing power" of the state; there were also the non-resistants, led by William Lloyd Garrison (1805-79). Ziegler's documentation leaves no doubt that whatever they thought they were doing, these advocates of "peace" were defending the position of the pro-slavery British Empire against the republican basis on which America was founded. Yet, her book also proves that such operations can be outflanked by determined patriots.

New England peace advocates

Not surprisingly, a political weakness correlated with theological backwardness. Ziegler reports that the first premise of all the U.S.-based peace societies was a "fundamentalist" or "hermeneutic" reinterpretation of the Bible, the "democratization of the Bible": "Revivalists also claimed that the Bible was a book that ordinary people could interpret for themselves without the help or stricture of creeds." One proponent of this democracy movement was Noah Worcester, a Congregational minister who "became disenchanted with the orthodox doctrine of the Trinity," i.e., with the teaching that Christ was both man and God, representing a bridge between man and his Creator: the very doctrine which had guided western civilization, and its commitment to the ideal that all men are created equal, since the era of Charlemagne.

Once this was denied, man's interpretation of Christ's words and deeds overshadowed Christ's words and deeds. All that mattered was how one interpreted Christ the man—who could no longer be considered God's Son on Earth. Ziegler describes how the two ethics reinterpreted the Bible: Dodge thought that the "dispensation" of the New Testament as he defined it meant that all wars were unjust: "In Dodge's view, obedience to the Sermon on the Mount entailed rejecting both offensive and defensive warfare. . . . The spirit of returning evil for evil, of seeking to harm one's neighbors rather than humbly enduring persecution and suffering at their hands, was a mockery of the gospel." On the same grounds, Dodge also rejected personal self-defense.

Noah Worcester, while agreeing with Dodge in the main, introduced the right of the state to punish wrongdoers as expressed in Romans 13. Worcester also asserted that "the custom of war depends entirely on popular opinion; and it

will of course cease when it ceases to be popular.” (This assertion anticipates the anti-war slogan of the 1960s, “What if they held a war and nobody came?”) Worcester advocated the formation of a Congress of Nations. It would substitute for the sovereignty of nation-states, much as the United Nations does today, and would “adjudicate international disputes.” “With no reason to go to war,” the peace advocates reasoned, “nations would no longer do so.” (The record of the U.N. has shown how illusory that is.)

In 1838, William Lloyd Garrison, a leading abolitionist and peace movement sympathizer, formed a more extreme branch of the peace movement, pulling his supporters out of the American Peace Society to form the short-lived Non-Resistance Society. Garrison advocated the dis-union of the United States so that the nation would no longer be tainted with the sin of Southern slavery, and non-resistance—i.e., refusal to engage in politics as a voter, a candidate, or by any means. Ziegler points out that the roster of peace advocates—who never numbered more than 2,000 throughout the United States—significantly overlaps with American anti-slavery activists.

Britain's unwitting tools

As Anton Chaitkin has documented in *Treason in America*, (New York: New Benjamin Franklin House) these groupings of disunionists, peace advocates, and abolitionists were often unwitting tools of Great Britain’s determined efforts to “balkanize” America into sectional pieces which could be easily manipulated. Ziegler’s focus leads her to ignore the branch of the abolitionist movement represented by such figures as Thaddeus Stevens and Benjamin Wade who, unlike Garrison and the non-resistants, based their opposition to slavery and their emancipation policy on a commitment to American System economic development, which had been shaped as the alternative to British “free trade” colonialist looting. She also reduces America’s greatest abolitionist, John Quincy Adams, whose outlook was akin to Stevens and Wade’s, to a one-line mention.

The peace movement was founded around the time of the War of 1812, which was really the second American war of independence against Britain. Ziegler admits that “the War of 1812 was extremely unpopular in New England, at least in part because of the havoc it wrought in the Yankee shipping industry,” but concludes that “peace advocate” Noah Worcester “condemned the war on religious grounds.” Later, “the American Peace Society reacted to native rebellions in India by stressing ever more strongly the necessity for the police function of the state to overrule the gospel of love.” In other words, the American Peace Society defended the slaughter of Indians by the British *on the grounds that the British were enforcing the law*—in a country which was not theirs except by military force, which the peace societies presumably abhorred!

These “deeply concerned Christians” also seem not to

have taken notice of the wars fought by the U.S. Army under the leadership of Gen. Andrew Jackson against the Seminole Indians (1817 and 1835)—brutal wars which included the use of bloodhounds against humans and which were opposed almost singlehandedly in the Congress by John Quincy Adams, as sheer imperial wars of expansion.

Just how *British* the peace advocates could be is shown by the case of the Grimkés of South Carolina. The plantation owner Thomas Grimké and his sisters Sarah and Angelina, are said to have been so outraged by slavery that they left home and went North to become abolitionists. One of them married into the Weld family, junior partners with the British in the Chinese opium trade. Grimké, a Yale graduate, came to New Haven, Connecticut on May 6, 1832, to address the Connecticut Peace Society. From the podium, he condemned “the American Revolution not only as unchristian, but also as unnecessary, since determined nonviolent resistance could have achieved political independence without the loss of life.”

Grimké, like Elihu Burritt, who finally moved to England to protest the outbreak of the Civil War, also proposed as a measure to guarantee universal peace the extension of free trade throughout the world. But the great champion of free trade was the London Peace Society. “Free trade,” then as now, meant nothing more than the extension of a cheap labor, cheap goods policy on the part of City of London financial interests.

The anomaly of the Mexican War

Ironically, the peace movement found itself at odds with U.S. and British expansionists in the 1845-48 Mexican War, a war brazenly run by the Polk administration for sheer territorial gains. Although Ziegler does not mention it, because of the statesmanship of Abraham Lincoln—at the time a young congressman from Illinois—this national tragedy made it possible to gradually shape an alliance between peace advocates and patriots, which later worked to save the Union from the next British assault: the Confederate secession.

Many notables joined with the peace movement in denouncing the Mexican War. Articles in the peace movement’s leading journal, the *Advocate*, “characterized the war as an act of ‘unprincipled depravity’ and ‘unmitigated sin,’ described atrocities committed by American troops in gruesome detail, and endlessly urged Americans to petition Congress and the President to stop the war.”

The concern of the Whig Party, to which Abraham Lincoln belonged, was to win the war as quickly as possible, conclude peace, and permanently withdraw U.S. forces. This sheds light on why Lincoln, who voted for an appropriations bill for the war, was not really a supporter of Polk’s expansionism. Lincoln was only elected to the Congress in 1847, after the war had already begun. He raised a stink about the Mexican War within the Congress on behalf of the Whig Party. His Jan. 12, 1848 speech demonstrating the internal inconsistencies of Polk’s assertions about the cause of the war, pro-

vided ammunition for the peace societies' ongoing resistance to the war and to the questionable annexation of Texas.

In fact, the troops were being led by a Whig, Gen. Zachary Taylor. Had Lincoln opposed appropriations, and U.S. troops been forced to withdraw, there were waiting in the wings a large numbers of "volunteers," some of whom were already fighting in Mexico, from several southern states ready to go on "defending U.S. interests" in Texas and Mexico. These "locofocos," the Ollie Norths of the day, were outside the control of the regular army.

Lincoln explained this viewpoint in a March 22 letter to Usher Lindner, one of his Whig associates: "You ask three questions, the first of which is 'Would it not have been just as easy to have elected Genl. [Zachary] Taylor [the hero of the Mexican War], without opposing the war as by opposing it?' I answer, I suppose it would, if we could do *neither*—could be *silent* on the question; but the Locofocos here will not let the Whigs be *silent*. Their very first act in Congress was to present a Preamble declaring that war existed by the act of Mexico and the Whigs were obliged to vote on it—and this policy is followed up by them; so that they are compelled to *speak* and their only option is whether they will, when they do speak, tell the *truth* or tell a foul, villainous, and bloody falsehood. . . ."

By helping to expose the "foul, villainous, and bloody falsehood" behind the war, Lincoln, along with other Whigs, acted as the conscience of the nation, and helped to coalesce forces opposed to the war including the peace activists. This coalition grew in strength, and by 1860 it viewed Lincoln as the only man who could save the nation.

Anti-war sentiment kept growing, Ziegler explains: "Presbyterian synods, Congregational associations, and Methodist conferences passed resolutions . . . and the Unitarians petitioned both houses of Congress to end the fighting. . . . The cumulative effect of all the protests was anything but negligible. Historian Charles DeBenedetti has argued that the anti-war fervor reached such a pitch by the end of 1847 that President Polk was forced to accept a limited conquest of Mexico and end the war sooner than he wished."

Usher Lindner was voicing the nervousness of many Whigs about this coalition, which included Garrison's abolitionists, when he asked Lincoln: "And have we as a party, ever gained any thing, by falling in company with abolitionists?" Lincoln replied, "Yes. We gained our only national victory by falling in company with them in the election of Genl. Harrison. Not that we fell into abolition doctrines; but that we took up a man whose position induced them to join us in his election."

Or, as Lincoln wrote to his law partner, referring to the Polk expansionists, "The war is now to them, the gallows of Haman, which they built for us, and on which they are doomed to be hanged themselves." Lincoln was right: The immediate result of the war was the election of a Whig, Zachary Taylor, to the U.S. presidency.

During the 1850s, the American Peace Society was taken over for a short period of time by Elihu Burritt (1810-79), a consummate Anglophile. "In 1846 he traveled to England and began the League of Universal Brotherhood. . . . When the dispute over the Oregon territory strained relations between the U.S. and Great Britain, Burritt organized the 'Friendly Address' movement, in which he paired cities from each country. . . . He arranged for Olive Leaves to be published in French, German, Spanish, Danish, and Russian newspapers and founded over 150 Olive Leaf Circles—discussion groups for women—in the British Isles. And if that were not enough, he became a leader in organizing International Peace Congresses in Europe in 1848 (Brussels), 1849 (Frankfurt), and 1851 (London)."

Burritt was also an advocate of free trade. He was trying to convince Americans, who were waking up to "perfidious Albion's" manipulations in Oregon and Mexico, that Britain was America's "friend."

