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From the Editor

Our two longer reports this week, focusing on Venezuela and Israel, both pose the question of Lyndon LaRouche versus Henry Kissinger in a stark way.

In **Venezuela**, for several weeks, ever since Lyndon LaRouche was outrageously sentenced to 15 years in prison on Jan. 27, there has been a prominent debate in the media over LaRouche and his economic policies in opposition to the International Monetary Fund. As the *Feature* recounts, “Third World debtors have long sought a political solution to the debt problem. The kind of ‘political solution’ now coming from Washington proves that Henry Kissinger is back in the saddle.” The result is over 1,000 deaths, but this only the beginning of the bloodshed unless there is a radical shift in policy.

Our package emphasizes the solutions offered by the Venezuelan Labor Party, an electoral party that campaigned for the presidency in 1988 on a platform based on LaRouche’s “Operation Juárez” proposal for Ibero-American countries to “grow their way out of the debt problem,” and worked out specific proposals for Venezuela in that context. At present, this also includes a drive to fire the top Rockefeller agent making Venezuelan financial policy, Tinoco.

As for the **Middle East**, the correspondent of *Middle East Insider*, a newsletter of EIR Nachrichtenagentur in Western Europe, interviewed two prominent Israeli figures with ideas about how to stop the rapid slide of the region into war. We are pleased to present in the *Eyewitness Report* the full texts of his exclusive interviews in Jerusalem with Generals Ezer Weizman and Mordechai Gur. Readers will note that General Gur, among other things, has some comments to make on the nefarious role Henry Kissinger played to sabotage peace in the Middle East based on mutual economic development—the approach for which Lyndon LaRouche has been outlining concrete programs since 1975.

The Kissinger Watch is being kept up now on all fronts. *EIR* has released for mass circulation, a 16-page Extra based on material published in the Feb. 24 and March 3, 1988 issues, entitled “Everything LaRouche said about Kissinger is true,” which is available in bulk orders at \$50 per 100 copies. In this issue, you will find further reportage of Kissinger’s misdeeds on pages 10, 48, 51, and 52.

Nora Hamerman

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In two exclusive interviews with the European newsletter *Middle East Insider*, Israel's Gen. Ezer Weizman, whose political and military record is impressive, has some very clear suggestions to make, both on how to deal with the PLO and the kind of in-depth political reforms needed in Israel, while former Chief of Staff Mordechai Gur follows with some most useful remarks on the role of Henry Kissinger.

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Neither that country nor Ibero-America as a whole "will ever go back to normal; what happened is irreversible," Lyndon LaRouche told a Rio de Janeiro daily. The upcoming elections in Argentina and Brazil, and everything else going on in the continent, will be shaped by the perception that IMF means "Inflation, Murder, and Famine."

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Brady's 'new' debt plan: old wine in old bottles

by Chris White

Perhaps someone around the precincts of the battered Bush administration will soon start to comprehend the idea that when trial balloons are to be floated it is important to ensure ahead of time that they are not manufactured out of lead. Treasury Secretary Nicholas Brady's latest such offering is a good example of this phenomenon.

On Friday, March 10, after three days of build-up through an orchestrated campaign of international press leaks, the Treasury secretary presented the outline conclusions of his months-long review of the debt crisis in a luncheon address to the Bretton Woods Committee.

Billed as the successor to the notorious Baker Plan, the name under which what the U.S. calls its debt policy has gone since 1985, the "new" updated version could readily be described as a broken-down Ford Escort, newly draped with chrome and trimmings, and marketed as the new generation of the Edsel. That's about how much mileage the new crowd should get out of the proposals they are now putting forward.

There are three components to the package announced that ought to be considered: first, what the proposals are; second, whose proposals they are; and, third, why they won't work.

'Voluntary debt reduction'

Up front, what is presented is a repackaging of the core features that have governed U.S. debt policy since 1982. The slogan now is "voluntary debt reduction." The slogan may sound good. Behind the label the contents of the package are the same combination of one-worldist, neo-malthusian incompetence that has remained unchanged as the bed-rock of U.S. policy, now matter how the product is labeled.

Insofar as the debtors and creditors are concerned, there are three elements to the package proposed: 1) The need for

what is called "debt reduction" or "debt relief." 2) The return of capital flight to debtor countries, which Brady claimed is equal to Ibero-America's total \$400 billion plus of indebtedness, and another speaker at the same event, William Dill Rogers of Kissinger Associates, estimated at about half the total. 3) Restructuring of debtor economies to permit private ownership, debt-for-equity arrangements etc.

The three elements translate into the cynical brutality of the same old package, which has been preserved as the objective throughout, and implemented piecemeal where possible. The basic idea is simple: Hand over the crown jewels of your economies, and in exchange we will buy them with the money we stole from you in the form of capital flight, converted according to new devaluations of your currency against the dollar. Your debt outstanding may be reduced in some proportion to the amount of equity looted out of your national patrimonies.

Needless to say, the language employed is actually more gracious in tone, but the hypocritical conniving shines through. As the Treasury secretary put it: "Debtor countries must focus particular attention on the adoption of policies which can better encourage new investment flows, strengthen domestic savings, and promote the return of flight capital. This requires sound growth policies which foster confidence in both domestic and foreign investors. These are essential ingredients for reducing the future stock of debt and sustaining strong growth."

Brady's outline, in this respect, was echoed in presentations given by Barber Conable, chairman of the World Bank, who focused on battered Mexico as the first candidate for the "new" approach, and by Yusuke Kashiwagi, chairman of the Bank of Tokyo. Paul Volcker, former chairman of the Federal Reserve, cautioned that the process "has to be well man-

aged,” otherwise “debt reduction clearly would be hazardous to the health of debtors and creditors alike.”

The looting of national equity with stolen money is to be overseen by the International Monetary Fund and the World Bank. As Brady put it: “The international financial institutions will need to continue to play central roles. The heart of their effort would be to promote sound policies in the debtor countries through advice and financial support.”

An old Trilateral scheme

This brings us to the second matter, the proposals that Brady is now putting forward as the fruits of administration review. Here there is no surprise. What Brady and the Bush administration now appear to be signing on to is the very package which the same Brady rejected only six months ago at the last annual conference of the International Monetary Fund.

This is the notorious design, associated with technocrats like IMF Managing Director Michel Camdessus, former Japanese Finance Minister Kiichi Miyazawa, and Central Bank chief Sumita, along with assorted others, including on the U.S. side, Sen. Bill Bradley (D-N.J.), and Congressmen Charles Schumer (D-N.Y.) and John LaFalce (N-N.Y.), President Carlos Andrés Pérez in Venezuela, ex-chancellor Helmut Schmidt in West Germany, and also Soviet party boss Mikhail Gorbachov.

Under this design, a new facility is created within the IMF and/or the World Bank, which remains to be settled as a political matter; the new facility is bankrolled out of Japan's current account surplus in the main, to issue bonds against which some portion of Third World can be redeemed at a discount from the face value of the debt. The bonds are to be collateralized against Third World foreign exchange holdings, though only Miyazawa ever made much of that feature. Now, no doubt some public relations specialist will start labeling this form of robbery a good way to bring capital flight under control.

The arrangement begins to shift the institutional function the International Monetary Fund and World Bank have fulfilled, since the 1973-75 adoption of the floating exchange rates, genocidal conditionalities regime, into that of a supranational worldwide central bank, and implicitly institutional core of a one-world financial dictatorship. When Camdessus presented his version of the proposal last September in the run-up to the IMF conference, it was accompanied by the parallel intent to transform the IMF's bookkeeping unit of account, the Special Drawing Right, into what he then called “the anchor” for the world monetary system.

In this scheme the hollowed-out institutions of the sovereign nation-state, especially in the developing sector, are put on notice that they are now to be crushed. Similarly, though, with the United States. In acceding to the demand that the IMF and World Bank set the terms for management of the proposed arrangement, the Treasury secretary is also

conceding that the United States itself is also about to come under such dictatorial control.

Brady put it this way: “While the IMF and World Bank will want to set the guidelines on how their funds are used, the negotiation of transactions will remain in the market place—encouraged and supported but not managed by the international institutions.”

Given this capitulation, or as respectable people put it, “compromise,” it is not surprising that standing critics of U. S. policy under dominance of the big banks like Citibank, Chase Manhattan, and Bank of America, such as Camdessus and Horst Schuman, a former aide to Helmut Schmidt, now find praiseworthy elements in the new U.S. package.

Why it won't work

The reasons why the whole package won't work are precisely the ones adduced by spokesmen like Camdessus and William Dill Rogers to argue for its necessity. According to AP, Camdessus said that the riots in Venezuela in the first week of March represented just one of several “time-bombs” involving the debt issue which could explode unless solutions are found quickly. “More has to be done urgently by all,” he said. “The debt strategy has to be given a second wind and broader scope.”

Or, from William Dill Rogers, “In all the Big Four”—Mexico, Argentina, Brazil, Venezuela—“the situation is deteriorating fast. Each is desperate for or will shortly require emergency financing. . . . Desperation mixed with expectation is a volatile brew. I cannot recall a more ominous brew for the hemisphere since the onset of the debt crisis in 1982.”

The “time-bombs” and the “desperation” exist because in Ibero-America, as worldwide, the economy is functioning below breakeven, below the level needed to sustain the current population in shape to reproduce itself at the same level. This result has been accomplished by the insistence that usurious finance and speculation take precedence over productive activity aimed at laying the basis for the existence of generations to come. The economies of debtor nations have been driven to the point where they cannot pay, for they have nothing left with which to pay, except the lives of their people. Even Rogers admits that Mexicans now start from the assumption that their living standards have been cut in half since the onset of what is called the debt crisis in 1982.

The asset grab now proposed will make this worse, condemning hundreds of millions to death in the coming period. It will also help ensure the usurious and speculative accumulation of financial paper assets does indeed come tumbling down. This, though, is what happens with an administration which considers that pronouncements, shaped to placate those who are the architects of the deepening crisis, constitute an effective approach to dealing with that crisis. No doubt Brady's friends will say, “But you don't understand; we're trying to buy time.” Actually, the coming few weeks will probably show that is exactly what has run out.

Greenhouse gang hits rough weather

by Susan Maitra

The “global warming” bandwagon rolled into New Delhi on Feb. 21 for a high-powered three-day conference, “Global Warming and Climate Change: Perspectives from Developing Countries.” The meeting was cosponsored by the Tata Energy Research Institute, an Indian energy think tank, and the Woods Hole Research Center, the U.N. Environment Program, and the World Resources Institute (WRI) of Washington, D.C., and sported all the top names among India’s government bureaucrats on its “organizing committee.”

It was the greenhouse gang’s first foray into the developing sector to scare up takers for the global warming thesis and the program for halting development—which is its proponents’ not-so-hidden agenda. Shifting to windmills and drastically cutting population are, after all, among “all the things we would do anyway,” WRI chief Gus Speth, and one of the stars of the show, insisted repeatedly to the 50-100 participants at the Delhi meeting.

The developing country “perspective,” as it were, emerged only gradually, first in the form of persistent questions whose cumulative effect was to almost totally undermine the credibility of the “global warming” scenario.

It was brought out, for instance, that even accepting the “greenhouse gas thesis” and alleged evidence of actual warming, no one has any idea what the effects might be locally or regionally, say for South Asia, or when they might occur—obvious points of interest for a government being told it must change its energy and economic policies radically.

Dr. Sultan Hafeez Rahman, head of the Bangladesh Institute of Development Studies, said that the models used so far to predict the global warming and associated rise in sea level (which is projected by the greenhouse gang to destroy 12% of Bangladesh’s agricultural output and displace 8 million people) need to be examined. The fact is, that Bangladesh lies on the flood plains of three major rivers, with 2 billion tons of siltation annually, and that this lower Gangetic delta area constitutes a dynamic system which has to be understood as such. Perhaps the predictions of Bangladesh’s submersion will not hold, he said.

In the view of Dr. A.P. Mitra, head of the Council for Scientific and Industrial Research (CSIR), who spoke on the panel dedicated to “addressing the problem in a policy context,” the most important need is for *monitoring*—what

changes are occurring and how are they occurring. “You notice I am not using the term *warming*,” Dr. Mitra added pointedly. Mitra later noted that the role of the Sun was a missing parameter in many of the discussions of the greenhouse theory.

‘I see something dangerous happening’

As the agenda moved to “energy issues” and on into “policy options,” the thin soup of scientific evidence and even thinner stuff of ecological preaching by the *sahibs* paled further still against the Third World realities of massive energy shortages and living standards less than one-tenth the level of the United States or Europe.

The greenhouse gang leaders were impatient with the inclusion of the director of India’s Nuclear Power Corporation, who outlined the country’s program for a significant expansion of nuclear power, side by side with the solar spokesman.

But impatience veered toward apoplexy when the Chinese representative, who had been unctuously referred to from the podium a number of times, announced in his speech that his government has concluded that the only alternative to the disastrous prospect of continued heavy coal burning was the rapid introduction of nuclear energy. Professor Lu described China’s two-point program: development of the “inherently safe reactor,” and introduction of the high-temperature reactor with ceramic fuel element.

“I see something dangerous happening here,” the rabidly anti-nuclear Dean Abrahamson of the University of Minnesota intoned.

But it was on the last day of the meeting that the North-South divide finally surfaced in stark terms. Tata’s director, R.K. Pachauri, unceremoniously buried the greenhouse gang’s illusions that some kind of “draft treaty” would be forthcoming from the New Delhi meeting, and proceeded to try to knock some sense of reality into the heads of his cosponsors.

Power equations

In India today, Pachauri reported, to add just 100 kilowatts of power to each of our country’s 600,000 villages would require 100,000 megawatts of installed capacity—two times our present capacity! And I am talking about meeting only the most basic requirements of our people for light, water, and so on, he emphasized. If every second family had a television, that would require 80,000 MW of power, Pachauri continued. Now, you may say peasants don’t need TV, and burning dung is quite appropriate technology, but just forget it; these are very basic things whose demand you cannot legislate. Without these very basic, minimal inputs of massive amounts of energy into the rural sector, we will not survive as a nation.

Most of that additional capacity will have to be from fossil fuels, Pachauri continued. Renewable is just fine and we

support it at the Tata institute, he pointed out, but most of the solar technologies are so capital-intensive at the front end that it could actually exacerbate our economic problems. What is more, he reported, the institutional framework to maintain and manage the decentralized systems doesn't exist. The real story of India's huge bio-gas program is that, for lack of this infrastructure, some 40% of the plants are non-functional at any given time.

With apologies to India's Dean of Appropriate Technology, Prof. A.K.N. Reddy, who was present, Pachauri said he felt compelled to "tell it like it is." In concluding, he threw the ball back into the American environmentalists' court: You are telling us to stop using fossil fuels, but you haven't done anything about it in your own country, where some 25% of the carbon emissions originate. The emperor was shown to be scantily clad.

No deal

Poor Gus Speth. He made an earnest effort—aided by an earnest young Indian on Dr. Woodwell's leash—to convince the Asians in the room that if they joined the "negotiating process" for a global treaty to stop the warming threat, they could use their participation to "leverage" their other demands, such as debt relief. But the effort was blown to bits when the trigger-happy Richard Benedick, mastermind of the precedent-setting Montreal Protocol to ban substances that deplete the ozone layer, openly threatened India with trade sanctions under the General Agreement on Tariffs and Trade if the government continued to refuse to sign the protocol.

"I presume you are telling what might happen to those who do not conform," panel chairman Eric Gonsalves, a former Indian diplomat, responded icily. "Maybe they would like to give their view." (Both India and China boycotted Benedick's Montreal Protocol show, because of its gross bias against the developing sector, it turns out.) Hands shot up across the room. "Don't give us these carrot and stick threats," an Indian delegate thundered. It was the end of the phony camaraderie.

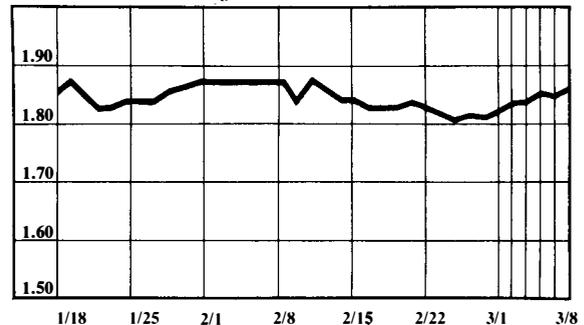
Prime Minister Rajiv Gandhi's chief economic adviser Montek Singh Ahluwalia was scheduled to speak on the concluding panel, but "unfortunately was not able to come." In the event, Dr. A.C. Ray of India's Environment Ministry and the Indian representative of the Intergovernmental Panel on Climate Change, made the government's position on the matter of "global warming" fairly clear. "The gaps in knowledge are very great," he said, "such that we do not yet have a firm basis to talk to each other usefully about the subject."

There is little doubt that one South Asian delegate put the "perspective from the developing sector" at this point in time most succinctly: "In light of all that we have heard, I propose that we do not join any negotiation process for at least the next 10 years, during which time we will monitor and analyze the problem."

Currency Rates

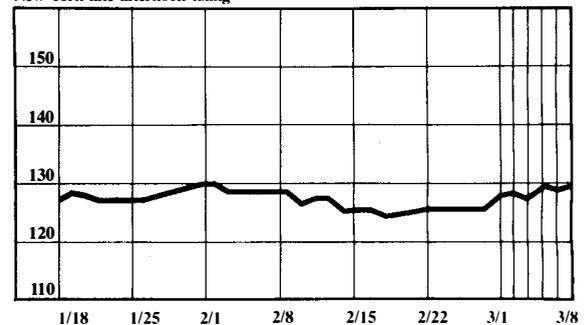
The dollar in deutschmarks

New York late afternoon fixing



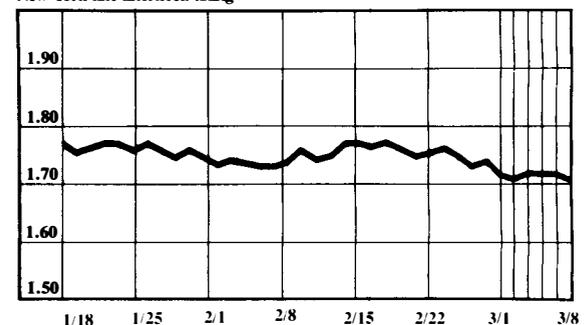
The dollar in yen

New York late afternoon fixing



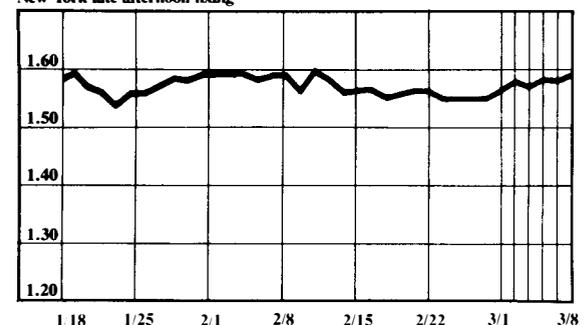
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



California faces third drought year

by Nicholas F. Benton

California is bracing for the imposition of a virtual state of martial law if the current trend continues into a record third consecutive year of severe drought this summer.

The state's Department of Water Resources issued a report to the State Legislature earlier this year noting that then-Governor Jerry Brown succeeded in revising the state's Emergency Services Act during the 1977 drought to provide police-state powers to the government in the event of water crises.

Under the provisions of this law, the governor of California may declare an emergency, which gives him the power to "make, amend, and rescind emergency orders and regulations that have the force and effect of law." He may also "suspend the provisions of any regulatory statute, or statute prescribing the procedure for the conduct of the state's business, or any orders, rules or regulations of a state agency."

In other words, the powers of the governor become almost limitless under the conditions which forecasters are now predicting will, indeed, occur this summer.

International impact

Prospects of a third consecutive dry year in California will have dire consequences for the state, but the loss of billions of dollars of California agricultural production will have a national and even global impact.

Continued low rainfall levels this past winter have caused the state to brace for the worst drought since the 16th century, based on a survey of annular rings on trees.

Draconian conservation measures have already been drawn up and are ready for emergency implementation. They would wreak havoc on the state's \$8 billion-a-year agricultural industry, and present public health hazards in cities where stiff prohibitions on water use, as for showers and flush toilets, would be invoked.

Some conservation measures have continued in effect since last April. Last summer, for example, mandatory rationing went into effect in San Francisco and Alameda County, across the Bay, aimed at reducing overall water use by 25%. Use above 400 gallons per household per day has been penalized by increased rates.

Even more severe penalties are being exacted in El Dorado County, where local authorities invoked the power to warn, cite, fine, or cut water services to customers violating district rationing policy.

According to the state's Department of Water Resources, one-third of California's 25 million people and more than 40% of its agriculture were directly affected by the drought. A total of 14 counties declared drought emergencies, while ranchers in 42 counties were accepted into federal emergency feed programs, and over 180 water purveyors in 45 counties had water supply shortages.

A total of 84 water agencies from 41 counties are reporting plans to ration water if the drought continues this year.

One of the most severe problems is on the eastern slope of the Sierra Nevada mountains, in the Tahoe-Truckee Basin. Shortages there caused Lake Tahoe to drop below its rim last October, cutting the flow of the Truckee River to 33% of normal.

In the San Francisco and East Bay areas, which depend heavily on importations from the Tuolumne and Mokelumne Rivers, the threat of another dry year will require much more severe rationing than now exists.

Central Valley farmers who depend on the federal and state water projects are also bracing for the worst. Agricultural contractors for the State Water Project are already being warned that their supply will be cut back by 40% if the drought persists.

Need to think big again

The drought in California has only underscored the folly of so-called "environmentalist" and anti-growth forces in the state who have successfully blocked the development of new water resources in recent decades.

Nothing could make this clearer than the fact that southern California, historically much drier than the part of the state north of the Tehachapi Mountains, will not be nearly as severely affected by the drought as will areas in the north and central regions.

The reason for this is that most of southern California's water comes from the Colorado River through water diversion canals, and there was plenty of snow in the Rocky Mountain headwater regions of the Colorado this past winter.

So, southern Californians are relatively insulated from the effects of the drought because of their ability to rely on a source made available to them by a large-scale water diversion project—exactly the kind of project that has been so vociferously and effectively opposed by the "environmentalist" and anti-growth zealots.

If there is any redeeming feature to the prospect of a third drought year in California, it lies only in the hope that the public there will snap out of the anti-growth stupor of recent decades, and begin to embrace big ideas again as a way to solve their needs.

The North American Water and Power Alliance idea from the 1960s would have diverted northern-flowing Canadian and Alaskan waters southward via a series of river and canal linkages. It is again time to look seriously at projects that will bring surplus water from Canada and Alaska.

Call for end to airline deregulation

The Eastern Airlines strike brought to a head the issue many wanted to ignore. An interview with a top labor leader.

A high-level source in the Delaware County, Pennsylvania AFL-CIO Labor Council, who is also a leader of the International Association of Machinists' strike against Eastern Airlines, called for public support for congressional hearings to expose the destructive impact of airline deregulation, in an interview with *EIR* on March 6.

The labor leader reported that discussions have been held with members of Congress, who want to investigate the possibility of re-regulation not just of the airline industry, but of trucking, banking, and other sectors of the economy. Although the IAM doesn't have a specific legislative proposal, the union, along with the Teamsters, is pushing for hearings before the appropriate congressional committee, wherein not only labor relations, but also issues of safety and maintenance, would be probed.

The strike leader pointed to a shocking action taken in December 1988 by the Federal Aviation Administration (FAA), which, through a mere memorandum, revised Regulation 145. This action allows domestic airlines to perform regular maintenance outside of the United States, free of all U.S. government licensing and inspection!

Our source reported that Frank Lorenzo, the owner of Eastern Airlines, is currently negotiating with the government of Brazil to set up maintenance bases in that country, as part of a plan to establish up to 250 foreign maintenance bases around the world, to service Eastern and other U.S. carriers. Since there are only 200 FAA inspectors available, the problem of

inferior and ersatz parts used in maintenance has already reached major proportions.

The recent crash of a military plane in Michigan was due to shoddy maintenance done in a foreign country with parts that were inspected by no U.S. authority, the union source charged. The IAM is sponsoring legislation, H.R. 145, to reverse the FAA decision, which he said was a direct result of the deregulation pressure, and which Lorenzo justified by the ostensible need to compete in world markets.

Lorenzo's position, however, is not supported by other airlines, which, like United, have invested heavily over the years to create excellent maintenance facilities in the United States.

The deregulation of the airlines in 1979, although not an issue directly on the bargaining table with Eastern, is what made Frank Lorenzo's mode of operation possible, the union spokesman emphasized. He pointed out that the first act of Lorenzo, after his Texas Air took over Continental Airlines, was to demand givebacks from the union, and then, after being refused, to take Continental into bankruptcy in order to terminate all labor agreements and make the airline non-union. Since then, Congress has amended the bankruptcy code, to make such maneuvers more difficult.

When asked what the public could do to support the Eastern strike, the spokesman urged pressure on President Bush to order federal fact-finding, in which, he said, the whole issue of deregulation could be raised. The President's action would include a 60-day cooling-off period.

The union representative was es-

pecially concerned to correct "erroneous" statements by Secretary of Transportation Samuel Skinner, and stressed that the union is willing to accept the decision of an impartial fact-finding board appointed by the President, and that the Congress has the power to impose the decision on both parties in any case. He also emphasized that the IAM has "given back" wages and benefits to Eastern totaling \$1.4 billion over the last 10 years, which is about equal to what Lorenzo has lost since taking over the airline.

When asked who, if anyone, is supporting Lorenzo's position, he pointed to statements by Secretary Skinner, which make him sound "like an adjunct to Eastern Airlines."

On the question of public support, he recounted a recent incident in Philadelphia, in which Eastern passengers, outraged at their mistreatment by the airline management, spontaneously picked up signs and joined the union picket line at the airport.

In response to Lorenzo's threat to dissolve the company (which was realized three days after the interview took place, when Lorenzo put the company into Chapter 11 bankruptcy), the union source said: "Well, there was a lot of job security for slaves back in those days, but no dignity. We don't intend to be slaves for Frank Lorenzo." He ridiculed the so-called advantages of non-union operations, pointing out that Continental Airlines has lost over \$350 million since busting the union there.

In closing, this reporter remarked that, in view of such injustices, more people ought to appreciate the injustices perpetrated against Lyndon LaRouche. "What you just said reminds me of what a great Philadelphian, Ben Franklin, once said," the labor leader responded. "We either hang together, or we'll all hang separately."

New Anglo-American oil shock?

Henry Kissinger's re-entry into Mideast politics, and rising U.S. imports, leave an uneasy feeling of déjà vu.

Reports are circulating in Washington that former Secretary of State Henry Kissinger is soon to be named President Bush's roving envoy to the Middle East. Informed Middle East observers have privately reacted to these reports with a pained, "Oh, dear!" The last time Dr. K had his hands in the region was during the 1973 Middle East "oil shock."

Oil has been at the center of global power relations of the London-New York international financial cartel power for a good while. In fact, oil has been at the heart of British strategic policy since a young Winston Churchill argued for Britain's naval fleet to switch from coal to oil in the 1890s. The United States and England fought one another ferociously over control of vital petroleum fields in the Middle East, Mexico, Venezuela, and Baku, until the "Red Line" agreement in the 1920s, which carved up the world's most important oil terrain between the two powers. Since that time, Royal Dutch Shell, British Petroleum, Exxon, Mobil, Chevron (including Gulf), and Texaco have controlled world oil politics. And this Anglo-American combination does so to this day.

We raised certain eyebrows recently when we suggested in this space, that the 26% loss in North Sea crude oil output which hit markets with suspicious coincidence at the turn of this year, was perhaps deliberate. Certainly, the surprise series of incidents on Shell and Exxon's North Sea platforms, and the earlier fire hitting Armand Hammer's Piper Alpha Occidental platform, did sharply boost North Sea Brent prices precisely when

the fragile OPEC production ceiling pact was being tested.

Only weeks earlier—conveniently for George Bush, eager to sail into the elections with low inflation and interest rates—Brent North Sea blend bottomed in early November at \$12.45. And now, since that time, prices for the Brent crude have topped \$18 a barrel in the first days of March, a hefty 45% jump in the price of the world's basic energy feedstock over four months. It has the added "benefit" of allowing Kissinger's Western liberal friends to "give" billions of dollars to Moscow, a major oil exporter.

It is also documentable, though not the purpose of this report, that when, in 1973, Mr. Kissinger's "shuttle diplomacy" was ensuring the political crises which led to OPEC's 400% price increase, the publicity-shy Bilderberg group had privately met in Saltsjöbaden, Sweden in May, to hear a certain American member "predict" precisely a 400% increase in what Kissinger soon called "petrodollar" revenue for OPEC countries. Present at the elite Swedish gathering, fully five months before the Yom Kippur War, was Lord Greenhill of BP and Robert O. Anderson of Atlantic Richfield oil. Furthermore, British Petroleum lent generous assistance to the friends of Khomeini inside Iran, in 1979, which led to the second "oil shock" and the astronomical inflation of 1979-80.

Therefore, I noted with more than passing interest the fact that, in the midst of an ongoing world oil capacity glut estimated to be at least 9 million barrels per day, these same oil majors are pouring billions of dollars into high-cost North Sea production.

In the past several months, the entire North Sea has undergone a major reorganization. More than \$8 billion has been invested by the major companies to buy out independent companies in the North Sea. This has made BP by far the largest producer in the North Sea, with Shell and Exxon close behind. BP has also been active in the expensive Alaskan region, spending \$8 billion a few months ago to buy full control of Sohio with large Alaskan North Slope production, making the British company America's largest "domestic" oil producer. North Sea and Alaska fields were subject of feverish activity in the period prior to the 1973 oil shock as well. In fact, only after that, did North Sea and Alaska investment return a handsome profit.

An oil analyst with a London firm, Smith NewCourt, notes, "If oil prices continue to be weak, then BP will face growing problems." Conversely, if oil prices continue to rise, BP will prosper, as will Royal Dutch Shell, Exxon and friends.

Another ominous sign, is the fact that U.S. oil consumption has changed dramatically in the past several years. Rising U.S. oil imports during the 1970s were a major factor that made the "oil shocks" as severe as they were, despite the fact that the world had adequate supply, even during the 1979 Iran cutoff. U.S. imports rose from 3.2 million barrels per day in 1970 to almost 9 mbd by 1979. Thereafter, they dropped to a low of 4.3 mbd by 1985. Since then, they have begun to rise steeply again. By mid-1988, the U.S. was importing 6 mbd, or 36% of its total consumption, the same level as during the 1973 oil shock. It's more than ominous in this light to note the gains that Moscow has made in the Persian Gulf since the October 1986 Baku International Islamic Conference.

The Farmer Mac swindle

There's a new bankers' scheme for managing the farm lending crisis—but it won't mean producing more food.

On Feb. 24, Frank Naylor, Jr., former head of the Farm Credit Administration and current president of U.S. Agricredit, a financial services corporation, conducted an all-day seminar for agricultural lenders in Des Moines, Iowa. Naylor discussed how to take advantage of the new approach to agricultural lending represented by the Federal Agricultural Mortgage Corporation—"Farmer Mac"—the new government agricultural lending institution set up under the provisions of the Agricultural Credit Act of 1987.

Naylor, one of the originators of Farmer Mac, promoted it as the "new way" that the government's Farm Credit System and all agricultural lenders will make money: by selling agricultural loans to a secondary mortgage market, rather than the old-fashioned way of loaning money to farmers to produce food.

Naylor and his Wall Street cronies are plotting how to maintain an agricultural credit structure while liquidating thousands of family farmers as well as the local lenders which support agriculture. Since 1985, the beginning of Naylor's tenure as head of the Farm Credit Administration, untold thousands of family farmers (the government refuses to say how many) involved in the government's agricultural lending programs have been liquidated and driven off their land.

Farmer Mac is a boondoggle for the likes of Prudential Insurance Corporation and such bankers as Armand Hammer's friend John Chrystal from Iowa, who sit on Farmer Mac's board of directors. It is supposed to "ser-

vice" agricultural loans—sell them to a secondary mortgage market controlled by 10-12 certified "poolers," like Prudential, who, along with representatives of the Farm Credit Administration, will have the authority to issue new government-backed securities.