Burritt became one of the leading critics of George Beckwith, a moderate who seems to have been an American patriot within the American Peace Society. Burritt's faction included another British agent of influence, Joshua Blanchard, who insisted that "The only answer. . . was to let the South go—let the Southerners have their independence and then wait for slavery to collapse under its own weight." Blanchard said nothing about the fact that Britain and France were waiting in the wings, ready to send their fleets and troops into the war on the side of the South, thus perhaps establishing a permanent military presence on the balkanized continent.

Beckwith did regain control of the American Peace Society, however. And at the outbreak of the Civil War, the U.S. peace societies in the main supported the Union. "At the same time that the society remained fervently opposed to international warfare," writes Ziegler, "it continued to insist that the state was obliged, according to the mandates of Scripture, to subdue and punish the Southern rebels who had shattered the domestic tranquility." The work that Lincoln and the Whig Party, and later the Republican Party, had begun as early as the 1830s, with the Mexican War becoming a crucial turning point, had borne fruit. The peace societies and the Garrisonian non-resistants joined the war effort to preserve the Union.

London Peace Society: checkmated

Of course, this drove the London Peace Society crazy. They had failed in their goal of creating a movement inside the United States which would do nothing as the Union was attacked and dissolved. Instead, the peace advocates thought they had no choice but to defend their country. The civil war was defined as a "criminal rebellion" against the government. One article in the American Peace Society publication stated, "If laws were made to be used, and rulers appointed to see them executed, the efforts of our government, however gigantic, to crush our slaveholders' rebellion, are only a legiti-

mate enforcement of law."

William Lloyd Garrison and his followers were gratified that "the day of judgment" had come for the South, and supported the war effort to the hilt. The London Peace Society attempted to goad him: "We do not believe, the society stated, that the American Civil War is a war of freedom [i.e., against slavery]; we believe its object is to conquer the South. And even if it were a war of freedom, we would not support it. How, the London pacifists asked, can you stand quietly by and let brute force decide complex questions of moral right? The only evil you can see, the society complained, is the evil of slavery, but we believe that war is an even worse sin, and we will oppose it in every instance."

Garrison's associate Charles Whipple replied on behalf of the non-resistants. "Whipple insisted that agitating for peace would only give aid and comfort to the South," writes Ziegler. Whipple wrote, "Every word now uttered in advocacy of peace is prejudicial to liberty, chiming with the party cry now raised by those who wish only the success of the rebels, and have no sympathy with what we recognize as 'peace principles.' "

One could say that the limits of peace advocacy had been reached, and that the Civil War had driven out the hard-core British element at least from the peace societies. As horrible as war was, many U.S. citizens understood (as the handbook given to every Union soldier explained), that they were fighting for the same principles which their forebears had fought: the Declaration of Independence and the U.S. Constitution—the ultimate preservation of their nation.

to be a great resource for King scholars and those seeking to continue "the dream" of the great civil rights leader today. It is handsomely bound, almost embarrassingly rich in pictures and facsimiles, and wonderfully well-documented, including a 15-page chronology of his life and works, and a calendar of documents. From the standpoint of the beauty of the book *per se*, it certainly merits its designation as a "Centennial Book": one of 100 books published between 1990 and 1995 which bear this special imprint of the University of California Press.

Dr. King, for all he gave the world, certainly deserves to be remembered by such a collection of his works. And the fact that his widow, Coretta Scott King, headed the Advisory Board of the research project which produced the collection, speaks well for the intentions of the project.

The resultant content, however, is quite something else. It reads almost as though the editors *intended* to denigrate and slander Dr. King as an illiterate plagiarist. The reader is repeatedly hit over the head with documentation of King's plagiarism as a student and with his very poor grammar, spelling, and general mastery of the English language.

One must ask why the editors chose not to edit the writings of an obviously poorly instructed student, but one whose life's work contributed so much to humanity, whether or not he could spell correctly. Why did they choose to document *ad nauseam* every instance of plagiarism? Could this not be understood as the problem of an overanxious youth trying to please academic authority? Surely, given King's proven character later in life, this problem could not have emanated from an evil intent.

The answer to these questions can only be found by looking at who stands behind the publication of the volume, and what their interest is. Simply stated, the volume is the product of the remnants of a civil rights movement which has been taken over by academic and foundation money, and has been polluted by it to the point of impotence.

The leading sponsors of the project—those who funded the Martin Luther King, Jr. Center for Nonviolent Social Change to carry it out—include the Ford Foundation, the Rockefeller Foundation, IBM Corp., Intel Corp., the Times Mirror Foundation, The Ahmanson Foundation, the Bank-American Foundation, and the AT&T Foundation. Stanford University is the leading academic funder; Editor-in-Chief Carson is a professor of history at Stanford.

One is reminded of Christ's admonition to let the dead bury the dead. Where were these foundations when Dr. King was leading a nonviolent resistance movement to brutal racism? Where was Stanford when the black children of America's South were excluded from a decent education? Now, after King is dead and gone, they lavishly finance a compendium of his works so academic as nearly to kill his thoughts. And such Advisory Board members as Coretta Scott King,

The King papers: a mixed review

by Marianna Wertz

**The Papers of Martin Luther King, Jr.
Volume I: Called to Serve January 1929-June 1951**

Clayborne Carson, Senior Editor
University of California Press, Berkeley, 1991
484 pages, hardbound, \$35

This beautifully published first volume of the collected papers of Dr. Martin Luther King, Jr., at first glance, appears

Andrew Young, and Harris Wofford welcome their "institutional support."

Its merits

Given these problems, the volume remains a valuable source of information about the young Martin Luther King. There can be no doubt about King's "roots." His father, grandfather, and great-grandfather were all Baptist ministers. His grandparents, A.D. Williams and Jennie Celeste Williams, "transformed Atlanta's Ebenezer Baptist Church from a struggling congregation in the 1890s into one of black Atlanta's most prominent institutions." Williams's son-in-law, Martin, Sr., succeeded him as pastor at Ebeneezer, where King's mother was church organist and choir director. Daddy King, as King's father was known, was also a militant leader in the voter registration and civil rights movement of the late 1930s and '40s, through his work in the NAACP and the Atlanta Civic and Political League.

The fact that King's other (paternal) great-grandfather, Jim Long, was a slave whose principal occupation was to breed new slaves for his master—he was a "stud," in the vernacular—makes clear that King's forebears had to go through hell to get to where they finally arrived.

There can also be no doubt that, when King is presenting his own ideas (rather than those plagiarized for academic purposes), his search for truth is powerful and thoroughgoing. Witness one of the earliest chronological entries, dated August 6, 1946 (17 years old), his letter to the editor of Atlanta's largest newspaper:

"I often find when decent treatment for the Negro is urged, a certain class of people hurry to raise the scarecrow of social mingling and intermarriage. These questions have nothing to do with the case. And most people who kick up this kind of dust know that it is simple dust to obscure the real question of rights and opportunities. . . .

"We want and are entitled to the basic rights and opportunities of American citizens. . . ."

The religious question

Since most of King's childhood and schooling was involved in religion, through his parents' influence and his attendance at the Crozer Theological Seminary, much of the volume is devoted to King's religious views. This is one of the volume's strong points, simply because the writings speak for themselves. While his papers are heavily influenced by the sociological jargon and existential drivel that passed (and passes) for religious instruction, his own quest for true religion is moving and powerful.

Throughout his youth he was torn between the formal, ritualized religion he rejected at 13 years of age, and his quest for a true knowledge of God. In a 1948 essay written while at Morehouse College, King denounced merely formal religion in the following terms: "Real religion goes beyond a

form of ritual; that is, it is not to end in recitation of prayers, offering of sacrifice and other outward ceremonies. Its aim is to please the deity, and if the deity is one who delights in charity and mercy and purity more than the singing of hymns, and the burning of candles, his worshippers will best please him, not by bowing before him, and by filling the church with costly gifts, but by being pure and charitable toward men."

He sought for many years, as the volume adequately documents, an "intellectual" alternative to fundamentalism. This led him from Plato and the neo-Platonics to the real muck of Barth, Spinoza, existentialism, and mysticism. Finally, as reflected in one of the last entries in the volume, in a paper on "Religion's Answer to the Problem of Evil" in 1951, he found the path that eventually led him to the forefront of the civil rights movement:

"The ultimate solution is not intellectual but spiritual. After we have climbed to the top of the speculative ladder we must leap out into the darkness of faith. But this leap is not a leap of despair, for it eventually cries with St. Paul, 'For now we see through a glass darkly; . . . but then shall I know even as I am known.' The Christian answer to the problem of evil is ultimately contained in what he does with evil, itself the result of what Christ did with evil on the cross."

To come to know Martin Luther King through his own struggles in this way, the volume is definitely a valuable resource, despite its major flaws.



Martin Luther King, Jr. with his mother Alberta Williams King, ca. 1951.

Furtwängler's name cleared—at last

by Kathy Wolfe

The Devil's Music Master: The Controversial Life and Career of Wilhelm Furtwängler

by Sam H. Shirakawa
Oxford University Press, New York, 1992
506 pages, hardbound, \$35

ABC News reporter Sam H. Shirakawa has done history, Germany, and Wilhelm Furtwängler (1886-1954), in that order, fine service, with his new biography of the great conductor. Anyone who wishes to save classical music from its present state near-death should read this book.

Furtwängler, who began composing music and conducting in 1905, before he was 20, was by the 1920s rightfully among the premier conductors of Europe, for the extent of singing expression and contrapuntal construction he could draw from Beethoven and other classical compositions. Anyone unfamiliar with him should purchase his Beethoven symphonies, especially, as Mr. Shirakawa notes, his first postwar performance of the Ninth (Choral) Symphony on July 29, 1951.

The book's title refers to the vile campaign of lies against Furtwängler, run in the U.S. by the Anti-Defamation League of B'nai B'rith (ADL) and directed by the real pro-Nazis in Britain, because he did not abandon his country during World War II. For this, they called him Hitler's conductor, "The Devil's Music Maker."

In fact, as Shirakawa's preface notes: "When thousands of intellectuals and artists joined the exodus of Jews from Germany after the Nazis seized power, Furtwängler remained behind with the conviction that he could save the culture which produced Bach, Beethoven, Brahms, and others from annihilation by the Third Reich. Despite his well-documented and astonishingly successful efforts to keep Jews part of German cultural life and his manifold endeavors to assist anyone who asked him for help through the Third Reich, saving hundreds from certain death, he was all but branded a war criminal and nearly framed at a de-Nazification trial at the end of the war. This even though Furtwängler



Recording session of the Vienna Philharmonic at EMI, ca. 1948-50, with Furtwängler (seated right) and Walter Legge (seated center). Legge made it difficult for Furtwängler to make recordings, while promoting Nazi superstar Herbert von Karajan.

never joined the Nazi Party and openly acted against the regime until its fall. . . .

"Wilhelm Furtwängler was a creature whose overweening confidence in his own capacity to make a difference against one of the most malevolent forces the world has known catapulted him far beyond the confines of his profession. That peculiar spark of hubris drove him into resistance, rebellion, and sedition, in defense of a culture being annihilated . . . and he became a leading figure in the Resistance inside Germany, despite later efforts to prove otherwise."

Shirakawa documents how Furtwängler used every moment of the war to save lives and to try to give some small spark of hope to the German people, to present an actual alternative to Hitler. Many leading musicians fled Germany, and even some of Furtwängler's friends, such as conductor Bruno Walter, criticized him for staying and "lending legitimacy to the regime." But most Germans could not simply hop on a plane and land a fat contract abroad.

Shirakawa quotes German pianist Walter Giesecking's succinct comment: After the war, Furtwängler's critics "evidently believed that 70 million Germans should have evacuated Germany and left Hitler there alone."

The New York Times, the ADL, and the real Nazis

While Shirakawa seems not to know of the ADL and how the lies against Furtwängler were *orchestrated* by London, he exhaustively documents the campaign and how false it was. It started, he shows, as early as 1937, when Macy's executive Ira Hirschmann, a former board member of the New York Philharmonic, and the *New York Times* began attacking Furtwängler as "anti-Semitic." Both Hirschmann and the *Times*'s Sulzberger family owners were leading

members of the ADL, closely connected to the London Royal Institute of International Affairs, which actually backed Hitler by promoting Nazi Economics Minister Hjalmar Schacht.

Shirakawa also documents the horror of the Allied post-war occupation, during which Walter Legge promoted committed Nazi Party member Herbert von Karajan as a star. Walter Legge was the British Intelligence agent who ran London's EMI Records, and who made it almost impossible for Furtwängler to record. Meanwhile, the anti-Nazi Furtwängler was forced through a brutal "de-Nazification" trial. Again in 1949 and 1950, Shirakawa shows, the Hirschmann-*New York Times* cabal orchestrated the Chicago demonstrations against Furtwängler and kept him out of the U.S., threatening any musician who would not boycott him, as Yehudi Menuhin reveals in Chapter 19.

Shirakawa is at his best in his devastating exposé of the evil genius of EMI, Walter Legge, and his golem von Karajan, who destroyed postwar music with the recording industry. In the final chapter, he notes that while Furtwängler faded into obscurity, the recording industry "became a mighty money machine . . . a vast parade of younger conductors" who offered only "an ever-increasing trend toward silken homogeneity of orchestral and vocal sound. . . . No conductor of the 20th century made more of a fetish of it than Herbert von Karajan. Whether it was an achievement in musical expression did not seem to matter much. . . .

"But Karajan always felt cowed by his fear that Furtwängler was irrefutably superior, and he turned from striving to be the world's greatest conductor, to becoming the world's most powerful, and in that objective he attained the highest glory . . . for few musicians leave an estate worth more than \$270 million. But the *Alberich* [gnome] within Karajan made him miserable. After a sensational performance, his men came to congratulate him. '*Quatsch!*' he grunted. 'Furtwängler would not have liked it.' " Amen.

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ADL unit gets a drubbing at hearing on Demjanjuk frameup

by Jeffrey Steinberg

The nightmare may not be over yet for John Demjanjuk, the man falsely accused of being the World War II Treblinka concentration camp guard and mass murderer "Ivan the Terrible." But the Aug. 11 hearing before the Sixth Circuit Court of Appeals in Cincinnati, Ohio at least gave Demjanjuk, who sits in an Israeli prison awaiting the outcome of an Israeli Supreme Court review of his conviction and death sentence, the first opportunity in 15 years to have his case publicly aired before an apparently unbiased and serious American judicial panel.

The outcome of that hearing could not only mean freedom and a return to the United States for John Demjanjuk, who is now 75 years old. It could spell the beginning of the end for the Justice Department's self-styled Nazi hunting unit, the Office of Special Investigations (OSI), and its private controller, the Anti-Defamation League of B'nai B'rith (ADL). If the revelations of widespread corruption and fraud aired at the hearing form the basis of the court's ruling and succeed in fueling anticipated congressional hearings this autumn, the ADL and other Zionist outfits that have run the OSI as their private secret police force from its inception could find themselves stripped of one of their most important points of corrupting penetration into the U.S. government.

One of the clearest signs of the growing panic within the Zionist lobby was the last-minute filing of an *amicus curiae* brief by the American branch of the International Association of Jewish Lawyers and Jurists (IAJLJ), requesting permission to intervene into the appellate deliberation on the side of the OSI and the Israeli prosecutors. That brief, written by Nathan Lewin, one of the attorneys representing convicted Israeli-Soviet spy Jonathan Jay Pollard, concluded with the following tell-tale warning:

"Over the past 15 years, the Department of Justice has

proceeded vigorously with great fairness against Nazi war criminals in the United States. Some public figures, including even candidates for the nation's highest office, have vociferously fought this national policy and sought to derail it. They doubtless see this case, and its present posture in this court, as an opportunity to disparage what has been accomplished and bring the commendable effort to a halt. We urge the court to deny the petitioner's motions and thereby forestall this unfortunate consequence."

Independent presidential candidate Lyndon LaRouche is the only candidate currently running who fits Lewin's description.

Ironically, while leading American Zionists like Lewin have gone into a state of panic over the unraveling exposé of OSI corruption in the Demjanjuk case, leading Israeli jurists, led by the former vice president of the Israeli Supreme Court, Chaim Cohen (the founder of the IAJLJ, according to the Lewin brief), have publicly branded the Demjanjuk prosecution "a spectacle for the people [in which] . . . any connection between the proceedings and justice is totally coincidental."

Government withheld exculpatory evidence

The Aug. 11 hearing, which took place before a standing-room-only crowd of reporters and Demjanjuk supporters, came as the result of a Sixth Circuit decision to reopen the Demjanjuk deportation and extradition matter in June. As Chief Judge Gilbert Merritt explained at the outset of the two-hour hearing, the court reopened the case out of concern that it had "mistakenly affirmed" the lower court's extradition order on the basis of "Department of Justice prosecutorial misconduct and fraud on the court." "This is the bedrock question," Merritt stated. Merritt and the two other appellate

justices hearing the arguments, Pierce Lively and Damon Keith, frequently interrupted both the Demjanjuk and OSI attorneys with probative questions about the facts and the legal issues in the case.

Edward Marek, one of the Demjanjuk attorneys, began the hearing by reviewing crucial "markers" of exculpatory evidence in the possession of the OSI that were withheld from both the defense and the court.

Among the most damning exculpatory documents were transcripts of interrogations of two Treblinka guards, Pavel Leleko and Nikolai Malagon, who both identified Ivan Marchenko and a second man named "Nikolai" (Shalayev) as the two motor-men who ran the gas chambers during the period when Demjanjuk was allegedly working in that job and allegedly earned the name "Ivan the Terrible." Expert witnesses had established that during the period of 1942-43, when "Ivan the Terrible" committed the mass murders for which John Demjanjuk was convicted and sentenced to death in Israel, there were only two motor-men at Treblinka.

Furthermore, a report prepared by the Polish Main Commission, a body assigned to investigate the war crimes at Treblinka and the other Nazi concentration camps in Poland, listed 43 known Treblinka guards who had been assigned to the camp during the time period in question. Ivan Marchenko's name appeared on that list, but there was no record in the Polish files of any John Demjanjuk having been at Treblinka, according to a letter sent from the Polish commission to the OSI in August 1979.

Not only did the Justice Department have all of these documents in their possession prior to the first court hearing in the Demjanjuk case; they were well aware of the fact that the identification of Ivan Marchenko as the "Ivan the Terrible of Treblinka" posed a serious problem for their case against John Demjanjuk.

On Jan. 24, 1980, Norman Moskowitz, the OSI trial attorney then in charge of the Demjanjuk case, wrote a memorandum to OSI Deputy Director Alan Ryan asking Ryan to request additional documents from the Soviet government. "Please ask the Soviets to check the written statements of the interrogations conducted in relation to the investigation of F.D. Fedorenko and others who were guards at Treblinka for the name of Ivan Marchenko or the Ivan who worked at the gas chambers." Moskowitz then asked Ryan to "ask them about the purported completeness of the guard list they sent us and the camp to which it relates (Trawniki, Treblinka, or other?) . . . Demjanjuk's name is not listed."

The same Norman Moskowitz, in March 1981, wrote to the court and to the Demjanjuk defense team that the "discovery record is complete." This letter was written despite the fact that the Leleko, Malagon, and Polish Main Commission documents—among many other exculpatory records—had not been provided.

OSI attorney Patty Stemler, under intense questioning by Justice Lively, admitted that it would have been "prudent"

for the government to have provided the documents. But she insisted that the government's only obligation in an extradition case was to provide the court with evidence that the government's eyewitnesses had committed perjury. No such evidence existed, she claimed, although she was forced to admit under interrogation from all three judges that a former OSI official who had worked on the Demjanjuk investigation had expressed serious reservations about the photo identification techniques used by the Israeli authorities. That official, George Parker, according to Demjanjuk attorney Michael Tigar, had gone to Israel shortly after several Treblinka survivors had picked out Demjanjuk's photo, and had returned to the United States worried that the Israelis had manipulated the witnesses into picking out the Demjanjuk photo.