Their bonding authority is supposedly backed by granting the Farmer Mac "poolers" and Farm Credit Administration representatives the right of first lien on the farm loans they acquire and the authority to set the terms of the loans. This ostensibly takes the risk out of agricultural lending, because the authority to determine the terms of the loans will be taken out of the hands of local community boards upon which the Farm Credit Administration had previously relied. The boards were controlled largely by farmers and others who were elected to the local district and national boards.

According to knowledgeable sources, Naylor initiated the move to centralize agricultural loans in the hands of a few top insurance companies, by actions he took while he was head of the Farm Credit Bank in Sacramento, California in 1985. He initiated the Farm Credit Amendments Act of 1985, which placed the Farm Credit System, the nation's largest agricultural lender, under the top-down control of three men who were appointed directly by the President. Frank Naylor became one of them.

This group replaced the locally elected 12-member national board, each of whose members represented

one of the 12 national Farm Credit districts. The Agricultural Credit Act of 1987, which created Farmer Mac, merged the government farm lending banks in each district. The 12 districts were slated under the act to be reorganized into 6 regional service centers. The cash surplus accounts of each local district were placed under the direct control of the three-man board.

Also at that time (1985) Naylor changed the Farm Credit Administration's accounting procedures, which resulted in turning the surplus on their books into a loss. The loss became the motive for setting up a new structure, Farmer Mac, to centralize farm loans and put them on a sounder footing (e.g., more stringent enforcement of debt payments).

The accounting changes worked as follows: The balance in the cash asset account of the Farm Credit System at the end of 1984 was \$4.1 billion. At that time, Congress decreed a change in the way farm land was valued on the books. An appraisal was done of all the farm land in the system, and wherever the current valuation was less than the amount recorded on the books, the new amount was said to represent a projected loss to the system. Some \$2.8 of the \$4.1 billion was moved into a liability account called "provision for losses." The media claimed that this was an actual loss rather than a projected loss, and the system was said to be in terrible trouble.

The result was the effective decapitalization of the system, because the surplus in the system was the basis for the generation of loans. Congress proceeded to order that the system be recapitalized. The "crisis" resulting from this was the basis for setting up Farmer Mac.

Naylor and friends intend to bring all agricultural loans, old and new, into the Farmer Mac system.

Business Briefs

Asia

Fight on economic policy in China

The latest report to fuel speculation on leadership tremors in Beijing was a dispatch from the Chinese capital claiming that former President Li Xiannian, in a secret meeting with supreme leader Deng Xiaoping, has demanded party general secretary Zhao Ziyang's ouster because of his economic reform policies.

Li, chairman of the People's Political Consultative Conference, is reported to have charged, "What Zhao is doing is based on capitalism."

Another senior party conservative, Chen Yun, has also been critical of the pace, if not necessarily the direction, of Zhao's economic policies.

Though Li and Chen are no longer among the top leaders of the party, the elderly two-some are believed to represent the views of party traditionalists and conservative military leaders.

Technology

U.S. to aid Japan in new jet fighter

The Bush administration is nearing a decision to allow Japan to build a new-generation jet fighter with U.S. assistance. It will, however, adjust an existing agreement to place "significant limits" on the flow of advanced American technology across the Pacific, according to administration sources quoted in the March 5 *Washington Post*.

The limits will be placed on Japanese access to advanced aerodynamics, engine technology, and radar. The original agreement, negotiated by the Reagan administration, would have given Japan unlimited such access.

Commerce Secretary Robert Mosbacher led a fight against the original deal, arguing that the transfer of aerospace technology could hurt U.S. competitiveness.

The Defense Department, which administration sources say failed to win everything

it wanted from a "bruising interagency review process," has not signed on to the agreement as of this writing, but is expected to do so.

Debt

British TV documents 'crazy' banking policies

A documentary aired on Danish television March 6 presented shocking facts about the devastation caused by the international debt crisis.

The show, made by Britain's Channel 4 during 1988, reported that since 1982, the indebted countries of the South have transferred \$225 billion net to banks in the North; 2.2 million children in Brazil alone have died because of the debt crisis; 4.2 million jobs in the United States have been lost because of the collapse to the U.S. of Ibero-American export markets, meaning an annual export-revenue loss of \$20 billion. Similar figures were presented for Europe.

The program traced the calamity back to the policies adopted by the international banking community during the 1973-74 oil crisis.

The show featured some backbiting by the main architects of the crisis. Former British Chancellor of the Exchequer Denis Healey attacked the banks' policies throughout the 1980s as "totally crazy." He accused the bankers of having "destroyed" the international economy, causing a "disaster." A film-clip was shown of Healey, speaking in 1979, declaring that the international banking system was bankrupt.

But Citibank's Walter Wriston, described as the "high priest of banking," blamed former Federal Reserve chief Paul Volcker's interest rate policies for causing "dead bodies in the streets." Then, Volcker was shown, saying, "I know there are people who say I destroyed the world economy, but it would have died anyway."

Healey came back on again, boasting that in the 1970s, he had wanted to set up a special international institution, linked to the World Bank, to recycle petrodollars, but this plan was blocked by U.S. Treasury Secretary William Simon. On came Simon, to say, "The Arabs were on my side. It was

their money wasn't it? They stole it fair and square."

The head of Mexico's international trade bank under President José López Portillo (1976-82), Adrian Lajous, read quotes from Shylock in Shakespeare's *Merchant of Venice*. Lajous then said, "We have paid our pound of flesh, and now we must act like Portia," indicating that Mexico could not continue to suffer at the hands of usurers, but must hold the usurers up to condemnation.

Channel 4's own conclusion was that banking has become an international con game, "the world's biggest casino."

Foreign Aid

U.S. blackmails Egypt on behalf of IMF

The United States is withholding \$150 million cash transfers due to Egypt for each of 1988 and 1989 State Department spokesman Charles Redman said March 8. The \$150 million is part of two \$800 million aid packages, and won't be released until "additional reforms" are implemented by the government of Hosni Mubarak.

Redman wasn't specific, but clearly meant that Egypt had to carry out genocidal prescriptions demanded by the International Monetary Fund, featuring elimination of foods subsidies. Past attempts by Egypt to implement such prescriptions have produced terrible rioting.

The International Monetary Fund has nothing to do with the withholding of the money, and the United States does not consider its action to be an interference into Egypt's internal affairs, Redman claimed. This sort of thing is "done all the time."

Health

U.S. fails all child care goals

Infant mortality, prenatal care, and poverty are all at levels equal to or worse than they were in 1980, says the latest report of the National Association of Children's Hospi-

Briefly

tals and Related Institutions, Inc.

In 1980, the surgeon general set several goals to reduce the number of women without prenatal health care during their first trimester. But today's rates are the same as in 1978! Nearly one in five women, including about one in three black women, fail to receive such care.

Lack of care leads to children with low birth weight, a leading cause of death during the first 28 days of life. Nearly 7% of all children born in the United States weigh less than 5.5 pounds. The U.S. rate, which has not changed since 1978, exceeds that of Western Europe, which is only 4%.

International Credit

OECD warns on Eastern European debt

A study just issued by the Organization for Economic Cooperation and Development (OECD) warns that, in Eastern Europe, "the current situation may be comparable to the situation prevailing in 1981, the year of the onset of the debt crisis."

According to the report, East European debt denominated in convertible Western currencies surged 60% between 1984 and 1987, from \$82 billion to \$131 billion. While the new surge in Western indebtedness has been used to finance attempts to modernize industry in the Comecon economies of Eastern Europe, the OECD notes that much of the new debt has been used to finance increased OECD imports, which has further eroded trade balances. Moreover, "The problem of inefficient investment has worsened."

In a related development, the Polish government is reported, in the *International Herald Tribune* of March 4, to have secured a "deal" with Lech Walesa under which the Solidarity opposition will endorse a Polish government call to Western governments for relief on Poland's \$38 billion external debt. The joint appeal will ask for interest payment relief, renewal of Western government guarantees for commercial bank loans to Poland, and better terms on IMF standby loans.

According to the report, "The appeal would come as the Bush administration conducts a broad review of East-West issues,

including the potential for Warsaw Pact nations such as Poland to develop closer ties to the West and reduce their dependence on Moscow without threatening Soviet interests. Western European governments are also seeking a coordinated approach that might help stimulate change in Eastern Europe while avoiding the kind of repression that befell Czechoslovakia in 1968 and Poland in 1981. . . . The appeal would force the Bush administration and its Western allies to decide whether to fulfill their pledges to help ease Poland's debt problems if Warsaw agreed to end repression of Solidarity. According to officials, support for the formal appeal is part of the price Solidarity has agreed to pay to recover legal status."

Banking

CBO calls thrift plan 'open ended'

The Congressional Budget Office has issued a report on the Bush administration's "rescue plan" for the savings and loan banks, saying it is based on what is essentially an "open-ended" financial commitment of the government.

The report documents that the Bush thrift "rescue" will cost at least \$84 billion—and that the administration's \$40 billion figure was based on accounting tricks.

In addition, the CBO offers less rosy financial figures, under which the \$84 billion could quickly rise to \$110 billion.

The administration hid \$20 billion in higher bank insurance premiums (which, according to the budget, is revenue, but can't be used for anything but bank rescues); it didn't count the \$9 billion in notes already sold for bank bailouts that will have to be repaid in the 1990s; it doesn't include the \$16 billion in interest that the Treasury will have to pay. Add to this the \$40 billion the administration admits to, and you have about \$84 billion.

Yet, not only is this \$84 billion based on the rosier of financial projections. Even the CBO's \$110 billion figure reflects an estimated 4% growth in S&L deposits, whereas the recent period has seen nothing but a net deposit outflow.

● **SIR JAMES GOLDSMITH**, one of the world's richest men and a leading corporate raider, has announced that he is retreating to the relative safety of British takeovers because American corporate takeovers have become so highly leveraged that they are both too costly and difficult.

● **VIETNAM** announced on March 2 that it will repay long-outstanding debts of about \$120 million to the IMF as part of its campaign to rebuild its international image and attract foreign aid and investment for its poverty-ridden economy.

● **AFRICAN** finance ministers gathered in Malawi for two days beginning March 7 to discuss "alternatives" to the policies of the IMF and the World Bank, which have "torn the social fabric of African societies asunder," according to one speech quoted in British press. The conference is sponsored by the Economic Commission of the Organization of African Unity.

● **THE LANDSAT** system's two remaining satellites were to be shut down due to lack of funds at midnight, March 31, ending 17 years of continuous monitoring of the state of the Earth's oceans and land masses, but Vice President Dan Quayle has reportedly lined up enough funds for a few more months operation by going begging to agencies who use the photos. The Reagan and Bush administrations eliminated the mere \$9.4 million it takes to run the computers that control them from the budget.

● **THE FEDERAL** Savings and Loan Insurance Corp. held a "seminar" at the U.S. embassy in London in early March, attended by 150 European businessmen lured by ads offering U.S. real estate at fire sale prices. The FSLIC has more than \$10 billion worth of property it has been unable to move domestically. Its current offering, however, threatens to collapse the valuation of the entire U.S. real estate market.

Venezuela obeys the IMF, pays the debt with cadavers

by Mark Sonnenblick

After over a thousand people died in Venezuelan riots against International Monetary Fund (IMF) austerity Feb. 27-March 4, neither that country nor Ibero-America as a whole “will ever go back to normal; what happened is irreversible,” Lyndon LaRouche told the Rio de Janeiro daily *Jornal do Brasil* in an interview published March 6. That same day, Ulysses Guimarães formally announced that he was running in Brazil’s Nov. 15 presidential elections, its first presidential vote in 28 years. Guimarães, known as “Mr. Direct Elections,” declared, “If I were President of this country, I would not pay the debt with cadavers, as in Venezuela.”

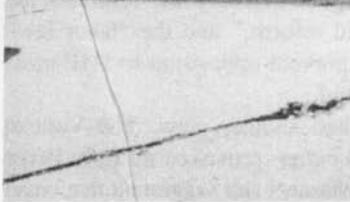
The upcoming elections in Argentina and Brazil, as well as everything going on in the continent, will be shaped by the indelible perception that IMF means “Inflation, Murder, and Famine.” Former Mexican international trade bank president Adrian Lajous declared, “We have paid our pound of flesh; and now we must act like Portia.” In Shakespeare’s *The Merchant of Venice*, Portia uses natural law to defeat Venetian laws protecting usury.

The pound of flesh can be quantified. A documentary prepared by Britain’s Channel 4 television estimated:

- Since the debt crisis began in 1982, the debtor countries have transferred \$225 billion in capital to the banks in the developed countries;
- 2,200,000 children died in Brazil because of the debt crisis;
- The United States has lost \$20 billion worth of exports annually, due to the inability of Ibero-American countries to import; this has caused the loss of 4,200,000 jobs in the United States.

The Venezuelan riots broke out simultaneously in 17 cities Feb. 27, in reaction to the first round of austerity measures decreed by the new social democratic President Carlos Andrés Pérez. The most explosive measure was a 90% increase in gasoline prices. In the letter of intent which central bank president Pedro Tinoco signed with the IMF in Washington the next day, Venezuela pledged:

- to increase the prices of fuels, state services, and every exportable item in the country “until approximating international prices”;



The international movement associated with Lyndon LaRouche, mobilizing for "Operation Juárez," the alternative to the bankers' genocidal program. Shown are (clockwise, from top left): Bogotá, Colombia; Washington, D.C.; Stockholm, Sweden.

Javier Almaraz, Stuart Lewis, Per Kristiansson

- to eliminate subsidies on all but seven basic food items and to eliminate price controls except on 25 basic products;
- "the government promises to promote wage discipline in the economy." After the 30% wage increase already given to compensate for past inflation, "there will be no further wage increases during 1989."

Living standards of the average Venezuelan had eroded 38% during the past five years. The Feb. 27 fuel and fare increases were just the first of the inflationary shocks scheduled to further decimate consumption in order to "maximize exportable surpluses."

Public investment will be restricted to completing projects "oriented to expanding the country's export capacity." Although the letter promises to facilitate foreign private investment, all productive investments will be discouraged by the decimation of the internal market and the sudden jump in domestic interest rates from 14% to 35%. "The government recognizes that restrictive monetary and fiscal policies are required," it states.

President Pérez has let the World Bank design his "progressive liberalization of the economy." With tariff protection of domestic industry gone, its only protection from cut-rate imports will be from violent devaluations. The domestic currency will drop from 14.5 to 40 bolivars to the dollar some time in March, and then have a "dirty float." "The fundamental element of the government's economic program consists of setting a single floating exchange rate for the bolivar; . . . all exchange controls will be eliminated." This has particularly upset importers, who owe \$6.8 billion to foreign suppliers for goods received in the second half of last year. The government had guaranteed to sell them dollars at 7.5 or 14.5 bolivars, but will now bankrupt many of them by forcing them to pay 40 bolivars for half these debts.

The letter of intent states that to effect these "structural reforms" and pay over \$5 billion in debt service due this year, Venezuela needs a total of \$6 billion in fresh money or debt reduction. The IMF will provide just under \$2 billion in short-term loans this year. Venezuela will "earn" part of the rest by paying unpayable dollar debts in bolivars with which speculators can purchase the country's most valuable real assets.

The Bush policy

Third World debtors have long sought a political solution to the debt problem. The kind of "political solution" now coming from Washington proves that Henry Kissinger is back in the saddle. As the official body count in Caracas crossed the 300 mark on March 3, President George Bush telephoned President Pérez, who promised he would not retreat, no matter how many deaths his measures caused. Bush then "reiterated U.S. support for their democracy and for President Pérez's courageous and determined efforts to address his country's economic and financial situation," in the words of White House spokesman Marlin Fitzwater. Bush also offered an immediate bridge loan of \$450 million to enable penniless Venezuela to make timely interest payments to the international banks.

That same day, Pérez's Democratic Action (AD) party and two small "opposition" parties financed by Chase Manhattan's Venezuelan representative Pedro Tinoco pushed through approval of the package in the Congress. Ex-President Rafael Caldera, who is close to the Catholic Church, urged Pérez "to reflect" on the causes of the crisis and to let people eat before paying debt. Caldera concluded, "The worst deafness is that of the person who does not want to hear."