Chief Justice Merrick reminded Stemler that in another famous OSI prosecution (the Walus case), a dozen witnesses had positively identified the accused through photo ID techniques, and they had all been proven "completely in error."

"We are dealing here with Nuremberg retroactive law, involving capital punishment. This is more than just some bank robbery case. This is a most serious matter," Judge Merrick admonished the OSI attorney. Judge Lively, who wrote the original opinion for the Sixth Circuit upholding the extradition and deportation, further chastised the OSI for having lied to the court by giving the false impression that the judges had been provided with the complete file on the case—including all exculpatory documentation.

The government 'forgot'

When Stemler asserted that the OSI may have "forgotten" to provide certain exculpatory documents but had not committed fraud on the court, Justice Keith weighed in: "It is striking to think of the power the government possesses when they go after someone. The government has a greater obligation to ensure equal justice under the law."

At the close of his presentation, attorney Michael Tigar offered a "modest proposal" to the court. Tigar asked the court to issue an order granting Demjanjuk permission to return to the United States on parole pending the full decision of the Sixth Circuit. Tigar reasoned that if the Israeli court freed the retired Cleveland auto worker, he would still be unable to return home, given the still-active denaturalization order. Chief Justice Merritt asked OSI attorney Stemler if she would consent to such an order. She immediately declined, forcing the court to order briefs to be prepared.

The issue of John Demjanjuk's American citizenship may soon be the most time-sensitive issue before the court. According to statements by Tigar and by John Demjanjuk, Jr. following the Aug. 11 hearing, the Israeli Supreme Court is expected to rule within the next few weeks on the Demjanjuk appeal, and both men are now optimistic that the conviction will be reversed and that the court will not allow Demjanjuk to be tried for charges unrelated to the "Ivan the Terrible" Treblinka allegations.

'Big Brother' makes new power grab as Barr targets state legislatures

by Leo F. Scanlon

The Bush administration began its pre-convention political offensive in July with a press conference called by Attorney General William Barr to present the latest federal program to combat violent crime—this time by targeting the defense bar and the judiciary committees of state legislatures for political attack. Barr's premise that violent crime can only be stemmed by ripping up the Bill of Rights at the state level, as the Department of Justice has done in federal courts, was itself exposed as a fraud by a DOJ report issued in June which showed a significant *drop* in the rate of violent crime nationally. This fact has not stemmed the Bush administration's zeal to increase the reach and political power of federal prosecutors.

The Bureau of Justice Statistics reported in June that violent crime dropped 25% in cities, 17% in suburbs, and 10% in rural areas in the decade from 1981 to 1991. The rate of crime (number of crimes reported per person) in urban areas is nearly double what it is in rural areas, while the absolute number of crimes are increasing in many categories. In other words, there is an increasingly violent climate for a slightly smaller class of victims. This is a reflection of the Bush administration's strategy of containing (but never eliminating) the drug traffic, and allowing it to "burn out" the most susceptible populations.

In addition, the Senate had already inked a bill to provide \$23.6 billion to the Justice, State, and Commerce Departments, and given top money—almost \$10 billion—to the DOJ, with \$409 million (\$70 million more than requested) for prison construction. In fiscal 1981, the DOJ appropriation was \$2.45 billion, and it has since grown to the currently authorized \$9.8 billion.

With this background, Barr was at pains to deny that his program is "partisan or political," and to present it as a serious "anti-crime" measure. He then proceeded to target state defense lawyers. "Frankly, in many states, the judiciary committees of the state legislatures are under the influence or in the grip of the organized criminal defense bar," he complained. The miraculous fact that there are still attorneys committed to enforcing criminal laws without destroying the Bill of Rights is the political "problem" being targeted by the

DOJ. Barr continued, "Now, one of the reasons we have not done a better job of reforming our state criminal justice systems in this country is that there has not been a well-organized constituency pressing for reform. . . . This violent crime report helps explain to the average citizen what is wrong and what can be done about it. . . . We hope it will become a catalyst for galvanizing a broad and ultimately irresistible coalition pushing for strengthening the criminal justice system, a coalition of law enforcement community, victims' organizations, and citizens groups."

Such a coalition is being created by the Department of Justice, which is expending millions of dollars to fund "community organizations" and "victims' rights" groups committed to its political agenda: more prisons for the nation with the highest incarceration rate in the world, a federally mandated death penalty for a wide variety of crimes, and no constitutional remedy for corrupt prosecutions and tainted convictions.

'Model' programs

The two major programs cited by the attorney general as models for the reforms he intends to impose on reluctant state legislatures are the "Weed and Seed" program and "Project Triggerlock." These programs represent efforts to meet three goals outlined by Barr: "Reform the federal and state criminal justice systems . . . seek the greatest impact possible through cooperative efforts by federal, state, and local law enforcement . . . and integrating law enforcement with social and economic revitalization in targeted inner-city neighborhoods."

The "Weed and Seed" program has been a featured element of the administration's response to the Los Angeles riots and has been widely and justly criticized as a sham. In effect, the administration is trying to cover over decades of neglect of urban infrastructure and the collapse of the job base its policies have caused by funneling pathetic amounts of money through the Justice Department and into "enterprise zones." This money has become the cement for a political alliance between federal politicians and the terrorist gangs themselves.

"Project Triggerlock" is part of a broader effort to "federalize" a wide variety of criminal offenses. In this case, federal firearms laws are aggressively used to prosecute violators who use guns in commission of crimes otherwise under the jurisdiction of the states. According to the DOJ, this means that "stiff penalties, no parole, pretrial detention, available prison space, and speedy trials" in the federal system can replace state criminal courts. The program is often touted as a model for creating de facto federal gun control measures which can be imposed on reluctant state governments.

These political gimmicks are supplemented by the DOJ effort to spread its most potent weapons, the asset forfeiture programs and the totalitarian "informant" apparatus (which is probably the biggest and most highly paid such network in the world) deep into the structure of state and local law enforcement machinery. Fortunately, these programs will soon be subjected to long overdue congressional scrutiny.

Congress will investigate

The Committee on Government Operations of the House of Representatives has scheduled a hearing on the informant apparatus for the first week of September, and will demand an accounting for the \$30 million distributed to criminals in 1991.

The figures released by the committee were obtained from the Department of Justice as part of an ongoing probe into the asset forfeiture program, and represent merely the tip of the iceberg of black money which is being controlled and distributed by federal and local law enforcement agents. The \$30 million reported by the DOJ is only the official cash disbursements made to informants, who are allowed to receive up to 25% of the cash value of assets seized as a result of their efforts. Far more money and property are floating around in the system in the form of drugs which "disappear" so that agents can supply informant networks; in the form of stolen property which is utilized by informants who commit crimes "on contract" from federal and local agencies eager to boost their arrest totals; and in the form of assets seized without warrants, and without due process of any sort, from low-level drug users and distributors who are the prime targets, and virtually the only victims of these draconian measures.

But even the official figures are shocking. According to the DOJ officials, 14 people in 1990 and 1991 received a quarter of a million dollars each—in a single payment; others received payments totaling half a million dollars, and one very valuable informant earned \$780,000—more than President Bush and Vice President Dan Quayle's salaries combined. These are federal figures, and reflect the tremendous resources poured into high-profile political prosecutions of administration enemies like Gen. Manuel Noriega of Panama. State figures are believed to be just as staggering.

The corruption in the asset forfeiture programs (which provide most of the funds to pay informants) is so widespread

that the Department of Justice is planning to issue a series of guidelines which strongly recommend against seizing assets without a court order—a slap on the wrist to the prosecutors who have become addicted to the political power and easy money which the asset forfeiture statutes have brought within their grasp.

The asset forfeiture statutes were originally developed and justified as a necessary tool to "take the profits out of crime" by allowing prosecutors to seize any monies or properties acquired in the course of certain types of criminal activity—originally, this meant large-scale drug dealing. Since the money (and most of the property) used as currency in the drug economy is fungible, it could easily disappear between the time of indictment and conviction. Pre-conviction seizure of such property is a dangerous infringement on constitutional protections of due process, but statutes which legitimized such actions were sold to legislatures in much the same way that the Vietnam commander explained, "We have to destroy the village in order to save it."

The DOJ produced manuals instructing local police agencies on how to sell this concept to reluctant state legislatures, emphasizing that there is a great danger that such mechanisms will lead to the "perception of corruption" on the part of law enforcement officials. The sales campaign was successful, and the statutes were not only adopted by state legislatures, but expanded on both the federal and state level to encompass ever broader categories of criminal activity, including, but not limited to, money laundering, bank-related crimes, immigration violations, and prostitution.

The nub of the scheme is that the individual arrested or indicted by the government for allegedly participating in one of the listed offenses forfeits his property and bank account to the government, unless he can prove he has an innocent claim to the goods. The government need prove nothing else. The *Houston Chronicle* reported that about half of the vehicles and real estate seized in such actions are ultimately returned to their owners (after accumulating storage and management costs).

This is small consolation to the victims. As in the celebrated prosecution of Washington power-broker Clark Clifford, the prosecutors virtually own the defendant, and can dictate the amount of money he will be allowed to live on, and even the amount expended for his defense—that is, the prosecutor indirectly threatens the defense itself. All of this occurs *before* a finding of guilt of any kind.

A system of corruption

A New Jersey prosecutor who has been sued by one of his victims represents a typical case. Nicholas L. Bissell, the prosecutor, is alleged to have stripped James Guiffre, a builder, of \$174,000 of property on the basis of a charge of possession of \$700 of cocaine. The forfeiture took place on the day after his arrest without a formal complaint being filed, a lawyer being present, or a judge being consulted. Guiffre

acknowledged that he "illegally and stupidly" used cocaine, but insists that he was never the "middle-level drug dealer" Bissell accused him of being. Nonetheless, Guiffre, a first-time offender with no record, was threatened with the confiscation of his home, prosecution on felony charges that could lead to 10 years in prison, a \$200,000 cash bail, and loss of his professional licenses, unless he agreed to sign over the deeds to his property and stipulate that they were bought with proceeds from drug dealing. When he asked to consult with a lawyer, he says he was told that there would be no deal if an attorney entered the picture.