Pérez is blaming everyone but himself for the riots, as if

to emphasize the providential truthfulness of the Feb. 17 *EIR* cover story, "Carlos Andrés Pérez peddles snake-oil for debt crisis." Pérez first blamed his predecessor for not imposing the measures years ago, then the IMF. On March 5 he was saying "it was also against the rich, those who speculate, exploit and show off their wealth." Then he said, "It was not between rich and poor but a social violence in protest against speculators."

He also blamed the political parties for not uniting behind his IMF program. Christian Democratic leader Abdón Vivas Terán responded, "Any national unity must be to defeat the program of economic measures the Carlos Andrés Pérez government is trying to impose on us. The unity Venezuela demands is around policies which deal with the horrible poverty and misery and inequality the country is experiencing."

When he saw that all the parties and almost every other organized body in the country opposed his program, Pérez pressed for "a political reform." His reform is along the lines of the liberal fascism of David Rockefeller's Trilateral Commission, otherwise known as "fascism with a democratic face." Pérez observed that "neighborhood associations" should be mobilized (as armed vigilantes) to combat looters—or presumed looters. He contended that they were "more rep-

resentative" than parties.

Pérez's co-thinker Alberto Quirós Corradi wrote on March 9, "The painful bloody events showed all Venezuelans that the political parties neither control nor influence the conduct of the masses." This member of the liberal Establishment's Inter-American Dialogue argued that only the "reform of the political parties," "electoral reform," and the "labor law" advocated by Pérez could prevent opposition to IMF measures from getting out of hand.

The Catholic Church had another view. The Vatican newspaper, *Osservatore Romano*, provoked ire from Pérez by criticizing his austerity measures and suggesting that bread and work for the population must come first. In his homily at the Caracas Cathedral March 5, auxiliary bishop Msgr. Jorge Sabino Uroza declared, "There are those who looted stores, and they should seek pardon. But there are also those, especially in the economic and political sectors, that have looted the country for years; they should also seek pardon." He was undoubtedly speaking of Chemical Bank part-owner James Baker III and his ilk, who sucked out \$25 billion in debt service in the past six years, and of the Venezuelan oligarchs who had sent \$67 billion abroad as "flight capital," starting during Pérez's 1974-79 presidency.

PLV demands ouster of Rockefeller's man Tinoco

The following perspective on how to solve the Venezuelan crisis was issued by the secretary general of the Venezuelan Labor Party (PLV), Alejandro Peña Esclusa, on Feb. 28:

Pedro Tinoco must be removed immediately from the Central Bank and replaced by a person who will defend the interests of the nation and not those of the international bankers.

As is well known, Tinoco has represented the interests of Chase Manhattan Bank—owned by Rockefeller, and the lead bank for Venezuela's foreign debt—which disqualifies him from holding the presidency of the Central Bank. The genocidal IMF policies that Tinoco recommends, mean a bonanza for the bankers and misery for Venezuelans. Does Tinoco want to destabilize democracy? Does Tinoco want to hand the country over to the Soviets' narco-guerrillas?

Not satisfied with selling off our reserves to satisfy the usury of the banks, Tinoco wants to pay the illegitimate foreign debt with the hunger of Venezuelans. To achieve

that, Tinoco argues that the IMF's programs are indispensable. Tinoco lies. The PLV has proven that Venezuela can become an industrial power by implementing measures completely opposite to those imposed by the IMF.

Had the program proposed by the PLV been implemented by the government, none of this would have happened. Fortunately, there is still time to turn around the situation by adopting the following measures of national security:

In the short term: 1) revoke the economic measures adopted recently; 2) break with the IMF; 3) declare a moratorium on the foreign debt; 4) establish strict exchange controls; 5) grant state credits to reactivate industrial and agricultural production; 6) reduce interest rates; 7) establish an emergency food program to include the importation of food and the creation of an emergency food reserve, while food self-sufficiency is secured. All this should be done while orienting the economy toward the domestic market, not the external ones.

In the medium term, we need to launch large-scale agro-industrial, transportation, and infrastructure projects. Second, we need to begin to integrate the Ibero-American continent, to jointly confront the international banks; third, we must launch a continental military war against the drug traffickers; and fourth, we need to return to the fundamental values of the family, based on love of country, and love of God.

IMF: Political factors stand in way of austerity

An IMF mission visited Venezuela April 12-29, 1988, and recommended virtually identical harsh measures to those now being implemented by President Carlos Andrés Pérez. An internal memo sent to IMF head Michel Camdessus, excerpted below, also shows that Pérez's predecessor, Jaime Lusinchi, was stalling on effecting the "shock" measures. Lusinchi refused to begin them, even after the elections.

An interoffice memo, "Mission to Venezuela," by Western Hemisphere director Sterie T. Beza, reports:

Venezuela's total debt service payments will remain large over the next several years (around US\$5.5 billion a year). . . . A substantial change in economic policies is required in order to achieve low inflation and external

balance. . . . There may be a reluctance to make significant changes in economic policy at this time, given that presidential elections are scheduled for early December 1988. . . .

[Their] program should include substantial progress toward exchange rate unification, restrained financial and incomes policies, and the implementation of structural reforms, especially in the area of trade policy. . . . In the staff's view, the best approach would be to unify the exchange rate system promptly, perhaps with a temporary float of the exchange rate to determine an equilibrium level. However, the authorities have rejected this proposal. . . . [To curb inflation] would require a substantial upward adjustment in the structure of interest rates . . . full liberalization of the interest rate structure . . . [and] an increase in legal reserve requirements to curtail the expansion in overall bank credit.

In the area of structural reforms, the mission urges . . . a rationalization of the tariff structure, a reduction in quantitative import restrictions, and a rationalization of export incentives. The mission will also urge a significant reduction of price controls. . . .

An irreversible change

Lyndon LaRouche told *Jornal do Brasil* in his interview, "Carlos Andrés Pérez was selected by the Bush administration and the Socialist International as the fair-haired boy for the coming period throughout Central and South America; he was selected to push through, as a model, exactly the kind of measures he pushed through on IMF conditions.

"What happened immediately was a reaction: The country blew up. The blow-up was not merely the kind of reaction, in which, after it subsides, the country can go back to normal. The country will never go back to normal. What happened is irreversible; it is irreversible immediately in Venezuela, and also irreversible in its effects on the internal life of the continent.

"There will be new efforts, probably, by Washington and elsewhere, to push this through. That will cause new explosions. Any country . . . in Central and South America, that attempts to imitate what CAP did, will find their own countries blowing up, because of what happened in Venezuela."

Sure enough, on March 8, a 3,000% increase in bus fares for students in the tranquil and relatively well-off Brazilian city of Londrina led to riots that left 30 people injured and 47 buses and the bus station burned. Brazil blacked out Venezuelan looting from its television coverage, in order to avoid giving any ideas to its 130 million poor.

The bankers sense they are about to lose control. The resale value of Brazilian debt, for example, has fallen to 20¢ on the dollar, half what it was two months ago. Bush, the

banks, and the IMF are scrambling to rig up a "Rube Goldberg" financing scheme to reinforce Pérez's tough behavior. IMF Managing Director Michel Camdessus wrote Pérez March 8, "It is clear that Venezuela cannot face the present situation alone, if it doesn't have the security of counting on sufficient support on the part of the international financial community."

The City of London's *Financial Times* on March 7 praised Pérez for having "rightly resisted the temptation to exploit the rioting as an excuse to retract the austerity measures. It would be quite wrong for him or other Latin leaders to hide behind fear of a repetition of such events and duck their economic responsibilities." It insisted that the lame-duck Presidents of Brazil and Argentina immediately imitate the draconian policies of Venezuela and Mexico: "If Presidents Raúl Alfonsín of Argentina and José Sarney of Brazil continue to pursue their self-protective economic policies, they are storing up worse problems for their successors."

But, the whole region is a tinderbox. Nowhere can IMF measures be applied by democratic means.

The conservative editor of Caracas's *El Universal* daily, Luis Teófilo Núñez Arismendi, summed it up March 8: "Venezuela has lost its war of independence because it is falling into . . . economic dependency. If we have to submit to the IMF's impositions, Venezuela will have lost its independence, and we are going to experience extremely difficult moments. We don't know how we will be able to pull through."

How debt and capital flight looted Venezuela

by the Venezuelan Labor Party

Below is the second chapter of the Venezuelan Labor Party's 1988 electoral platform.

Starting with Carlos Andrés Pérez's presidency, between 1974 and 1988, the nation of Venezuela has been financially looted of nearly \$70 billion, by means of the hugest capital flight in human history, compounded by the usury of the international banks. Since the onset of the oil boom in 1974, over \$100 billion in extra oil revenues has been squandered, most in pure theft, the rest in wasteful and inefficient "investments" and unneeded consumption. Only a small portion of the oil surplus was ever invested usefully. This sacking of the country was begun under the Democratic Action party (AD) administration of Carlos Andrés Pérez (CAP), accelerated to a fever pitch under the Copei party administration of Luis Herrera Campins, and continued, albeit more slowly, under the AD administration of Jaime Lusinchi. This looting was done at the behest of the international banks, and it was aided and abetted at every step of the way by the IMF.

Since 1974, some \$35 billion has been paid in out in interest on the foreign debt—yet the nation's debt grew during this period to over \$32 billion. At least \$52 billion was stolen in pure flight capital by unpatriotic Venezuelans, who preferred to stow their wealth in Miami and Switzerland to using it to develop their country. Of this, \$20 billion was stolen from the oil surplus, and when that did not slake the appetites of the speculators and looters, Venezuela needlessly borrowed \$32 billion more, all of which was also stolen and exported. That is not the end of the story. By raising interest rates to levels above 14% by 1981, the banks sucked out an additional \$15 billion in usurious interest overcharges over this period, for a total of at least \$67 billion.

This \$67 billion of stolen wealth is \$67 billion in capital goods that Venezuela never imported, in factories that weren't built, in water projects that weren't constructed, in a railroad never built, in improvements in agricultural infrastructure that weren't made, in nuclear energy plants not begun, in schools not opened, in hospitals that don't exist, in facilities for advanced science that Venezuela desperately needs and doesn't have, in a much improved standard of living and working that Venezuelans will never see—unless

this madness is stopped now, and stopped forever.

The criminals who designed and carried out this theft, the criminals who permitted it to go on, the criminals who rigged government policy to facilitate this looting, must be charged, tried, convicted, and sentenced for the crime of looting a nation. Fifteen years of looting have brought Venezuela to the edge of national destruction; it cannot continue in the next administration, or we will simply not survive as a nation.

The looting mechanism

Venezuela never needed to borrow a penny. The country was fortunate enough to have oil. After paying for all its imports, all of its imported services, and even all of its interest charges, the oil money still provided a surplus totaling \$15 billion over the period from 1974-87. Nevertheless, the CAP administration began a borrowing binge in 1976 that was continued without let-up under Herrera. Under CAP, the debt increased from \$1 billion to \$16 billion, a 1,500% increase, and soared further to a high of \$37 billion by 1983 under Herrera (see **Figure 1**). This debt was literally shoved on Venezuela by CAP's friends at Chase Manhattan and other New York banks, and avidly accepted by CAP's administration: Under CAP, \$8 billion of the total was borrowed by public sector companies on a short-term basis in order to evade the law which required that all long-term (greater than one-year) borrowings by government entities be approved by the Congress.

What was the money used for? Some of it was borrowed to finance investment. Some of it was borrowed to finance operating losses because of gross mismanagement, which was insane—operating losses must be covered only in a country's own currency, by internal borrowing, never in debts payable in foreign currency. And some of it was borrowed to pay pure graft, multimillion-dollar salaries, and pure theft, deposited in numbered bank accounts in Switzerland.

CAP's defenders claim that the money borrowed under his administration was not a problem, because there were reserves of an equal or greater magnitude to counterbalance them. This is a baldfaced lie, because when CAP handed over the reins of government to Herrera in 1979, Venezuela's debts (\$16.5 billion) were \$5 billion greater than all foreign reserves (\$11.5 billion) (**Figure 1**). Moreover, it was CAP's administration that laid the basis for the even greater looting that followed. Specifically, under CAP, the dollarization of the Venezuelan economy transformed our financial system into an appendage of Miami and New York, including in the laundering of narcodollars. One major way this was done was by refusing to make adequate, cheap domestic credit available for either the public or private sector, to properly finance legitimate investment. This drove them into the Miami or New York financial markets even to obtain operating cash, and the resulting growth of dollar debt led directly, and deliberately, to the documented dollar exodus.

Once set in motion by the CAP administration, this pro-

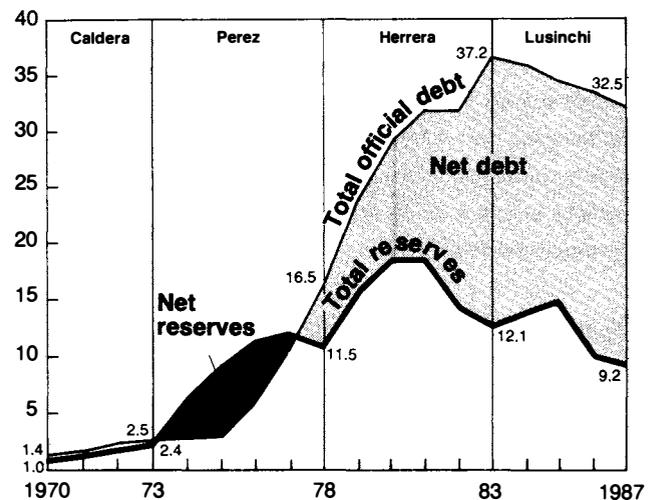
cess took on a life of its own under Herrera, who made no attempt until 1983 to stem the unrestricted outflow of capital. Herrera innovated on CAP's technique, continuing to unnecessarily borrow fabulous sums even as the balance of payments surplus soared, despite the more than doubling of the interest rates, from 6% in 1975 to 14.1% in 1982. Many of the short-term borrowings were at interest rates up to 18%. Then, beginning in the fall of 1982, when the banks decided to pull the plug, the Venezuelan oligarchy and impresarios and unpatriotic bureaucrats moved to send abroad, before the crisis hit, every bit of wealth that wasn't nailed down. In the space of eight months, from July 1982 to February 1983, more than \$15 billion in flight capital was shoveled out of the country. The Central Bank of Venezuela (BCV) handed over billion after billion of its dollar reserves to the looters who came to the exchange window and requested dollars to be taken out of the country. When the reserves fell dangerously, the BCV revalued the price of its gold, "creating" an instant apparent increase of \$3 billion in reserves in 1982, which was immediately sold to the speculators as well. Then, still running short of cash, the BCV turned to the state oil company PDVSA, and took its last remaining \$7.5 billion in oil surplus revenues, and turned that over as well, down the last dollar, to be converted into flight capital.

When Herrera handed over the government to Lusinchi in 1984, debt had soared to over \$37 billion, and reserves had plunged to about \$12 billion. Furthermore, the country was in the midst of a deep recession, investment had plummeted and interest charges were phenomenal. Under the Lusinchi administration, the priority has remained that of meeting debt service payments faithfully. Investment has stagnated; real incomes have fallen; and inflation, never a major problem in Venezuela before, has now been unleashed. Today, the country is told that only a shock austerity program can rescue it from the mess. It is time to say enough of this madness. The only ones in need of a shock are the international banks and the IMF . . . and their Venezuelan errand boys.

The accompanying charts and tables show in more detail how this hideous looting operation was accomplished, what the mechanisms were, and when the worst of the looting took place. What we present below is the most accurate estimate of flight capital and other forms of looting yet published. While some people have estimated flight capital at up to \$50 billion, we are able to prove that this is in reality a minimum figure, and we can show exactly when it took place, year by year.

The most obvious element of Venezuela's current financial picture, and the one that is used by the IMF as its club to enforce genocidal policies, is the external debt, now at about \$32 billion. Debt is the opposite of reserves. Debt represents the country's foreign liabilities, while its reserves are its assets. If a country has both reserves and debts, one must be subtracted from the other to indicate whether on a net basis, the country has net worth or net debt. Figure 1 shows Vene-

FIGURE 1
Foreign debt and reserves, 1970-87
(\$ billion)



*Official reserves in Central Bank of Venezuela, Venezuelan Investment Fund and the national oil company PDVSA

Sources: IMF, Central Bank of Venezuela

zuela's foreign net worth. Total debt between 1970 and 1987 is graphed against total foreign reserves.

Under normal circumstances, a country which has a current account surplus will build up its net reserves. This is because a current account surplus signifies that, after paying for everything bought by the country with foreign exchange, including all imports and services, there are still revenues left over from exports. There is no place for them to go but into reserves—unless they are stolen.

But in Venezuela's case, as shown in Figure 2, this didn't happen. The cumulative net reserves should be equal to the cumulative current account surplus, but they aren't. This difference is missing capital, capital that should be sitting in the vaults of the BCV, but isn't. It may have left the country legally; it may have gone into investments abroad; or it may have been taken out in suitcases or private jets, but one way or another, it has left the country. As line 3 of Figure 2 indicates, the total cumulative missing capital through 1987 is \$38.6 billion.

In addition to capital that is simply missing, we can identify one other category of flight capital, namely, money taken out in the guise of "travel expenses." The current account figures for Venezuela reveal a truly extraordinary pattern, manifested in the accounts of almost no other country on Earth. Between 1970 and 1976, Venezuelans spent \$400-500 million a year in foreign travel. Again, between 1984 and 1987, they spent no more than \$600 million a year. Clearly, \$400-600 million per year is adequate for all legitimate travel

FIGURE 2
Cumulative flight capital, 1970-87
 (\$ billion)

	1970	1971	1972	1973
1. Current account surplus (cumulative)	0	0	0.1	0.8
2. Net reserves (cumulative)*	-0.3	-0.3	-0.5	-0.1
3. Missing capital (cumulative) [1-2]	0.3	0.3	0.6	0.9
4. Fictitious tourism (cumulative)	0	0	0	0
5. Revaluation of gold**	—	—	—	—
6. Flight capital (cumulative) [3+4+5]	0.3	0.3	0.6	0.9
Under Caldera (4 years): \$0.9 billion				

*Total reserves minus total official debt
 **Revaluation of the official gold reserves
 Sources: IMF, Central Bank of Venezuela, PLV

and tourism requirements. But between 1977 and 1982, declared "travel" expenses rose to \$2.9 billion per year. During these years, the excess travel expenses, above the \$500-600 limit, total \$9.88 billion, all of which is manifestly flight capital, either in the form of money taken out for deposit in numbered accounts abroad, for purchasing Miami condominiums, or for other so-called "investments." So this annual total of excess "travel" expenses, of "false tourism," has been

added to our calculations (see line 4, Figure 2). Finally, as mentioned above, the revaluation of the price of gold in 1982 by \$3 billion was translated into flight capital, so it appears as an item in Figure 2 from 1982 on.

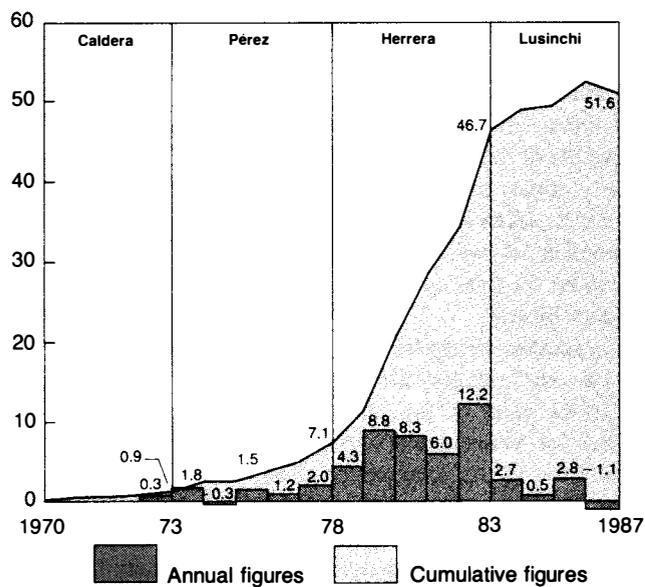
As can be seen, \$6.2 billion in capital vanished under CAP, \$39.6 billion under Herrera, and an additional \$4.9 billion under Lusinchi. The total and annual flight capital is graphed in Figure 3. By 1987, total accumulated flight capital reached about \$52 billion.

It should be emphasized that this is a conservative estimate of the amount actually stolen. It is well-known that at least since the imposition of exchange restrictions in 1983, several billions more have been looted by over-invoicing imports, with some sources estimating this form of looting at about \$1 billion a year, which would add \$5-6 billion to the total. There are also other unidentified categories in the balance of payments figures that probably represent flight capital, but these cannot be quantified with presently available data.

In Figure 4 we document a second way, entirely apart from flight capital, in which Venezuela has also been looted by the banks. This is through usurious interest payments caused by interest rates that rose from 6% in 1975 to 14.1% in 1982. We have calculated what the debt would have been had interest rates stayed at a reasonable level throughout, and all other factors had remained the same. As shown in Figure 4, Venezuela paid \$31.2 billion in interest; while if rates had not increased beyond 6.8% (the average of 1976-78), it would have paid only \$15.9 billion. Thus, \$15.8 billion was paid in excess interest charges, a surcharge of pure looting.)

Moreover, as shown in Figure 4, total interest payments totaled \$31.7 billion between 1977 and 1987, greater than the total new debt acquired during the same period, and barely less than the total outstanding debt of \$32.5 billion in 1987. Venezuelans should ask their officials how it is possi-

FIGURE 3
Flight capital, annual and cumulative 1970-87
 (\$ billion)



1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
6.5	8.7	8.9	5.8	0	0.4	5.1	9.1	4.9	9.2	14.7	17.8	15.8	15.4
<u>3.8</u>	<u>6.4</u>	<u>5.3</u>	<u>1.7</u>	<u>-5.1</u>	<u>-7.9</u>	<u>-10.5</u>	<u>-12.9</u>	<u>-17.7</u>	<u>-25.1</u>	<u>-21.9</u>	<u>-19.2</u>	<u>-24.0</u>	<u>-23.2</u>
2.7	2.3	3.6	4.1	5.1	8.3	15.6	22.0	22.6	34.3	36.6	37.0	39.8	38.6
0	0.1	0.3	1.0	2.0	3.1	4.6	6.5	8.9	9.4	9.9	10.0	10.0	10.0
—	—	—	—	—	—	—	—	3.0	3.0	3.0	3.0	3.0	3.0
2.7	2.4	3.9	5.1	7.1	11.4	20.2	28.5	34.5	46.7	49.5	50.0	52.8	51.6
Under Pérez: \$6.2 billion					Under Herrera: \$39.9 billion					Under Lusinchi (4 years): \$4.9 billion			

FIGURE 4
Overpayment of interest, 1977-87
(\$ billion)

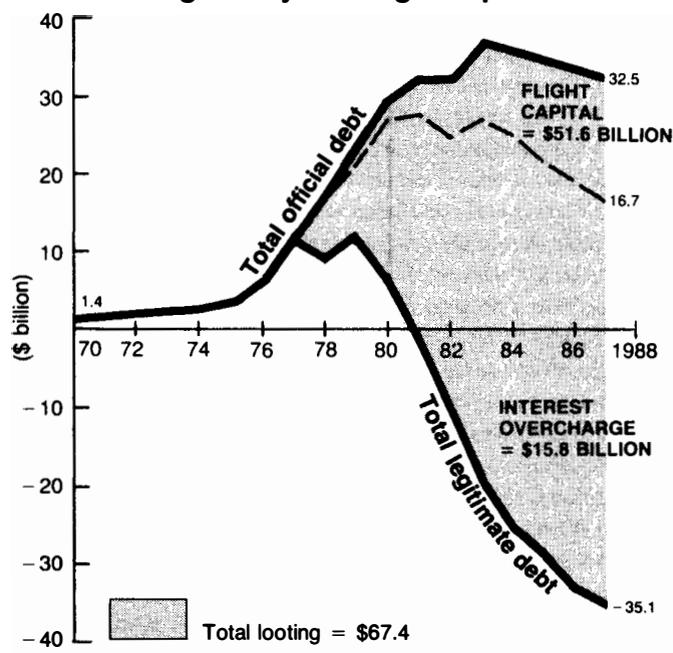
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1977-87
1. Interest paid.....	0.5	1.0	1.7	3.5	3.8	4.6	4.7	3.5	2.9	2.9	2.5	31.5
2. Interest due if calculated at 6.8%.....	0.5	0.9	1.3	1.7	1.8	1.8	1.8	1.8	1.6	1.4	1.2	15.9
3. Overpayment of interest [1-2].....	—	0.1	0.4	1.8	1.9	2.8	2.9	1.7	1.3	1.5	1.3	15.8

ble to pay off a sum equivalent to the entire debt, and still owe an undiminished amount of debt.

Summarizing the entire picture, **Figure 5** shows the combined financial looting of the country through both flight capital and interest surcharge. The bottom line shows what the country's reserves should be today, had there been no looting: \$35 billion, and with not one dollar of foreign debt. Instead, we have not one dollar of these reserves, and have \$32 billion in debts instead. The margin of lost money is thus a staggering \$67.4 billion.

We have clearly shown that Venezuela doesn't owe anybody anything. Venezuela has already repaid the banks their loans—which should never have been contracted in the first place—in interest charges alone, half of which are usury. And Venezuela paid it again, in the form of massive capital flight, which went into the creditor banks as new, secret deposits. If the banks wish to be repaid a third time, the Venezuelan Labor Party proposes that they should simply attach the numbered bank accounts and seize the deposits in their own vaults belonging to the Venezuelan thieves who have upwards of \$30 billion deposited abroad. But under no circumstances is the nation of Venezuela or its government under any obligation to yet again pay these debts under the present terms and amounts, and at the cost of the destruction of our own economy, and the hunger of our people. . . .

FIGURE 5
Total looting: usury and flight capital 1970-87



Sources: IMF, Central Bank of Venezuela, PLV

Monetary and fiscal policy: moratorium and exchange controls

by the Venezuelan Labor Party

We reprint here Chapter 8 of the Venezuelan Labor Party's (PLV) 1988 national election platform. The other chapters, in addition to the analysis of how Venezuela's debt had ballooned (see page 18), mapped out the programs to create 5 million new jobs by the year 2000; to attain food self-sufficiency; to industrialize the country; and to undertake large-scale infrastructure projects.

It was this program that the Venezuelan Labor Party, with Alejandro Peña Esclusa as its presidential candidate, placed before the electorate as the alternative to the disaster it predicted Carlos Andrés Pérez would bring down.

The logical question arises here as to whether Venezuela will have the money to finance this development effort.

Yes, we do have it, as long as we stop the currency bloodletting we are suffering and correctly reinvest our surplus. This requires a series of monetary and fiscal measures, both in foreign and domestic policy.

First, the foreign side.

1) Venezuela must *declare a debt moratorium*, for the simple reason that it cannot keep paying the debt under the present terms and conditions without destroying the nation. It is likely that in the coming months the world oil price will plunge to \$10 a barrel or less, because the world economy is sinking into a deep economic depression. This will translate into the loss of \$2-3 billion more per year, which in turn will impede, to that same extent, continued debt service payment. According to the PLV plan, debt payment shall resume only under the conditions and at the time that it can be done without endangering either the welfare of the Venezuelan people or our national sovereignty.

2) We must *do a complete audit of the foreign debt*, public and private, to determine what portion of it is really legitimate. The PLV's hypothesis is that a large portion of it is illegitimate from any standpoint, economic or moral (as explained in Chapter 2). The full extent of the law should be applied to whoever turns out to be responsible for this.

3) Meanwhile, Venezuela must *issue a new series of government bonds backed by gold*, which will be used to "buy up" our external debt from the creditors; i.e., they will be exchanged for the old debt at his nominal value. They will mature over a long term (30 years) at 2% interest, which will drastically cut our annual interest payments, from some \$3 billion at present to about \$650 million. The creditors will be given a choice between taking these bonds in exchange for the present debt instruments, or not getting anything and waiting for the full audit of the debt to be concluded. Obviously, Venezuela would only pay off the legitimate debt.

4) *Full exchange controls must be instituted*, in order to keep the country from being looted as it has been in the last 15 years. Thus, the use of dollars in overseas operations for purposes that the government has not declared as top priority for national development, will be strictly prohibited. Any banker, exporter, or drug trafficker who tries to violate these rules will be severely penalized. This will put an end to the devaluations of the bolivar induced by the creditor banks and the International Monetary Fund (IMF), which are the result of speculative operations against our currency.

5) *A stable exchange rate for the bolivar must be set*, and defended by exchange controls, to prevent dollarization. The PLV maintains that there is no justification for the bolivar to be subject to the value of a foreign currency. Our bolivar's value stands for what we produce and for our future productive capacity. Hence its value must be fixed according to its buying capacity in the domestic market, instead of being set by the speculators and international usurers. Based on these criteria, we probably have to *revalue the bolivar upward*, to undo the damage done by the forced and excessive devaluations of the past few years.

Timid souls may perhaps be asking themselves whether Venezuela can survive such sovereign actions, given that there is no doubt that the IMF and the banks will take reprisals. Some argue that the international banks are strong and mighty, and they have all the negotiating power in their

hands; the debtors, they add, are weak, and should not try to get too much.

Such arguments are cowards' excuses. The banks are *not* strong; they are bankrupt. They are collapsing in the United States at a rate not seen since the Great Depression. Of course, like any wounded beast, they are still dangerous; but whenever there is a political will to undertake resolute actions against them, it has been seen that victory is possible.

Venezuela must head up the formation of a debtors' club and a Common Market among the Ibero-American nations. The bankrupt and immoral institutions of the postwar era—the IMF and World Bank—have to be replaced with a new and just world economic order. The PLV expresses its support for the proposal for world monetary reform presented by U.S. economist and political figure Lyndon H. LaRouche in his study, *Operation Juárez*, and rejects the contrary proposals of the Baker Plan and the Bradley Plan, neither of which would resolve the debt crisis or create favorable conditions for the sovereignty and growth of Venezuela.

Domestically, two sets of measures are urgently needed.

1) *We must found a Central Development Bank*, owned by the State, which takes on the functions of the present Central Bank of Venezuela, but will act to guide credit and monetary policy according to the national interests and not those of private banking groups.

In this point the PLV maintains—and history proves this—that no nation can be a truly sovereign State if it does not govern fully its own national credit and currency through a central bank directed by the national government. Whoever holds the capacity to regulate the creation of national credit, to determine in what conditions and to whom credit will be granted, has life and death power over the nation's economy. Today, for example, this power is held by the Wall Street bankers and the IMF. The PLV maintains that this option has to return to the hands of the Venezuelan State, precisely as Article 98 of the Constitution stipulates:

The State shall protect private initiative without prejudice to the faculty of dictating measures to plan, rationalize, and encourage production, and to regulate the circulation, distribution, and consumption of wealth to the end of stimulating the country's economic development.

In the PLV proposal, the private banks should guide their lending activities according to the order of national priority dictated by the Central Development Bank. Speculative activities will be vigorously discouraged; drug-money laundering will be combatted to the full extent of the law, including confiscation of all property, etc. To make this effective, it will be necessary to institute full banking transparency.

The Central Development Bank's goal will be to finance *future production* and not speculation and usury. It will encourage agricultural and livestock production (including

forestry, fishing, etc.), as well as mining, the manufacture of capital and consumer goods, construction of infrastructure and housing, transportation, and scientific and technological investigation related to production, transport, and energy.

With this goal, the credits earmarked for these productive areas will be issued at an effective interest rate of 2-4% and with payment schedules consonant with the period of maturation of each type of project.

At the same time, credits solicited for speculative-type investments or simply luxuries (such as unnecessary tourism or luxury buildings) will be discouraged by high interest rates even up to 80-100%.

The rate and amount of currency issues—which will be done exclusively for the indicated goals—shall be fixed in accordance with the results sought from the projects that are selected and according to their order of priority. Thus the "Keynesian multiplier" will be eliminated, and a gold-reserve system will be established.

By encouraging and protecting the productive economy, and discouraging speculation and usury, the State will effectively defeat inflation. If currency issues are directed to productive investment, such as are indicated above, they are not inflationary.

2) *We must carry out a series of tax reforms as quickly as possible*. Like our credit and monetary policy, our tax policy has to be an instrument to stimulate production and to tax speculation and usury. Some of these steps were already explained in Chapter 6, with respect to industrialization. The PLV further maintains that the consumption of families must in no way be taxed. The PLV maintains that surplus income (savings) must be taxed selectively:

a) low taxes for those who direct their savings into productive reinvestment;

b) high taxes for those who prefer easy, speculative investment with no value for national production.