The two lots were sold several months later with Bissell's approval for a total of \$20,000 to a buyer who later conveyed the property to Bissell's chief detective, the man who struck the deal with Guiffre. According to the *New York Times*, Bissell has about \$300,000 (about half his current forfeiture fund) in a tiny Somerville, N.J. bank that opened last December with total deposits of \$1.8 million. The president of the bank, Robert P. Corcoran, is a long-time business associate of Bissell, and has joint investments with Thomas C. Miller, the county counsel, whose law partner, William Welaj, is a co-owner with Bissell in the office building the partner's firm occupies.

Such petty corruption and contempt for constitutional procedure are endemic among state prosecutors who are eating the poison fruit of asset forfeiture. Bissell's office defends its practices, which are the subject of many complaints, as standard operating procedure. In 1989, Salem County, New Jersey prosecutor Frank Hoerst III was accused of stealing \$40,000 from his forfeiture fund after he was audited by the state attorney general. Hoerst was removed from office, pled guilty to taking a lesser sum, and was given a non-custodial sentence when he paid an \$8,000 settlement.

War on the Constitution

The mild punishment given to Hoerst is part of what encourages the brazen corruption manifested by Bissell's office. Far more important is the attitude which flows right from the top of the government—expressed by President Bush in his rant at the end of his escapade in the Persian Gulf, the call to bring "Desert Storm" home to the streets of America. Justice Department officials are habituated to use the vocabulary of war to characterize their approach to criminal justice issues, and apparently are intoxicated by their own rhetoric. DOJ spokesman Matt Jeanneret was asked to explain the inequities of the asset forfeiture program and told a reporter that "asset forfeiture is to law enforcement what air power is to modern warfare."

But the administration's war on the Constitution is failing on every count. According to the *Houston Chronicle*, the federal government loses money on up to half of its seizures in Houston and south Texas. Even the Justice Department can't stop the devaluation of real property in George Bush's depression.

House committee calls for Inslaw prosecutor

On Aug. 12, the House Judiciary Committee, chaired by Rep. Jack Brooks (D-Tex.), announced the completion of its long-awaited investigative report on the Inslaw scandal, in which senior Justice Department officials of the Reagan-Bush administrations are accused of having stolen copyrighted software from the Washington, D.C. computer firm and sold it internationally, following unsuccessful efforts to bankrupt the firm.

As the result of efforts by committee Republicans, the release of the report was delayed until after Congress reconvenes in September. However, in a press release, Brooks announced that the report called for the attorney general to appoint a special prosecutor to review the actions of government officials and their "private sector friends" in the looting of Inslaw. Brooks also called upon the Justice Department to pay reparations to Inslaw owners Bill and Nancy Hamilton, in addition to the back payments owed to the firm for the use of its software.

According to the limited public accounts of the Brooks report, committee investigators were able to confirm that pirated copies of the Inslaw software program, Promis, were located in Israel, in the Bahamas and in the office of a district attorney in Colorado.

Among the documents uncovered in the course of the committee probe were communiqués between Deputy Attorney General Arnold Burns and his boss Edwin Meese, in which Burns stated that the Justice Department would lose any court case brought by Inslaw and that it would be prudent to attempt an out-of-court settlement. Burns would later engage in strongarm tactics to sabotage Inslaw's legal initiatives.

According to one source close to the House Judiciary Committee, the Brooks probe also developed evidence that investigative reporter Dan Casolaro, who was found dead in a West Virginia hotel room in August of last year, was probably murdered. At the time, local police and medical examiners had declared Casolaro's death a suicide, despite evidence that he was in the process of unearthing critical evidence of government criminality in the Inslaw affair. According to a forensic expert interviewed by Jack Anderson on a CNBC documentary aired on Aug. 11, previously secret autopsy evidence revealed that Casolaro had died from over a dozen deep cuts on both of his arms and that he had bruises on the back of his head and on both of his legs, indicating that there had been a struggle just prior to his death.—Jeffrey Steinberg

Dannemeyer challenges 'ozone hole' hoax

by Marsha Freeman

On Aug. 6, Rep. William Dannemeyer (R-Calif.) announced at a Washington press conference that he will be introducing a resolution into the U.S. Congress to stop the "rush to judgment" over supposedly declining levels of stratospheric ozone. The resolution calls for the convening of a presidential commission, composed of scientists on both sides of the issue, to discern whether there is any thinning of the stratospheric ozone layer, outside of normal seasonal and climatic variations; whether the use of man-made chemicals has an appreciable effect on ozone depletion, if it does indeed occur; and whether there has been a dangerous increase in ultraviolet (UV) radiation as a result of this posited ozone depletion, as is claimed.

Joining Dannemeyer at the press conference were Dr. Hugh Ellsaesser and Dr. S. Fred Singer, who have been prominent among those scientists raising serious questions about the scientific validity of the ozone depletion theory. A list of 22 scientists from around the world, including former Atomic Energy Commission head and governor of Washington state Dr. Dixy Lee Ray, in support of the resolution, was released to the press.

Joining Dannemeyer as original sponsors on the resolution are Reps. Richard Armey (R-Tex.), Jack Fields (R-Tex.), Bob Stump (R-Ariz.), and Clyde Holloway (R-La.).

Bush made error in judgment

"Extremists have been so exercised over 'ozone depletion,'" Dannemeyer stated, that "they were able to get the Senate (led by Al Gore) to sustain a treaty to ban chlorofluorocarbons (CFCs) by the year 2000," which was based on "very bad science, and bad politics."

Not at all shy about criticizing his fellow Republicans, Dannemeyer charged that "President Bush unilaterally moved the date up to 1995," which was an "error in judgment, as well." Neither the politicians nor the people promoting ozone hole stories have informed the public of the consequences, Dannemeyer stressed.

Banning CFCs on the basis of faulty science and unproven computer models would involve a "cost in human suffering [which] will be profound," Dannemeyer stated. This includes the threat to the health and survival of 20-40 million people in developing nations, because the ability to refrigerate food, medicines, vaccines, blood, and other life-saving

materials could be interrupted as nations lose their major source of freon and other CFCs, which is the United States.

The CFCs ban will have dramatic consequences in the United States as well, Dannemeyer warned. "This law means that your refrigerator and air conditioner will be illegal by 1995," he stated. The cost to the American consumer for new refrigerators, home and automobile air conditioners, freezer units, and other necessary CFCs-dependent equipment could reach \$1 trillion.

Scare stories

For the past six months there has been an endless stream of scare stories about the possibility of increased cases of skin cancer from a supposedly gaping hole in the ozone layer, which, we are told, will let in dangerous levels of ultraviolet radiation.

Ellsaesser, retired from the Lawrence Livermore National Laboratory, pointed out that even if the worst scenario of ozone depletion were true, the effect in terms of increased radiation would be the equivalent of moving 100 miles closer to the equator. For people living in Washington, for example, this would mean moving to Richmond, Virginia. Ellsaesser recommended that people read the recently released book *The Holes in the Ozone Scare*, published by 21st Century Science & Associates in Washington, D.C., to get the facts on the ozone "hole" and to debunk the scare stories on health effects (see *EIR*, Aug. 14).

Singer, head of the Environmental Policy Project, stated categorically that the supposed "health effects are mostly hype and hoax perpetrated on the public. I don't understand why newspapers print them."

A leaflet attacking the resolution was distributed at the press conference by the Alliance for Responsible CFC Policy, which includes companies such as refrigerator manufacturers, who will certainly see an increase in sales when each of us has to replace our household appliances, and CFCs producers, such as Du Pont Corp., which will reap huge benefits when people are forced to buy its enormously expensive CFC "substitutes." The Alliance claimed in its leaflet that the "suggestion that the issue is a 'hoax,' supported by a handful of scientists . . . is absurd."

Singer stressed, however, that the "scientific disagreements are quite serious," and that it was past time to have an unbiased assessment of the science involved in questions of ozone depletion.

Once introduced, the resolution is expected to be referred to the House Energy and Commerce Committee. There, it is likely that Rep. Henry Waxman (D-Calif.), the chairman of the Health and Environment Subcommittee who is a supporter of numerous environmental hoaxes, will try to bottle it up to ensure that it never leaves the committee. Therefore, an outpouring of widespread public support for the resolution is needed in order to force an open and honest debate of the issues.

Farmer makes unique run for Congress

On Aug. 3, South Dakota cattle and grain farmer Ron Wieczorek filed for Congress in the state capital of Pierre as an independent for South Dakota's only congressional seat. He faces three-term incumbent Democrat Tim Johnson. Judging from Wieczorek's past activities, his campaign to fight for farmers and improve the farm economy promises to be unique.

At the press conference following his filing, Wieczorek said he did not intend to run in the traditional mold of farm protest candidates, although the situation facing farmers, himself included, is dire. Rather, he said, he would use his campaign to organize a coalition of labor, the civil rights movement, Native Americans, churches, and others, to try to change the economic policies nationally which are distressing all Americans.

Wieczorek told the press that he supported the economic plan of independent presidential candidate Lyndon LaRouche. He told Associated Press and the radio stations which covered his announcement outside the state auditor's office in the capitol, that the country needs a congressman who knows, first and foremost, how to solve the economic crisis. He emphasized the LaRouche policy of putting the economy through bankruptcy reorganization to reduce the debt, and generating new, low-cost credit for production by nationalizing the Federal Reserve and establishing a national bank.

A moral obligation

Conditions in the farm belt require emergency action. Prices have been below 50% of the cost of production throughout the 1980s and liquidations have claimed vast numbers of independent family farmers, but it is the view of a growing number of activists around the Food for Peace campaign, which Wieczorek represents, that a return to productive farming conditions for farmers in the United States can only come about through a movement which recognizes the moral obligation of farmers to feed the world. They intend to link up with farmers abroad who share this commitment, and with eaters in the cities, to break the stanglehold that "free trade" and "market-oriented" production policies have over the U.S. agricultural sector. Over the past three years, Wieczorek has hosted Australian and German farm leaders in his hometown of Mitchell.

As one of the byproducts of free trade, farmers have watched each other go bankrupt in order to profit at one another's expense. Wieczorek challenged this outlook and

organized 40 farmers, mainly friends and neighbors, to demonstrate outside Davison County Court House on July 23 to protest a pre-foreclosure hearing on his own property by the Farmers Home Administration (FmHA). At the hearing, he challenged the conventional wisdom that farmers like himself are going broke because they are poor managers or because they have not adopted "market-oriented" farming approaches. He called for an investigation of the corrupt practices of the government-backed farm credit agencies (the FmHA and the Farm Credit System) which have become little more than arms for the usury of the Wall Street bankers and the grain cartels. Farmers like himself were offered debt restructuring if they were unable to manage their huge debts at current below-cost prices. The catch was that these agencies were just buying time to stagger the liquidations, seizing more assets and cash in the process.

Wieczorek told demonstrators, "Although I am facing the possibility of having my farm and home foreclosed by the Farmers Home Administration, the issue here goes way beyond my own personal situation. The issue here is a criminal policy of forcing good farmers off the land who are ready, willing, and able to produce, while our nation and the world are facing a food shortage disaster. Whatever the result of my own hearing today, I intend to help build the Food for Peace movement of farmers united with the eaters of the big cities to change government policy. I will invite civil rights leaders to come and meet with us in South Dakota. I will reach out to the churches, labor, Native Americans, and leaders of eastern European and other ethnic groups. I will welcome support and solidarity from farmers in Australia, Canada, Poland, Germany, and elsewhere."

In June, he traveled to Washington to meet with the offices of South Dakota Sens. Larry Pressler (R) and Tom Daschle (D) to present evidence of widespread government-countenanced fraud against farmers in the Omaha Farm Credit district, which includes South Dakota. He attacked the Dutch giant Rabobank for buying up farm loans in the United States, including government-guaranteed loans, from cash-strapped farm banks, only to turn around and liquidate the farmer. Daschle promised that the information presented by Wieczorek would be investigated.

On another front, Wieczorek has challenged traditional ideas about farmer organizing. In contrast to the impotent organizing of most U.S. farm organizations which tell farmers to look out for themselves first, Wieczorek has stressed that the purpose of farming is to feed people. As a leader in the Committee to Save the Children in Iraq, he helped to promote and publicize efforts to send milk powder from the United States to children in Iraq who have been starved because of the U.S.-led embargo. The campaign has organized the delivery of over 9,750 pounds of non-fat dry milk to children's hospitals in Baghdad, largely through the efforts of farmers. He promises that his campaign will support more humanitarian relief to Iraqi children in the near future.

Elephants & Donkeys

by Katherine R. Notley

Cat got Bush's tongue?

"Bizarre even by the standards of Bush-speak," is how the London *Guardian's* Simon Tisdall characterized an outburst by George Bush in Colorado Springs Aug. 6, during a discussion with "an astonished group of conservative legislators," when he compared himself to a Roman gladiator who escaped certain death by biting a lion in the groin.

Tisdall continued, "As the audience looked on in stunned silence, the President triumphantly explained the metaphor. The lion with the newly acquired falsetto roar was Bill Clinton." After this incident, Tisdall wrote, it was "not entirely surprising" that the White House announced that four speechwriters had been sacked on Aug. 7.

"The whiff of the circus accompanied Mr. Bush on other campaign stump stops this week, although the classical references grew confusing," said Tisdall. In one campaign stop, the President vowed: "I think there's a Trojan Horse lurking in the weeds, ready to pull a fast one on the American people. And I am simply not ready to let that happen."

Then, in Reno, Nevada, he spoke of the "Pavlovian impulse to raise taxes at every turn."

The London weekly the *Economist* also lampooned Bush's malapropisms. Under the heading, "Deconstruction and the White House," a recent issue had the following item, accompanied by a cartoon of a George Bush with his tongue tied in knots:

"As George Bush contemplates the prospect of changing careers, he might consider returning to his alma mater, Yale University. Most politicians who retire to academia find their natural slots in departments of government or politics; Mr. Bush may be

an exception. His real home is surely Yale's department of comparative literature.

"It is there that the theory of deconstruction, which holds that words have no fixed meaning, has flowered most extravagantly. One literary critic, David Lehman, argues that, 'sooner or later the initiate into the mysteries of deconstruction must prepare to visit a linguistic abyss.' . . .

"Or dwell on a maxim offered by Paul De Man, the late doyen of the Yale school of deconstructionists. De Man held that rhetoric 'allows for two incompatible mutually self-destructive points of view, and therefore puts an insurmountable obstacle in the way of any reasoning or understanding.'

"Now consider two celebrated Bushisms: 'People understand that Congress bears a greater responsibility for this—but I'm not trying to assign blame'; or 'All I was doing was appealing for an endorsement, not suggesting you endorse it.' Even if Mr. Bush is refused a post at Yale, he could stay on as an object for study."

Donkeys jockeying for posts

According to Morton Kondracke's column in the Aug. 6 issue of the Capitol Hill newspaper *Roll Call*, "conservative" Democrats have been holding a series of meetings to negotiate their support of—and possible representation in—a Clinton administration.

On July 21, Rep. Dave McCurdy (D-Oklahoma) and Clinton issues advisers Michael Mandelbaum, Tony Lake, and Sandy Berger met with Richard Schifter, former defense official James Woolsey, and Adrian Karatnycky, foreign policy assistant to

AFL-CIO President Lane Kirkland.

Also at the July 21 meeting were Peter Rosenblatt, Penn Kemble, American-Israeli Public Affairs Committee counsel David Ifshin, "neoconservative" writer Ben Wattenberg, former Pentagon official Walt Slocum, and Josh Muravchik of the American Enterprise Institute.

Many of these people were backers of the late Sen. Henry "Scoop" Jackson and members of the Coalition for a Democratic Majority. These "conservatives" supported Jimmy Carter, but were then kept out of the Carter administration. On July 29 Mandelbaum and McCurdy met with Carter's former national security adviser, Zbigniew Brzezinski.

According to Kondracke, the favorites for cabinet positions among these "hardliners" are: Rep. Steve Solarz (D-N.Y.) for secretary of state; McCurdy, Woolsey, Les Aspin (D-Wis.) or Sen. Sam Nunn (D-Ga.) for defense secretary, and Mandelbaum for national security adviser. This crew is also trying to target Republicans who might be attracted to a tough Clinton foreign policy.

Meantime, Bill Clinton is pulling a number of top advisers from an elite organization called "Renaissance." The bipartisan group meets annually in Hilton Head, S.C. According to a study of the group published by *Legal Times*, the membership includes Justice Harry Blackmun, Reagan-Bush speechwriter Peggy Noonan, Richard Thornburgh, Adm. Elmo Zumwalt, Florida Gov. Lawton Chiles, Republican strategist David Keene, Bush education secretary Lamar Alexander and Susan Porter Rose, Barbara Bush's chief of staff.

Some critics called the group "a cozy gathering of like-minded members of the Southern elite," according to *Legal Times*.

Congressional Closeup by William Jones

A spin whitewashes deaths in Panama invasion

At a press conference on Aug. 4, House Armed Services Committee chairman Les Aspin (D-Wisc.) issued a report on the estimated civilian casualties of Operation Just Cause, the Dec. 20, 1989 invasion of Panama, which claims that there were less than 100 civilian deaths.

Shortly after the invasion, former U.S. Attorney General Ramsey Clark visited Panama to conduct an independent investigation of the civilian casualties. Uncovering mass graves, he and others in Panama estimated that as many as 4,000 civilians had been killed in the operation. Southcom, the U.S. military command in charge of the invasion, at the time claimed only 89 Panamanians, military and civilians, had died in the invasion, and denied the existence of mass graves. Five months later, a public exhumation of the grave identified by Clark was carried out in the presence of CBS television cameras for "60 Minutes," and 123 bodies were uncovered, some bound hand and foot. Reportedly there are another 10 such graves that have not been opened.

But Aspin, in an effort to remove such a "stain" on U.S. military operations, fearing, as Aspin expressed it, that "the question will come up later when the question of going to war comes up," is floating a figure of less than 100 civilian casualties. Admitting that they "will never be able to generate a precise number," Aspin maintains that the claims that thousands were killed were "supported by no evidence."

The subcommittee responsible for the investigation, under the chairmanship of Rep. Nick Mavroules (D-Mass.), based itself on what was presented as the names of all people reported missing in the aftermath of the invasion, lists which had been

cleansed of "duplications." They then took the total number of women on that list and, under the assumption that 50% of the innocent bystanders shot would have been women, they multiplied that number by two in order to get the total number of "innocent" killed.

The rest of the civilian dead were either members of the Dignity Battalions, or looters, they claim.

House passes IMF quota increase

The House passed the Freedom Support Act on Aug. 6 in a 255-164 vote. Supposedly to assist the republics of the former Soviet Union, in fact its main provision mandates a \$12 billion quota increased to the International Monetary Fund (IMF).

Many conservative Republicans voted for the bill, arguing that the United States could not ignore this "historic chance" to propel Russia toward democracy. Many Democrats opposed the bill as foreign aid which would drain resources from needs here at home. Others felt that the bill lacked any conditions which would assure that Russia remain on the road of economic "reform."

The title of the bill was a misnomer, since aid to Russia and the other former Soviet republics had been covered in other legislation. The act would simply assure that the U.S. would bear its share of the IMF quota increase, a precondition for any IMF help to Russia.

The real nature of the bill was recognized by some like Rep. Hunter Duncan (R-Calif.), who warned that the money authorized for the quota increase "will go not for food or to help the poor, but instead will go to aid big banks all over the world." The pas-

sage of this legislation, Duncan continued, "will certainly be good for the bureaucrats at the IMF, but it will do almost nothing at all for the average Russian citizen."

Congress shies away from taking up NAFTA

The upcoming election has caused some backers of the North American Free Trade Agreement (NAFTA) to place conditions on their support for a treaty. Last year, Congress gave President Bush "fast track" authority to negotiate the agreement, allowing Congress only to vote the treaty up or down without amendment.