The renovation of machinery and the incorporation of new technology into the productive process will be given tax incentives. Likewise, tax incentives will be given for scientific-technical research which contributes to the progress of basic science (physics, biology, etc.) and industrial and productive technology in general.

Finally, the entire government budget has to be reorganized. It is unacceptable that our government is making no effort to pay for its activities on the basis of the economic activity of the country; i.e., via adequate taxes. Up to now, the State has preferred to live only off oil revenues. Under the conditions of growth sketched out here, there is no reason why in a few years Venezuela would not be capable of covering the costs of the government with tax revenues, without imposing any privation on the people or blocking industrial growth.

This will free up the income the government obtains by petroleum sales, for capital investment, and will provide all the necessary funds for our ambitious development program.

The Middle East needs many General de Gaulles

Special from Middle East Insider

The following two interviews were granted to the weekly newsletter *Middle East Insider* at the beginning of February, and have since been widely circulated all over the Middle East. On March 6, the Kuwaiti Arabic daily *As Seyassa* reprinted almost in full the text of our interview with Gen. Ezer Weizman. Both interviews speak for themselves in outlining the political debate within Israel on the question of peace with the Palestinians.

General Weizman, whose political and military record is impressive, has some very clear suggestions to make, both on how to deal with Palestine Liberation Organization chairman Yasser Arafat, as well as the kind of in-depth political reforms needed in Israel. Former Chief of Staff Mordechai Gur follows suit in the same direction. In addition, his remarks on the role of Henry Kissinger in the early 1970s may serve as a warning to those who are toying with the idea of appointing Kissinger as some kind of U.S. special emissary to the Middle East. If Washington wants to further collapse its credibility in the region, that is one sure way to do it.

Already the appointment of Kissinger's long-time associate, Lawrence Eagleburger, to the number-two job in the State Department has provoked many angry editorial comments throughout the Middle East. It will not be long before Kissinger's ambiguous role in the 1975 assassination of Saudi Arabia's King Faisal is brought up.

Neither interview claims to present a miraculous recipe for the present crisis. They outline the hopes and the limitations. Yet, a peace agreement has to be reached between Israel, the Palestinian people, and its other Arab neighbors; they have to talk to each other, and because they are stuck in the same region, they will have to work together.

The present diplomatic framework of an international peace conference has become a contentless gimmick. It is obvious that the Soviets are only interested in being afforded equal footing in the region. With no confirmed replacement for Undersecretary of State Richard Murphy, Washington is dragging its feet, not out of consideration for Israel's rejection of such a framework, but because it has other priorities. And these do not include proposals such as those raised by Mordechai Gur in the mid-1970s for making the desert blossom. Fresh investigations could be initiated as to Kissinger's real reasons for having the plan rejected by then-Defense Secretary James Schlesinger.

Israeli nationalists, like Arab nationalists, are correct in rejecting pressures coming from the superpowers, and denouncing any attempts at a condominium in the region. But all will agree that a negative posture is not enough. Ultimately the danger of war is ever-present in the region. Speaking before the Jaffee Center for Strategic Studies in Tel Aviv on Feb. 26, Israel's Chief of Staff Dan Shomron, always a cautious man, spoke of the "legitimate and moral" value of a 1967 type of preemptive strike, as he elaborated on the military threat coming from Syria, and potentially from Iraq's 55 divisions. On Feb. 23, Soviet Foreign Minister Eduard Shevardnadze had even raised the specter of a "nuclear confrontation" in the region, warning that the "historic process" between both superpowers could "grind to a halt" due to a diplomatic stalemate in the region.

One of General Weizman's proposals is for Israel to find its own General de Gaulle. However, this need is not specific to Israel, but to the entire region. Bold initiatives and direct negotiations are the only formula that can ensure success.



'Israel needs leaders with enough guts to take a risk'

General Ezer Weizman founded the Israeli Air Force, was Defense Minister, and played a crucial role in the "Camp David" peace treaty with Egypt. He has held ministerial posts in numerous governments and, after serving as Minister Without Portfolio in recent years, was appointed Minister of Science and Technology following the last elections.

General Weizman in the recent period has been outspoken on the need for negotiations with the Palestine Liberation Organization and Yasser Arafat, because, as he says, he is "concerned about the immediate future," while "more optimistic about the long-range future."

His views of how the region should develop are attractive: a Middle East in which Israel would live in peace with all of its neighbors, and in which Israelis and Arabs would be able to travel to each other's countries freely. But for that to happen, a "few more crises may have to happen," and Israel may well need to "have a de Gaulle," the General said.

The following interview was conducted for Middle East Insider in Jerusalem on Feb. 13.

MEI: What do you think Israel has achieved over the last 40 years?

Weizman: First of all, whatever we have achieved, has its roots in the 50-60 years before the State. Zionism as recreating the Jewish state goes back to the end of the 19th century. My late mother, if she were alive, would be around 95 years old, and she was born here in a small village which is more than 100 years old. The whole business was started back in the 1800s by the realization that one of the ways for Jews to live—I think the only—was to have their own state to go back to, the land of their ancestors, Palestine.

As soon as we started, the realization was that the Arabs did not like the idea, to put it mildly. The wars started at the beginning of the century; we had the riots in the 1920s: 1921, 1929, and 1936. The famous General Wingate got one of his medals fighting the Arabs in Palestine.

The State came into being in 1948, fashioned first by the U.N. decision to create a Jewish state in Resolution 181; then through the fight against all of the Arab world, and our ability to withstand it. And, by the way, to remind the world: We lost 1% of our population in the war of 1948, which would be equal to Germany today losing 600,000 people in 18 months, or the U.S. losing 2.5 million people in 18 months.

They didn't lose that in either the First or Second World War.

Israel in 40 years has managed to grow in population and create an academic life where we now have seven universities, and world-reknowned research centers such as the Weizman Institute, keeping up with the accepted view of the Jewish people, that we are knowledgeable people. Einstein started his career in Germany. We created an industry which is at its beginning now, for instance, in high technology; and agriculture, which is going through a crisis now. However, if you look at it from a 40-year perspective, now you can have avocados in London or Munich, oranges, fresh tomatoes, and so forth.

We created a certain way of living, which is the *kibbutz*, which existed before the state—which also is undergoing a certain type of crisis, but is still here. Above all, we created a defense force which we are very proud of; we have achieved certain things; we made a few mistakes, too.

All in all, I do not think that the world can wake up in the morning without knowing that there is an Israel, for better or worse. We had our great days and our problematic days, we had the Six Day War and we had the 1973 War. It is amazing, and perhaps part of the achievement of Zionism, that our Air Force is considered one of the best in the world. Israeli pilots are considered extremely experienced. You take the present commander of the Air Force, whom I had the pleasure to present with his wings as a second lieutenant, and he now is the commander of the Air Force; he is probably one of the most experienced pilots. He has flown hundreds of missions, shooting down airplanes. I hope that in the future this will not be the main pride of Israel. Unfortunately, in the last 40 years, this has been the case. I do hope that we create a younger generation that is a different young Jew from the man born 40 years ago.

In the 40 years, we have achieved one important thing, peace with Egypt. You just asked me about 40 years, and look at it; for 25% of it, for 10 years, we have had peace with Egypt, which is an extremely important, almost unbelievable achievement, not appreciated by most Israelis.

What Israel has managed to achieve in 40 years, is a more common feeling that we have to come—although not at all costs, not at any price—to a peaceful coexistence with the Arab world. With all the mistakes that the Arabs made, and all the mistakes that we have made, look at what we achieved

in 1978 and 1979, since the arrival of [the late Egyptian President Anwar] Sadat [in Jerusalem]. Sadat was a great man, and his policies are being continued by his successor, President Mubarak. I didn't believe it could be like that. It is very difficult to run Egypt; it is in a very difficult situation.

When people tell me, Mubarak is going back to the Arab world, I tell them, "Where do you want him to go, to Scandinavia? He *is* the Arab world!" Peace with Egypt is the most important achievement of the past 40 years!

Unfortunately, the situation now is one of slight decline, because for the Israelis to realize that they would have to give up the Gaza Strip and part of the West Bank to achieve peace with the Palestinians, is a very difficult thing to accept. To achieve that, we need a strong leadership and certain crises.

We are approaching a situation—nearing the 50-year anniversary of statehood—where the main thing which will have to be achieved is peace with the Palestinians. And then you will ask, "What has Israel achieved in its 50 years?" In the first 40 years, she achieved peace with Egypt, and in 45 years, she achieved peace with the Palestinians. I think it is possible, I think it is necessary, and they will have to come to a conclusion that they have to sit down and talk to the PLO, and talk to Arafat. I am not the only one who is saying so. Some people are not saying it as clearly and as loudly as I. I am not afraid of the PLO. Like Stalin once said of the Pope, "How how many divisions has he got?" Anyone who throws bricks and bottles at me throws them because he has no F-16s and no tanks. I see no reason why we should not sit down and talk to the PLO, and then decide whether we can come to a solution or not.

People do not realize that Sadat arrived in November 1977, and that peace was reached in March 1979. It took 16 months. After all the great things, the President of Egypt arrives, and then there were ups and downs. Before Camp David, I went to Egypt at least 15 times, including a trip to Salzburg [Austria] to see Sadat.

For me today, the achievement for the next 10 years—preferably much sooner than that—will be to sit down with the PLO and say: "Look, we signed the peace treaty with Egypt based on U.N. Resolution 242; let us see how we can run Gaza and the West Bank. We give you our full respect; give us our security. Let's see how we can have a common economy, whether King Hussein comes into the game, and if this country can flourish and become a normal country."

The main task of Zionism is to become a normal country. Unfortunately, in the last 40 years, we have always prided ourselves too much on being an abnormal country. We are not a young country any more, and for the next generations—look at my two grandchildren here—for them to have a happier and more prosperous, normal life like youngsters in other countries, we have to sit down and talk to the PLO about coexistence.

MEI: How do you see your particular role in negotiations with the PLO?

Weizman: It could be that I will not be involved, because there is a younger generation and because the elections have elected whom they have elected. I resigned eight and a half years ago from the Defense Ministry and left the Likud because I thought that Begin regretted signing the Camp David Accord. He didn't continue. If he would have pursued what he had promised, the whole situation would be different, and I would still be in the Likud. To me a political party is a frame, a framework where one can achieve and push what one believes in.

The four main people in a game like this are the prime minister, the foreign minister, the defense minister, and the finance minister, and the four of them still don't believe what I believe. I am not going to sit all my life in a government and say, "You are wrong." It could well be that I will become very close to being fed up in talking all the time about things that I cannot do.

Mr. [Moshe] Arens, the minister of foreign affairs, voted against peace, but he is the foreign minister and i am minister of science—which proves to you that the world is topsyturvy. Mr. [Prime Minister Yitzhak] Shamir abstained from voting for peace. Mr. [Finance Minister Shimon] Peres and Mr. [Defense Minister Yitzhak] Rabin are in the opposition. I think that if they do not change their attitude, I won't have anything to do with the government. Since in the merry month of June, I will turn 65, I might say, you know, "Go break your neck somewhere else," i.e., my neck.

It is no use sitting in a government and being all the time in opposition. We will wait two months and see what happens. A lot depends also what happens in Europe, what happens in America, and what happens in Russia. America and Russia do not want a war, not because they love each other, but because of the economic problems of Russia and the economic problems of the United States. Why does Bush need an uproar in the Middle East? They are all very concerned about the East—Japan, Korea, Hong Kong, Singapore, Taiwan, and China. The last thing they need is a blowup in the Middle East. If the U.S. and Russia do not push for a solution and our wise politicians do not change, the stalemate will not continue.

My contribution is in being controversial.

MEI: What about unilateral actions?

Weizman: What if I go to meet with the PLO? There will be headlines for a week, and what after that?

If I thought that my meeting with the PLO now, with Arafat, could contribute to something—even if by doing that I lost my political head—I would do it. For instance, I could meet to try to persuade Arafat to declare a ceasefire, which would make it more attractive for Israelis to talk with him. If I ever come to that conclusion, I will do it. But right now, probably there would be some newspaper headlines, and I would be kicked out of the government.

MEI: If you were in another position, what steps do you

think should be taken?

Weizman: I would invite Arafat for talks. I would say: "Look, you fought me and I fought you, but I think it is time to sit down and talk. You recognized Resolution 242; you recognized me; I recognize you. I am willing to meet wherever you want and I'll talk to you like I talked to Sadat."

However, there is no real comparison, because Sadat was heading a sovereign state, and the Palestinians have to create something from nothing.

But I would definitely invite him, were I prime minister. It could be that it is because of this that I am *not* prime minister.

Eventually, a prime minister will wake up one day and realize that he has to take this step. If it is Mr. Shamir, I would bless him and kiss him. I thought that Peres would make this invitation, but he didn't do that. He tried to excuse himself and explain it away. If Mr. Shamir, or Arens, or Arik, or anyone ever does it, they'll get the same support from me. I have my doubts they will, but I hope that I am wrong. If the Israeli leadership does not take a decision within the foreseeable future and does not realize that the PLO is the only entity to talk business with. . . . As with the Syrians: Not one shot has been fired in the Golan Heights for 15 years. Are the Syrians more pleasant people than the PLO? Of course not!

MEI: On the other side, Ariel Sharon was recently warning that the present diplomatic moves would lead to a new war.

Weizman: The lack of momentum will lead to war in the Middle East. My logic is different but, of course, that's because he is an infantryman and I am a pilot. The way a pilot looks at the Middle East is a bit different from the way an infantryman, for whom there is a tank behind each bush, looks at it. I think he is wrong; the lack of momentum will lead to war.

Let's assume that there is a Palestinian entity on the West Bank and Gaza, and with that a political agreement, an economic agreement, and an agreement that they have 24 APCs [armored personnel carriers], 4 helicopters, and 72 pistols. We have an agreement with Egypt on limiting forces in the Sinai. If I can have an agreement with a country like Egypt, why can't I have it with a Palestinian entity, especially if it is coordinated with Jordan, with Egypt, with America, and Russia?

MEI: How do you see the economic foundations of a Palestinian entity?

Weizman: What are the economic foundations throughout the whole world, but cooperation? I want to see a Benelux-type system here. I want to go back to the years when I was a youngster, when I used to go with my father to Beirut, Damascus, Cairo. I was never in Baghdad, but he used to go to Baghdad. Anyone who thinks that Israel can exist on its own, without communications and economic links with Egypt, Syria, Lebanon, Cyprus, and so forth, is wrong. I do not

want to only sell vegetables to Bonn.

There will be a Palestinian state; they will have an agreement with Jordan, and they will have an agreement with us. Hussein will be watching on the east, we will be watching on the west, and, unless they misbehave themselves, they can live happily as well.

MEI: Do you see a reshaping of Israeli political life?

Weizman: There will be a change of the electoral system which is bound to reshape the political parties. The Likud is trying to be a center party. The Labor Party is not a socialist party. I hope that with a changed electoral system, which I am all for, whatever it is, there could be a change.

We need a leadership which will have enough guts to take a risk; like Sadat took a risk, like Begin, like de Gaulle took a risk. Part of the country will not like it; the fact is that Sadat was murdered. But if I had my way—and I have not said my last words—if I knew that some of us could do something that could be used as a detonator, I would do it.

For a man like Sadat to come to Jerusalem, facing the whole Arab world—this was a very courageous man. I lost a very good friend, and the region lost a great leader. Leadership is also judged by the way you leave things behind you, and the way Sadat had enough sense to leave Mubarak—I think it is his greatest contribution. Mubarak's style is not the same, but you can look at the way he runs Egypt.

MIDDLE EAST INSIDER

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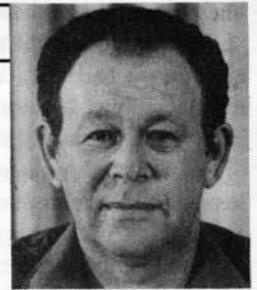
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'The central issue is the Palestinian issue'

Israeli Minister Without Portfolio Mordechai Gur is best known for his tenure as Israel's Chief of Staff from 1974 to 1978. According to Israeli media, the "Gur faction" within the Labor Party has been growing in strength in recent months, putting General Gur in a position in which he could over the next couple of years become Israel's prime minister. This indicates the importance of the role he has played in the last decades of the peace process, and his views on the Palestinian problem. This interview was conducted in his Tel Aviv office Feb. 13 by Middle East Insider.