The fast track authority was partially abrogated when the House voted 362-0 on Aug. 6 (with 72 abstentions) in favor of a resolution by Reps. Richard Gephardt (D-Mo.) and Henry Waxman (D-Calif.) which declared that Congress would not approve any trade agreement "if such agreement jeopardizes U.S. health, safety, labor, or environmental laws." This would include violations of legislation like the "endangered species legislation," the Clean Air Act, and other environmental regulations.

Attempt made to restore abortion counseling funds

On Aug. 6, the House voted 251-144 to eliminate the so-called "gag rule" which prevents federal funding for medical programs where abortion is a method of family planning.

Opponents of this restriction claim that it keeps the patients at these clinics from receiving all the information about the options they have facing pregnancy (i.e., information on abortion), and have attempted to turn the

matter into an issue of freedom of speech. This idea has been rejected by the opponents of abortion. As Rep. Chris Smith (R-N.J.), a strong backer of the "right to life," put it, "This is not a free speech issue. It is an issue concerning federal payments for the facilitation of abortion."

Smith noted that Planned Parenthood had spent a reported \$5 million to nullify the restrictions on abortion counseling and referrals at federally funded clinics. The legislation will now go to the Senate. President Bush has threatened to veto the legislation.

House GOP targets Gonzalez for Iraq probe

On Aug. 4, House Minority Leader Bob Michel (R-Ill.) presented a resolution calling for an ethics investigation of House Banking chairman Henry B. Gonzalez (D-Tex.), to determine whether he has "publicly disclosed classified information," a violation of House rules. The move is blatantly political, because Gonzalez had initiated the probe into the Bush administration aid to Iraq during the Iran-Iraq War.

Michel himself admitted that he introduced the resolution against Gonzalez "with great reluctance." The accusation that Gonzalez had disclosed classified documents in his regular revelations on the House floor of the Bush pre-Gulf war policy towards Iraq, stem from accusations raised by CIA head Robert Gates. The Bush administration had been upset by Gonzalez's exposure of their policy and what seems to have been attempts by the administration to cover up that policy.

The Gonzalez revelations have led the House Judiciary Committee to request that an independent prosecutor be assigned to the case. Attorney Gen-

eral William Barr has refused to take that step.

Michel warned that failure to restrain Gonzalez could justify the Executive branch withholding official secrets from Congress and, reflecting the arguments of the administration, that the Gonzalez revelations jeopardize "the security interests of our allies and the lives of our intelligence officers and their agents."

Authorization bill in order to prevent the cuts.

With the Senate scheduled to recess on Aug. 11, Armed Services Committee chairman Sen. Sam Nunn (D-Ga.) said the bill could be brought up again in September, but only with "extraordinary cooperation." If not, it would be impossible to rescue it before the next fiscal year begins, he said.

Mitchell delays 'Freedom of Choice' legislation

Senate Majority Leader George Mitchell (D-Me.) admitted on Aug. 5 that he would not introduce the Freedom of Choice Act during the present session of Congress. Democrats had hoped to pass the legislation, which is faced with a threatened presidential veto, in order to use it to mobilize abortion-rights advocates to the Democratic banner.

Mitchell had hoped that the legislation would be passed in the House first where there was less chance of crippling amendments being added. But the failure of Republican abortion-rights supporters to agree to restrictions that would bar consideration of popular amendments, such as requiring parental notification when a teenager seeks an abortion, have delayed the legislation there.

Senate cut in SDI could hamper defense bill okay

In a surprise move on Aug. 7, the Senate refused to block a proposal to trim \$1 billion from the Strategic Defense Initiative (SDI) budget over and above the \$1.1 billion reduction introduced by the Senate Armed Services Committee. Opponents of the cuts, led by Sen. Malcolm Wallop (R-Wyo.), are now stalling passage of the Defense

Senate calls for military action in Bosnia

The Senate passed a resolution introduced by Sen. Dennis DeConcini (D-Ariz.) in a 74-22 vote on Aug. 11, which urges President Bush to call for an emergency meeting of the U.N. Security Council to authorize "all necessary means, including the use of military force," to provide humanitarian relief to civilians in Bosnia-Herzegovina and to gain access to refugee camps in all of the republics of former Yugoslavia. The resolution also calls for the establishment of a tribunal to investigate allegations of war crimes and crimes against humanity by the Serbians.

Earlier in the day, the Senate Armed Services Committee heard testimony from a variety of top military people, including a representative of the Joint Chiefs of Staff and Maj. Gen. Lewis Mackenzie of Canada, who led the U.N. peacekeeping force in Sarajevo for five months, who all recommended against the use of military force in the relief efforts.

Action on the resolution had been delayed, however, when Sen. John Warner (R-Va.), ranking minority member of the Senate Armed Services Committee, objected that the language amounted to a "blank check to the U.N." that could lead to commitment of U.S. ground forces.

National News

U.S. churches: Iraq needs humanitarian aid

Leaders of 15 national church bodies on Aug. 3 called on Washington to work with the United Nations to ensure that humanitarian aid reaches the Iraqi people. The church officials stressed in a joint statement that the world community "and in particular the United States, is also to be held responsible for the continuing humanitarian consequences of the air war against Iraq." They continued that "as a matter of principle, humanitarian relief should be unconditional. . . . We express our deep concern that the United Nations Security Council is violating this principle in the case of Iraq, thereby making the health of many Iraqi children apparently contingent on the fulfillment of political requirements of some Security Council members."

Denominational leaders signing the statement included Episcopal Presiding Bishop Edmond Browning. Denominations represented included the United Methodist Church, the Evangelical Lutheran Church in America, and the Quakers.

Center to study Southern culture created in N.C.

The University of North Carolina said Aug. 3 that it was establishing a Center for the Study of the American South to oversee research on the nation's most populous region, according to the *Washington Times*. This "culture" that the university center will be studying includes everything from "Elvis Presley, Martin Luther King and Tennessee Williams to the War Between the States, the War on Poverty and the 'cola wars' between Coca Cola and its rivals."

The *Washington Times* reported that sociologist John Shelton Reed, interim director of the center, wants to promote "analysis and an understanding of the interaction among . . . political, economic, environ-

mental, medical, social, and cultural [factors] that shape the history and future of the South." A scholarly journal will focus on topics such as "politics of faith in the South," and "Southern and country music." The center will pattern itself on a number of other such centers, like the one at the University of South Carolina, which have turned the U.S. South into a separate "cultural studies" discipline.

More OSI victims sue Justice Department

The American Ukrainian Political Action Council of the United States, along with William Nezowy, its president, and Frank Walus, Radoslav Artukovic, and Anu Linnas, filed suit July 27 in federal court, challenging the constitutionality of the so-called "Holtzman Amendment" to the Immigration and Nationality Act. The complaint, filed in the District of Columbia, names as defendants Attorney General William P. Barr, the Department of Justice, the Justice Department's Office of Special Investigations (OSI), Neal M. Sher, Director of OSI, and the Immigration and Naturalization Service.

The Holtzman Amendment was named for then-Rep. Elizabeth Holtzman, who was a prime mover, along with the Anti-Defamation League and the *New York Times*, behind the creation of the Justice Department's so-called "Nazi-hunting" unit, now headed by Neal Sher.

The action charges that the Holtzman Amendment was unconstitutionally applied by the Justice Department, OSI, and Sher, which selectively and improperly enforced its provisions for political considerations against only those American citizens of eastern European origin. The complaint points out that, of the approximately 40 actions brought by OSI under the Holtzman Amendment, only two were against citizens whose nation of origin was any other area under Nazi occupation or control.

The complaint further challenges the procedures and methods used by OSI in enforcing the Holtzman Amendment as vio-

lating American constitutional guarantees, by denying to defendants of OSI denaturalization and deportation proceedings even the appearance of due process.

Letter calls for troops to police inner cities

A signed commentary in the Aug. 8 *Baltimore Sun* called on Baltimore's Mayor Kurt Schmoke to request the deployment of U.S. troops "currently stationed in Maryland to the worst sections of the city." Declaring that "Baltimore, Washington, and other major cities are in a state of siege as a result of drugs and . . . monsters who do not have any values," the letter from John Pantelides said the "troops could be dressed in police uniforms or be undercover."

The piece continues the recent drumbeat emanating from the circles of Mayor Schmoke. Schmoke is a leading proponent for legalizing drugs and "treating" the problem as a "public health problem."

Pantelides' appeal for police-state measures is couched in liberal phraseology, but appeals to the fear of urban residents.

"Many people who object to using the military are usually living in the suburbs and don't have to face the violence and fear for the lives of their loved ones. . . . I would remind my more conservative friends that if we fail to save those city kids now who are approaching the crossroads, then we should be ready to pay at least \$25,000 apiece each year to keep them in jail."

African-American mason hits Scottish Rite racism

Leaders of African-American freemasonic organizations have attacked white masonry, particularly the Scottish Rite, as a center of racism. The attack is contained in the latest issue of the *News Quarterly* (Spring, 1992), the publication of the "Supreme Council, Scottish Rite, Southern Jurisdic-

Briefly

tion, Prince Hall affiliation," in an article by editor Joseph A. Walkes.

Walkes exposes 19th-century Scottish Rite Commander Albert Pike as the national Chief Justice of the Invisible Empire of the Ku Klux Klan, and the organizer and alleged Grand Dragon of the Klan in Arkansas. Walkes describes Albert Pike as a "traitor to his country." The article carries a photograph of the memorial statue to Pike that is on federal property in central Washington, D.C. under the care of the U.S. Department of Labor. Walkes calls the monument to the KKK founder and Confederate general "an affront" to the residents of the nation's capital, most of whom are black.

The Prince Hall Masons' initiative occurs during a similar, ecumenical campaign by leaders of the Southern Baptist Convention. The Baptists' June 1992 national meeting adopted an anti-masonic resolution targeting the "racial discrimination" of secret societies. Recent literature of the Lutheran Church, Missouri Synod, also hits white masonry for racism against blacks.