MEI: It seems to us that over the last decade or so, you have modified your views on how to approach the peace process.

Gur: Not so much, let's talk about it.

MEI: For example, at the time of Sadat's visit to Jerusalem, you launched a warning in the media on the potential threat coming from Egypt.

Gur: It might be a good idea if I lay out my views about our relations with the neighbors.

Let's start with 1967. Immediately after the war of 1967—in which I participated in the liberation of Jerusalem, played a very active role, and was very much emotionally involved—I knew quite well that the main idea was immediately, how to get back to peace.

Then, I was nominated as the military adviser to our Mission at the U.N., at the time headed by Abba Eban.

I come to the first point: It was my proposal that we withdraw unilaterally from the Suez Canal to 40 kilometers from the canal, to prove to the Egyptians that we did not have any intent to remain. "After the war, let's now talk peace."

My view was always first of all, that we should live in coexistence and that we can live in coexistence. The more powerful we are, the more we can make concessions. That was my idea all my life and that was the combination of my military experience and understanding, and basic political belief. You have to know that I was born in Jerusalem, and lived together with Arabs before the war of independence. My father used to work in an Arab transport company. I have

known coexistence in light and in darkness, in good days and bad days; but I know that coexistence can be achieved and done.

I suggested a unilateral withdrawal based on our power, on our force. Anyhow, that idea was not accepted very warmly by either side. The Arab reaction at the time, was: no peace, no negotiation.

When the Yom Kippur War exploded, I was in Washington as a military attaché. Toward the last phase of the war, I had, almost daily, long talks with the American secretary of defense at that time, James Schlesinger.

I tried to convince the Americans that as a result of the war—that again was not initiated by us—perhaps it is time, once the Egyptians feel a little bit better (that even if they didn't win the war, their self-confidence and pride were in better shape), to use this new situation for a much deeper and better understanding between Israel and Egypt. This could be done with the help of the United States, based on our withdrawal from Sinai, because I never thought that we should stay in Sinai.

I tried to convince the Americans that with their involvement in Sinai, we could get out. Then, with American help, we could develop Sinai as an area of Israeli-Egyptian co-production, making the Al Arish region a flourishing area for the benefit of all the citizens. Development would include irrigation and agriculture.

Unfortunately, the Americans felt that after Vietnam, they should not be involved in projects like that. I believe this was a mistake. My view was that the time was ripe for reaching deeper understanding.

MEI: What role did Vietnam play in the American refusal?

Gur: After Vietnam, the American government felt that any involvement of American forces outside their immediate sphere, would not be accepted by the American people.

Though at the time, I said to Schlesinger: Why doesn't Nixon come out with a "Nixon plan for peace," based on co-production to make the desert flourish?

After a day, they said that even if the idea were good,

they would not be able to make it acceptable to American public opinion after Vietnam, because Americans would be afraid to be stuck in another conflict.

Then I was nominated head of our military mission in Geneva to the international conference discussing the first interim agreement, or, rather, the separation of forces agreement. I did not have any doubts that we were going to withdraw from Sinai.

In Geneva, I suggested to then-Defense Minister Moshe Dayan that the withdrawal should be much bigger: once we realize that we are facing a new era of peace instead of fighting, let's do it big, and directly with the Egyptians; not via Kissinger and the Americans. Whatever we decide to give up, let's do it directly with the Egyptians. Why should we need the good services of the United States, if they are not participating in developing the area?

However, most people in Israel felt that the good services of the Americans were really necessary, and I emphasize that because it is also true today. Direct concessions, direct talks seemed very complicated and difficult.

For example, from Washington I had suggested that the first meetings should take place between Israeli and Egyptian officers, because, as it has been shown in history many times, meetings of officers, where we meet on equal professional grounds, establish good will for further meetings by politicians.

Kissinger rejected it as impossible—and so did Moshe Dayan.

However, the Egyptians accepted it, and the meeting at 101 [101 kilometers from the Suez Canal] was the first real talk about future political discussions that we had. This was the third time that, in view of our withdrawal from Sinai, I had actively recommended direct talks between us and the Egyptians.

The agreement on separation of forces was agreed upon in early 1974. In April 1974, I immediately began my turn as Israel's Chief of Staff with negotiations with the Syrians. I then suggested some territorial concessions to the Syrians, even inside our previous lines. In the event, Kissinger negotiated between the two sides. I realized that even after the Yom Kippur War, we were strong enough to be able to participate in an agreement that would include concessions, that not only would not weaken our positions, but would strengthen them for a long time. We have had that agreement now for 15 years.

In 1975, when we started discussing the interim agreement with Egypt, I suggested that instead of what was considered a small agreement for a local withdrawal, we should immediately withdraw to the Al Arish Line. The idea was again that we should directly negotiate with the Egyptians, and that if we have the feeling that we are moving toward peace, we should do it big! Let's not waste our money in the Sinai anymore. I want all my bases in the Negev in Israel, and then we see how we can get to the final phase of the real

and complete peace.

I received permission from Shimon Peres, who was Defense Minister, and Yitzhak Rabin, who was Prime Minister, to present that plan to the government. My proposal was rejected.

Not only was I not against steps toward peace, but I had a very clear idea about how to move toward it. I believed then and I believe now, that "doing it big" is the only way to overcome difficulties in conflicts that are as deep and emotional as our conflict with the Arabs, and especially with the Palestinians. But it was the same with the Arabs.

Kissinger said then in 1975 that even Sadat did not want such a deep withdrawal—I doubt whether it was true or not—because he knew, he would have to pay something, he was not yet prepared to pay. I do not know whether it is true or not, because I did not talk to Sadat at the time, but I know what my position was. Prime Minister Rabin had asked me: If you suggest something like that, what do you expect to get in return? My answer was: the process to peace! We are not in a grocery store. It is not that if I give something, I immediately have to get something back. I believe that the process is worthwhile. For military purposes, it is good that we have a large area between us. For economic reasons, it is good that we stop wasting our money in Sinai, because it will not be ours anyhow. And politically, we have to show the Egyptians that we are ready to do it big.

MEI: Why was it rejected by the government?

Gur: Because they thought that Sadat could not compensate us with the same kind of political concessions that we expected him to make.

MEI: Basically the line of Kissinger was accepted?

Gur: If you remember, Kissinger's policy was step-by-step. I believed in step-by-step policy, but I thought that these steps should be much bigger and decisive. He said that Sadat was not ready for it. Our government thought that the Egyptians would not be ready to compensate us politically for such a big step. I said that as far as I was concerned, the separation of forces on one hand, and the big gesture on the other hand—this is the real compensation, because we move safely into peace.

We signed that agreement in 1975. The plan was that in October 1978, that agreement would expire and that we should sign another one, and we prepared for it. Then there was a change in the government and Begin became prime minister. He changed the directives to us, the General Staff. He said that the ultimate border of Israel in the Sinai should be a line between Al Arish and Ras Mohammed; not security borders, but formal international borders—which I knew, would never be accepted by the Egyptians. We had a discussion about it. I said it will not work.

Then, on Sept. 6, 1977, I was summoned by Begin. He and Yigal Yadin (then deputy prime minister) were worried

that the Egyptians were preparing an attack on Israel. I was there together with my Chief of Intelligence, General Gazit, and we argued that there is no reason for war, there is no place for war. We said that the Egyptians are only preparing themselves for the next phase of the new agreement to take place next October. Begin was a little bit doubtful.

Then came the initiative of President Sadat, based on his fear that if we go to an international conference, there will be an explosion. He had met with [Romanian President] Ceausescu, discussing whether Begin really wanted peace or not, and he decided to take the initiative.

My fear was not about the Egyptians. While visiting Syria and Saudi Arabia, Sadat had said explicitly that, militarily, the Arab world will not be able to beat Israel, for at least five years. I took it as very good, hard intelligence. He said now, let's begin a big peace initiative concerning the return of all our lands, and put Israel to test. If Israel is willing to do it, then we get back our territories, and we have peace. If Israel does not agree, then everybody will know who is against peace. And then, in some time, that will create the possibility of war.

I must say that the only one who surprised me was Begin. That was my mistake, because I could not imagine that he was willing to give back the whole of Sinai. My intelligence about the Arabs was very good. My intelligence about my political superior was wrong. What I was afraid of, was that, with Sadat coming to Jerusalem, making such an important international gesture, unless we responded in a similar way, this would create the path to war. If you read Sadat's autobiography, he writes explicitly, at least 20 times, that if he had not received what he had expected, he would have gone to war.

I told Mr. Begin: If you get Sadat here, without knowing exactly what we are going to do, it might create clouds of war. If he does not get what he expects, everybody will be against us.

Unfortunately, on that issue Begin did not call any discussion with the government, or even in smaller groups. The only way I could express my views, was to make them public. I endangered my position, because he could ask me to resign any minute, and I was ready.

I said to Mr. Begin, you know that I do not agree with your policy; I believe that you are going to give back all of Sinai before solving the Palestinian issue. And without a solution to the Palestinian issue, there will not be a stable peace for a long time.

That was a discussion among two schools of thought in Israel. One—which included Golda Meir, Moshe Dayan, and Menachem Begin—believed that the Palestinian issue practically does not exist, and that it is an artificial issue created by the Arab countries. Once we have peace with Egypt, other Arab countries will follow, and the Palestinian issue will fade away.

I belong to another school which believes that the Pales-

tinian issue is the central issue, and as long as this is not solved, no peace will be stable. I said to Begin, if you give up all of Sinai when we still have clouds in the east, that's not the right policy. But as Chief of Staff I can tell you, you do not have any military problem. We can give you backing for any policy you decide, because since 1974, we have built a new and very effective military organization that can give you backing for any political plan you want.

As for the Palestinian issue that we are facing now, I believe that the change in the PLO is real. It is not complete, but it's real. We are strong enough to welcome that change and start political negotiations. Some of my colleagues think it is a disaster. I do not see it as a disaster because I know we have to solve our coexistence with the Palestinians, and it is better to solve it on political grounds rather than military. I believe we are strong enough to face it. I believe we are strong enough to make concessions that can ease the way to the solution. It will not be easy. For example, today, I believe that the PLO leaders are up in the clouds, because they do not realize what real politics are.

MEI: How do you see the negotiations?

Gur: Let's just repeat some basic facts. I am against a Palestinian state and I believe that a triangle of Jordan, Palestinians, and Israel is the best solution for long-term coexistence. Now, I believe that Israel is strong enough to make concessions to that kind of option.

First, we are strong militarily; secondly, if we can keep some security areas in the territories, to be safe against any invasion from the east, we can afford it. And to do that, we do not need to be all over Judea and Samaria.

I also believe that for security and other reasons, it is not to our benefit if we have to include another 1.5 million Palestinians in the State of Israel. It is crazy. It is better if they have their own statehood and own political identity, as long as it does not endanger my existence.

I mentioned before that the PLO is in the clouds. I only arrived in the last two weeks at the realization, to what extent they are now unrealistic. I was in Paris and London—we are preparing a Jewish conference in March—and last week I had talks with four Palestinian leaders from the Territories here, who are close both to the Jordanians and the PLO. I got the first direct impression of the current euphoria of PLO leadership.

If I can sum it up in my words, they feel that they have done enough and that now the world will pressure Israel, and that's it. They have done their share and now that the world recognizes the PLO, the world will do the job. I heard that in Paris, London, and from these Palestinians. Some of them were in meetings of PLO people in many different places and they said, it is unbelievable to what extent the PLO believes that the world is going to do the job for them. In Tunisia, when they sit down, they discuss who is going to which embassy. For the PLO, the most preferred embassy is Cairo.

Two days ago, I discussed the issue with two prominent Palestinians and they said that it is also the feeling in Jordan that the PLO is high in the sky, and that they have to get down before any serious discussion can start.

I can tell you, despite all of my positive attitude, that they can forget about it, and they might lose a lot. I do not know whether you have followed the declarations by the various leaders of the PLO. I believe that one of the most important was from Abu Iyad last October. He said that the Intifada [West Bank revolt that began December 1967] cannot continue and succeed only by violence and military means. If it continues only by these means, it will fail. It has to be continued by a political process; otherwise the Intifada might fail in a way that will be considered a national Palestinian disaster, like 1948 and 1967.

He knows what he is talking about. What happened to them, is that the positive reaction of the world to Arafat's declarations, suddenly brought them to the belief that everybody is going to do the job for them, and that they do not have to make compromises and promote understanding, and sit down to very serious negotiations.

The Intifada will not succeed, and it might become another Palestinian disaster, if the PLO leadership does not grasp the reality of the geopolitical life in the region. Because even people like me, who were always ready for compromises, concessions, understanding, and so forth—I will not support anybody who is trying to put pressures on me through people who do not live here. Until now the West didn't pressure Israel beyond a certain point, and I do not believe they are going to.

MEI: What do you expect from the United States?

Gur: First, I supported what they did in these talks to the PLO.

In my view, the best option is a triangle among Israel, Jordan, and the Territories. An additional, independent Palestinian state, in such a small area, would obviously satisfy the national ambitions of the Palestinians for sovereignty and independence. On the other hand, it is going to create many complications, because this is a small area, with so many expectations and hopes. The region could soon become a center of agitation; even if the Palestinian leadership does not want that. I do not need to tell you that we have seen all over the world, many things that have gone out of control.

Everything being considered, a confederation will be much better. I know that the Palestinians are not happy with it; I know that we are not happy with a Palestinian state. But I know that a practical solution, even by stages, has to be found. For that, people have to sit down and discuss.

MEI: Do you foresee a situation where there could be direct negotiations between Israel and the PLO, without an international conference?

Gur: First of all, there will not be any international confer-

ence. I will not go there, so there won't be. It is an illusion. Why will I not go? Because there immediately will be an explosion. I was in Geneva. The first question by the Egyptians was, "Where is your withdrawal map?" At that time, Moshe Dayan was in Washington talking with Kissinger. Kissinger called Sadat, and talked to him secretly. In the international conference, nothing was achieved. With the Palestinians it is ten times more complicated. We will not go to an international conference.

We need an old European type of negotiation, where you examine carefully the positions and try to define what are the positions, and the fallback positions, etc. You can do that only in discreet talks when you can trust the negotiators. In any direct talks, if you take me—and I am considered a moderate among the Israelis—and if you take a Palestinian moderate, the gap is still huge. That can be cleared up only in discreet talks, and only maybe by stages.

Look, Yasser Arafat renounced terror. Yet, two days ago, he gave an order or instruction—I do not know what—to the people here to start using weapons. He is crazy. And then a week ago, they supported that unit which tried to infiltrate Israel from Lebanon and they said it was aimed against a military target. The next sentence, they say that settlements are military targets. I was sitting with a Palestinian and asked him about Arafat's declaration that anyone who is for elections, will get 10 bullets in the chest from him personally. We are talking open democracy, we are talking open discussions—and he will shoot anybody who will contradict him, and he will give orders to his people to use arms. I think that he is committing great mistakes. They are in a state of euphoria, that he has crossed the Rubicon.

Believe me, people make mistakes in their lives, and Arafat now has committed in the last two weeks three big mistakes: one to shoot Elias Freijj [the mayor of Bethlehem]; with 10 bullets in the chest personally, secondly to support the new infiltration from Lebanon, and thirdly to give an order to use arms against us. He is crazy. This is why it has to be dealt with, with a very careful attitude, to check what does it mean? Why did it happen? Maybe he has domestic problems.

In conclusion: On the ninth day of the Intifada, I said in the Knesset that it is going to be the most dramatic event since the birth of the State [of Israel]. It is a direct confrontation between us and the Palestinians.

We are in a real dramatic change. As the conflict is so deep and emotional between us and the Palestinians, both sides are required to show steadiness and openness, and a realistic approach. That can only be achieved, not by a slow, but by a reasonable process. The United States, the Europeans can be a lot of help. Also Egypt, which is the leading Arab country. I do not like to use words such as "positive" or "negative," but I have to say that, judging from history, we are in a positive way—though obviously we have to expect ups and downs.