Milken gets reduced sentence, keeps loot

The prison sentence of junk-bond king Michael Milken was reduced from 10 to 2 years on Aug. 5 because he cooperated with federal prosecutors and testified against former associates. Milken and his family retain at least half a billion dollars of his ill-gotten gains. The stink of the Milken deal is too much for even the *Wall Street Journal*, which has a sharp nose for police-state tactics—when they are directed against Wall Street financiers or Republicans.

Nationally syndicated columnist Mike Royko praised Michael Milken and the sentence reduction in a flagrantly racist piece printed in the Aug. 7 *Chicago Tribune*. Under the headline, "Bald Truth: Milken a Crook to Admire," Royko argues that "Milken is a financial genius. And the crimes he is accused of required a brilliant, creative mind. He wasn't busting in store windows and grabbing kitchen appliances or wrist-

watches. . . . To do what he did, Milken had to study hard . . . and go on to advanced degrees in economics and business. Isn't education one of our nation's top priorities?"

Royko is an ally of the Anti-Defamation League of B'nai B'rith, to which Milken contributed at least \$1 million for its "World of Difference" campaign which has infiltrated schools and police departments around the country.

'Balkanization' hitting U.S., moots London daily

Events in California are helping bring about the "balkanization" of the United States, wrote Charles Laurence of the London *Daily Telegraph* on Aug. 11. Laurence was reporting on California State Assemblyman Stan Statham's campaign for California to be split up into three states: North California, South California, and Central California. "This is northern California, and we are a different country," Statham proclaims. "We are a rural country, with rural values, clean air, and low crime figures. We want to be left to keep it that way. . . . I tell you that by the year 2000, there will be two more stars on the American flag."

According to Laurence, "what he is talking about is the secession of all the Californian counties north of Simi Valley and the Los Angeles conurbation from the Golden State, and not since the American Civil War has such an idea of secession been taken so seriously. On the day in early June when Californians voted in the presidential primaries, those in the northern half were also invited to vote on whether they would like to hive themselves off from the south. For the secessionists, it was the perfect moment. Los Angeles had just been consumed by race riots. The vote was overwhelming; 37 of 41 counties were in favor."

Wrote Laurence: "The idea of U.S. Balkanization, the negation of the old code of the Melting Pot, has gained strength for a decade." Parallel movements are developing in Staten Island, New York; in Florida; and elsewhere in the United States.

● MICHAEL BILLINGTON'S motion to have the Virginia Supreme Court rehear his appeal before the entire court was denied on July 31. Billington, an associate and co-defendant of Lyndon LaRouche, was sentenced to 77 years in prison on bogus "securities fraud" charges. He plans to file papers requesting that his bond be extended while he prepares his appeal to the U.S. Supreme Court.

● VIRGINIA'S Attorney General Mary Sue Terry's latest death row victim, Mickey Wayne Davidson, scheduled to be executed in Virginia in mid-August, has so far refused to use his appeal rights to fight his sentence. His case will be an unfortunate precedent, setting a record for the shortest time between a conviction and an execution. Despite the fact that he pleaded guilty, Judge Charles H. Smith heard evidence before sentencing him to death.

● MANY U.S. JEWS are becoming increasingly concerned about certain groups with their own agendas which are pushing a "Holocaust industry," almost replacing religion, according to the Aug. 4 German daily *Frankfurter Allgemeine Zeitung*. The distorted image of the Nazi genocide machine they give, blacks out resistance to the Nazis by non-Jewish Germans, as well as their efforts to save Germany's Jews.

● BOSTON'S City Council has passed an ordinance to compel all city restaurants and bars to install condom vending machines, according to a Reuters dispatch Aug. 7. It must be ratified by Mayor Raymond Flynn.

● TWO CONNECTICUT papers have urged George Bush not to seek reelection. The *Waterbury Republican-American*, and the *New Britain Herald* charge, according to Reuters, that "Bush had run out of ideas on how to deal with the economy. . . . It is time to step aside."

Editorial

The Russian coup one year later

When the news of a Soviet coup began filtering west on Aug. 19-20 of last year, it seemed that we had been given another window of opportunity to transform a grim international political reality which appeared to be bringing us ever closer to the brink of war. In the Aug. 30 issue of *EIR*, Nancy Spannaus quoted statesman and political prisoner Lyndon LaRouche on the developing Russian situation.

LaRouche said then, under the title "The West Needs a Recovery, Too," that "the essential thing is this. If the United States, and Britain, and Paris in particular, would learn their lesson, would learn to stop acting like fools, they would say to the Russians, 'All right. You can have your own economic reform, on your own conditions, without any Jeffrey Sachs plan, without any disastrous Polish model.'

"We would say clearly, we do not want to do to you, the nations of the Soviet Union, what our folly helped to do to Yugoslavia, and is helping to do to Poland, for example. Yes, we have some bad ideas, too, from our quarter. We want something that works; and we offer you cooperation to devise something that will work.

"We are withdrawing our demands that you accede to the crazy free trade ideas of Margaret Thatcher and similar ideological idiots. Let's have a sensible plan of cooperation for the economic reform and development of the Soviet Union and its member states. And we can say frankly, 'Look, buddy, we need it, too; the United States is in a depression. The U.S. recovery went on vacation in the summer of 1987, and is never going to return on the present schedule. Things just aren't that attractive.'

"We need a recovery. We need a boom in world trade. And rebuilding eastern Europe, and rebuilding areas of the Soviet Union and Central and South America and Africa and Asia are the best chance for the United States to get out of its own present depression.

"So, that's making a fairly short story long, and a fairly long story short. The short of it: Let's stop crying, 'I want my Gorbydoll!' Let's come up with concrete, practical offers *now!* If we make an offer, we can shape

the Soviet situation, at least the best we can shape it. *We better make the offer.* If we don't make the offer, we're just going to be bystanders perhaps watching a bloody civil war, or something worse, perhaps, than is going on already in Yugoslavia."

Today, one year later, the reality is that the world is presently *at war*. Russian President Boris Yeltsin knuckled under to International Monetary Fund pressure and imposed austerity measures on the Russian people which caused a ratcheting down of their nation's ailing economy such that there is hardly any food on many Russian tables.

Today, one year later, the Serbs are on the verge of applying a Hitler-style final solution on the Croats and Bosnians, while the rest of the world looks on. Today, the reality of the economic decline of the United States can no longer be hidden.

Today, one year later, there are indications that Yeltsin is in the process of making a shift in his government which will bring the military-industrial crowd back into power. If this is done in opposition to London and Washington, it would signal an end to the so-called liberalization, and a turn instead to the kind of Great Russian nationalism characteristic of the period prior to World War I.

Either the current economic and related policies emanating from the United States and Great Britain are reversed, or we will see the spread of "small" wars to every part of the globe, to an accumulation of local wars which will soon enough—if we don't stop it—lead to what every American will recognize as World War III. We will see the spread of famine and disease, and millions of innocent victims made homeless.

Are you willing at last to listen to LaRouche and his associates? Are you willing to wait another year while the world ratchets down into an irreversible crisis, or do you propose to act now, while there is still time? Unless you are willing to take responsibility for the actions of your government, and force a change, future generations may well curse us all for the devastation which we have left in our wake. Last year we were given a great opportunity. Next year it may well be too late.

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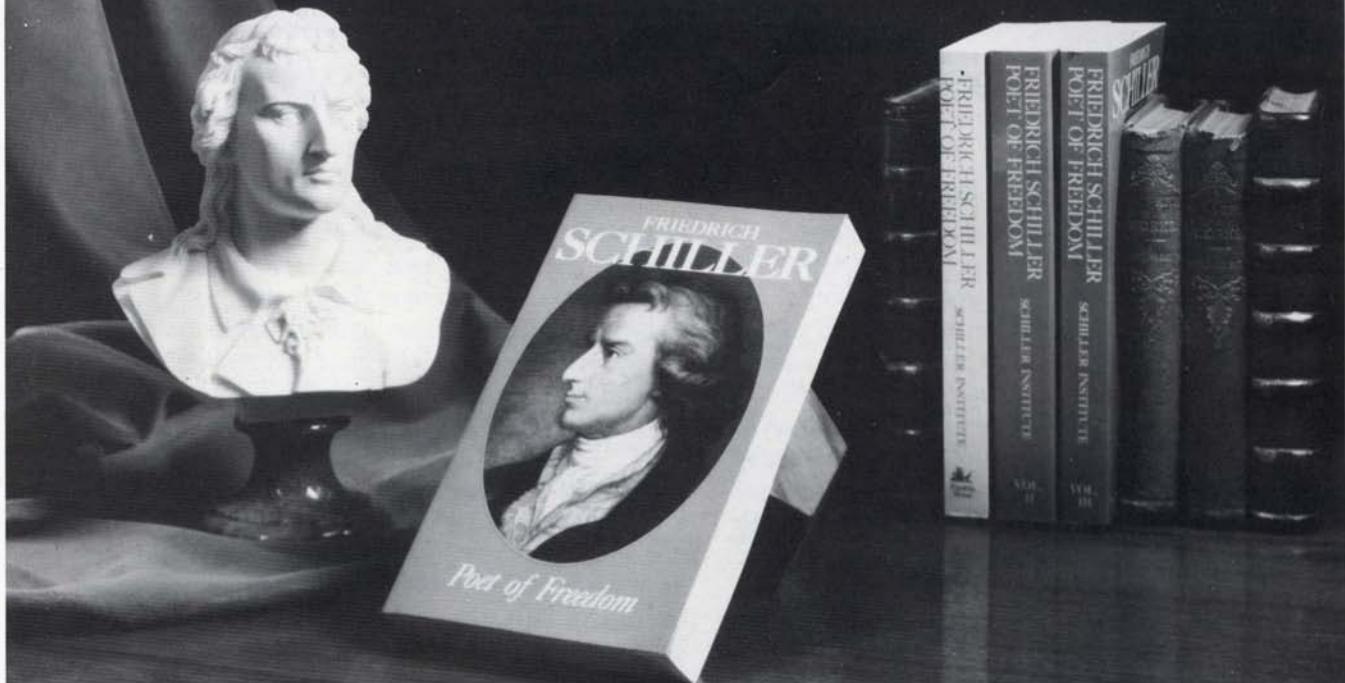
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