Western leaders endorse 'ozone' insanity in London

by John Sigerson

The results of a huge, three-day international conference in London, England March 6-9—held ostensibly to deal with those gaping holes in the Earth's ozone layer—would be enough to convince anyone that most leaders of the Western industrialized world have crossed the border into insanity, in their drive to live up to Mikhail Gorbachov's statement last December at the U.N., that industrial progress is humanity's major enemy. Not only the pro-Soviet British Royal Family—from whom one would expect such things—joined in approving the quack-theory that "ozone holes" are caused by the use of chlorofluorocarbons (CFCs), and signed on to the so-called Montreal Protocol which would ban CFCs in aerosols, hair-spray, and refrigerators; but U.S. President George Bush, under heavy pressure from William Reilly of the Environmental Protection Agency, has also joined the ranks of the malthusians by signing on as well.

The issue at the conference went way beyond banning CFCs—which is bad enough, since it would ruin the already far too scant refrigeration and food-handling capabilities of the nations of the Third World. As Prince Charles laid out in his keynote to the conference, the governments of the West are now moving to "challenge the power of any industrial lobby which seeks to ignore or disprove such matters of global environmental concern." Those "matters" include such things as modern intensive farming methods, sophisticated chemical production, and other industrial processes which are in fact essential to increasing the relative population potential of the human species.

Whether they care to admit it or not, the Western industrialized powers who joined Prince Charles at the London conference, are not only signing their own death warrants as industrialized nations, but are giving their dubious blessing to the murder of millions, and quite likely billions of human

beings on this planet.

Fortunately for humanity, certain nations, such as Brazil, and certain factions within nations, such as in the United States, are not so easily convinced of the benefits of this genocidal malthusian world order. And even in the Soviet Union, the *Nomenklatura* is apparently not 100% behind Gorbachov's drive to realize a Satanic "New Age" of technological putrefaction. If the Western powers continue this drive much longer, the popular explosion in Venezuela against such policies is only a mild foretaste of what is to come.

The London conference on "saving the ozone layer" was the the biggest eco-extravaganza to date on this theme. Representatives from 124 countries were in attendance, including ministers from 85 countries. It was sponsored by the British government and the United Nations Environment Program. Representing the U.S. at the conference was William Reilly, former head of the World Wildlife Fund and now head of the EPA. Top-level U.S. participation in the conference virtually assured that most nations would support the Montreal Protocol, which aims to reduce CFCs by 50% by the end of the century, and by 1995 to completely phase out other chemicals said to deplete the ozone layer.

Prince Charles set the overall tone of the conference with a neo-fascist tirade against man's irritating habit of using technology to improve nature. "We thought the world belonged to us. Now we begin to realize that we belong to the world. We are responsible to it, and each other," he said. "We can't pretend that we aren't aware of the potential long-term dangers to the intricate balance of nature. Since the industrial revolution, human beings have been upsetting that balance, persistently choosing the short-term options, and to hell with the long-term repercussions. . . .

"Like the sorcerer's apprentice causing havoc in his mas-

ter's home when he couldn't control the spell which he had released, mankind runs a similar risk of laying waste his earthly home by thinking that he is in control of things when he's clearly not."

As for those governments which might beg to disagree, Charles proposed that means be found to force them to comply: "I do not believe that it is enough to rely on voluntary action alone; there should be an obligation to intervene as, and when appropriate to accelerate or enforce environmental measures."

By proposing to enforce the reduction in vital industrial processes throughout the world, Charles is merely proving the adage coined by a wise old man, that the worst polluters of the environment, are the environmentalists. The hoax about the "ozone hole" is typical of the fairy-stories which they have come up with to buttress their basic hostility to technological progress. In fact, there is no such thing as a man-made "ozone hole," which was ostensibly "discovered" in 1985. It has been sufficiently demonstrated that during mid-year, the ozone layer at the North and South Poles (where the ozone ostensibly "seeps out"), is just as dense as in other parts of the world. Already in 1956 and 1957, the ozone researcher Dobson did studies which indicated that it was a seasonal variation, with annual fluctuations. Not surprisingly, the "ozone lobby" has tried to play down the fact that, although ozone levels were very low in 1987, they went back up again in 1988.

Or, consider Prince Philip, head of the World Wildlife Fund, who just happened to be giving a lecture on BBC on the dangers of modern agriculture while the ozone conference was taking place. Philip accused modern intensive farming methods for having "created their own problems of disease in livestock reared under intensive systems." But the biggest enemy of all, he said, is "the damage that the rapid growth of the human population is doing to the natural environment; it is causing almost insoluble difficulties for many of the poorer countries, in the provision of adequate housing, water supplies, schools, hospitals, and, above all, employment." And who caused this population growth? Why, the farmer himself! "Agriculture," he explained, "requires regular work for most of the year, while in years of plenty at least, it seems as if predation [i.e., hunting] is getting something for nothing—until demand exceeds supply." As the London *Independent* remarked, Philip "seemed to be extolling the virtues of the hunter . . . over the farmer, who created an engine for population growth."

Brazil revolts

While many countries represented at the conference— notably India and China—indicated a willingness to submit to these malthusian policies, a group of Ibero-American nations led by Brazil declared a revolt against the attempts by their foreign creditors to use indebtedness as a bludgeon in order to force compliance. The revolt came to a head a few weeks ago, when Brazil's President José Sarney was invited

to a "consultative meeting" at The Hague in the Netherlands, scheduled for March 11-12, in order to discuss various "debt-for-nature" schemes with European de-industrialization enthusiasts such as Norwegian Prime Minister Gro Harlem Brundtland. Sarney declined the invitation when it became clear that the main purpose of the affair was to hold Brazil up to public scorn for refusing to hand over its sovereign control over its natural resources to its international creditors. According to the West German daily *Die Welt*, the entire leadership in Brazil is now angered by these attempts to "internationalize" the Amazon rain forest. "The Amazon is not an ecological reservoir for humanity," one Brazilian official is quoted.

On March 6, the nations of the entire Amazon Pact— Brazil, Venezuela, Ecuador, Colombia, Paraguay, Guyana, Peru, and Surinam—gathered in Quito to announce that they "reject any foreign interference over member countries' actions or policies in Amazonia," and gave their total backing to Brazil against pressure on it for international surveillance over the Amazon as a condition for debt relief. "Pressure exerted on any one member forces all of us to act jointly and in sympathy," warned Ecuadorian Foreign Minister Diego Cordóvez.

The vehemence of the declaration was unprecedented. As Reuters news service observed, "The language of their final statement was strong, considering that the Amazon Pact was viewed as a basically non-political, economic cooperation treaty when it was signed in 1978." But especially following the events in Venezuela, that is rapidly changing. Brazilian Gen. Leonidas Pires Gonçalves is quoted in news accounts charging that the pressures on Brazil have been orchestrated by "false ecologists" seeking "the internationalization of the whole of the Amazon." "It's a frenzy. The Brazilian press is running amok and so is the Brazilian government," complained one Western diplomat in Brazil.

Moscow contradicts own propaganda

Judging from its own propaganda, Moscow might have been expected to fully endorse the creation of "supra-governmental control over the ecological situation," as the Soviet weekly *New Times* recently put it. But instead, Soviet officials attending the ozone conference refused to endorse the Montreal Protocol, arguing that not enough data was available, and that any such bans on CFCs and halons "should be well-grounded and should have a purely scientific basis." Vladimir Zakharov, chairman of the Soviet Committee for the Protection of the Ozone layer, even announced that he has found that the 25% depletion of the ozone layer over northwest Russia "was probably caused by atmospheric and geophysical factors rather than CFCs."

This apparent Soviet shift away from Gorbachov's malthusian New Age policies has potentially vast implications for the powerful convulsions within the Soviet leadership. It is, however, too early to draw definite conclusions from their action.

Gorbachov's troop 'withdrawals' a fraud

by Konstantin George

Three months after Gorbachov's Dec. 7 U.N. announcement of a unilateral withdrawal of 50,000 troops from Eastern Europe, enough details have emerged to prove that, even numerically, the "withdrawal" conceals an actual *increase* in Soviet troop strength facing West Germany. Contrary to popular belief, there will be no *net* reductions among the Soviet forces based in East Germany, and an actual *net increase* of the Soviet forces stationed in Czechoslovakia.

How has this occurred?

The Soviets have linked their fraudulent pullout to a "restructuring" of their armed forces in accordance with a new "defensive" doctrine. These high-sounding words have formed the cover, under which Moscow is implementing an *offensive* reorganization of its armed forces, above all the ground forces, to place them on a war footing within the next two years. This includes an actual troop buildup in Eastern Europe.

Confirmation of this was given by Soviet Defense Minister Dmitri Yazov, in a March 2 Radio Moscow interview. Yazov announced that "some of our forces," referring to those based in East Germany and Czechoslovakia, "will be reorganized to increase their defense capabilities." He specified that:

1) Each of the nine Soviet motorized rifle divisions in the German Democratic Republic and the three in Czechoslovakia will replace its sole tank regiment with a motorized rifle regiment;

2) Each of the six remaining Soviet tank divisions in the G.D.R., and the one remaining tank division in Czechoslovakia, will replace one of its three tank regiments with a motorized rifle regiment;

3) Substantial "increases in anti-tank, artillery, and anti-aircraft" units will occur.

The troop strength additions that will result from the last point alone will at least offset the 20,000 troop strength of the four Soviet tank divisions leaving the G.D.R., and will cancel out the 5,300 troops leaving Czechoslovakia.

Add to this what Yazov did not state: that a Soviet tank regiment contains 1,600 men, while a motorized rifle regiment has 2,300 men. This measure will result in a *net increase* of 10,500 in Soviet troop strength in East Germany, and of 3,500 Soviet troops in Czechoslovakia.

In sum: 30,000 Soviet troops will leave East Germany, and at least the same number will be sent in, under the cover of "increasing defense capabilities." Some 5,300 will leave Czechoslovakia, but, at least 9,500 will be added, for a conservatively estimated increase of 4,200.

The expansion in anti-tank, artillery, and anti-aircraft capabilities is designed to raise the all-around combat capabilities of Soviet corps in East Germany and Czechoslovakia. Beyond that, the "cuts" and reorganization give Moscow, politically, the best of both worlds, since the troop "cuts" propaganda coup gives better leverage in negotiating with the West.

The one category where an actual net Soviet reduction is taking place, namely, in tank strength, also conceals a fraud. Granted, some 5,300 tanks will be withdrawn from Eastern Europe during 1989 and 1990. However, during the 1980s, the Russian Groups of Forces in East Germany, Czechoslovakia, Poland, and Hungary modernized their artillery forces, replacing the towed artillery of the motorized rifle formations with heavy-calibre self-propelled guns, and fast-moving mobile armored artillery pieces. The addition of self-propelled guns to the Soviet Groups of Forces over the past eight years far more than offsets the departing number of tanks.

On a war footing

The move to a war footing is not confined to the Groups of Forces in Eastern Europe, but involves a reorganization of the Soviets' entire ground forces. The dimensions of this program were revealed in the Feb. 23 Soviet Armed Forces Day speech given by the new chief of the general staff, General of the Army Mikhail Moiseyev. Moiseyev declared: "We are reorganizing our ground forces. . . . The number of motorized rifle divisions and tank divisions will be reduced by between 30 and 35%."

Thus, on paper, over 60 (mostly skeletal Category C divisions) of the 193 Soviet motorized rifle and tank divisions will be eliminated. The consequent consolidation will result in an army of 120-130 motorized rifle and tank divisions, fully manned, fully equipped with the most modern weapons, and most important, raised to total war readiness. This unit reorganization is in accordance with Moscow's new airborne/*spetsnaz*-centered offensive doctrine. Moiseyev omitted mention of any reductions concerning Russia's 7 airborne divisions, 12 air assault brigades, and vast *spetsnaz* forces.

The importance of Moiseyev's omissions can be seen in Moscow's mid-February naming of General of the Army Valentin Varennikov as commander in chief of the ground forces. Varennikov was selected in 1979 by Marshal Nikolai Ogarkov, as chief of the Operations Main Directorate, the brain center of the General Staff. In this capacity, he was at the center of Soviet war planning, and supervised the General Staff's Radio and Electronics Directorate. At the General Staff, it was Varennikov who directed the reorganization plans of the Soviet ground forces. In his new post, he will oversee the implementation of the reorganization plans.

Austro-Hungarian Empire haunts Europe

by Rachel Douglas

When Otto Hapsburg, son of the last Emperor of Austria-Hungary, visited Hungary for nearly a week in February and March, his grandstanding before the press in Budapest echoed the talk about a new concept for Central Europe, emanating from the milieu of Henry Kissinger. Publicity about new multi-party electoral procedures in Hungary and reorganization of Warsaw Pact forces in Eastern Europe (advertised as cuts, but actually efficiency measures) bolsters the notion that a "Finlandized" *Eastern* Europe and a Western Europe stripped of the American military presence, could be the domain of a Soviet-American "compact" such as Kissinger talks about. Hapsburg's trip fed a campaign to reincarnate pre-World War I entities, like the Austro-Hungarian Empire, in the framework of such a compact.

This revival of the oligarchy and some of its political institutions would befit the plunge of the economy and culture of the continent, along with the rest of the world, into a Dark Age.

Speaking at the Gellert Hotel in Budapest March 3, at the end of his stay in Hungary with a delegation of the European Parliament (in which he represents the West German Christian Democratic Union), Hapsburg was asked about eventual reunification of Hungary with Austria, "I would say there is a certain chance," he replied. "The evolution in the last year has been so staggeringly rapid that of course it is very dangerous now to make any sort of prophecy. But I am quite optimistic." Although he personally had never pressed a claim to the Hungarian throne, Hapsburg said he had not been stripped of Hungarian citizenship, as he had believed, in 1948-49.

The *Times* of London reported in February, that Hapsburg would join the soon-to-be-reconstituted Hungarian Christian Democrats. At the Budapest press conference, he refused to rule out an eventual run for the post of head of state in Hungary.

In the meantime, according to Reuters, "unification of Europe was more important" to Hapsburg "than any domestic policy in Hungary, Austria or West Germany," and he predicted that Hungary eventually would join the European Community. "You see we are all in the same boat. If the unification does not succeed, then we are all going to sink together."

Before the Hapsburg visit, it was already clear from the activity and pronouncements of the Hungarian leadership,

that Hungary's political reform, the institution of a multi-party system (supervised by the Communists and with Warsaw Pact membership not touched), is intended not only to divert the population from the horrible economic crisis, but also to advance both the Kissingerian design for Central Europe and the Soviet bloc's ideas about splicing Eastern Europe into the EC's unified market project, "Europe 1992."

'This Central European idea'

In December 1988, Hungarian party and government leader Imre Pozsgay addressed the Arnoldshain Evangelical Academy in West Germany, on the topic "Europe—Dream and Reality." In his speech, recently printed in the West German press, Pozsgay said that the division of Europe after the war was "a mistake, an error," which could be remedied in new ways. "It is no accident," he said, "that in our search for this central European idea, in our clinging to central Europe, Hungary has opened up especially toward Austria. . . . One could think of the historical memories, of the beautiful common experiences and historical developments with Austria. . . . But I think that the basic motive in Hungary's opening up toward Austria is Austria's present neutrality. . . . Central Europe serves Hungary as a stepping-stone to enter the world."

On Jan. 29, Hungarian party chief Karoly Grosz spoke at the Davos Economic Forum in Switzerland, and the Hungarian Communist daily reported his speech under the headline: "Our Fate—Europe." Declaring his "harmony" with the "ideas on cooperation" of West German Foreign Minister Hans-Dietrich Genscher, Grosz said: "We Hungarians have started on the road leading to a common Europe. We are carrying out political and economic reforms simultaneously. . . . We are determined in our strategic efforts to open up to the world at large. . . . By establishing free-trade zones, creating mixed enterprises, and involving working capital, we are striving to achieve production cooperation that will expand our traditional trade relations."

Hungary and Austria have launched preparations of a joint world's fair in Budapest and Vienna in 1995, which was discussed in February between Prime Ministers Nemeth and Vranitzky. Nemeth said that Hungary may join the European Free Trade Association (EFTA), which comprises Austria, Sweden, and other non-EC members. Meanwhile, Moscow has announced that Soviet party chief Gorbachov will receive Grosz in Moscow in the second half of March.

Soviet proganda has been promoting the Hungarian "multi-party" political reform as proof of the democratization allegedly sweeping Eastern Europe. On Feb. 8, Academician Oleg Bogomolov told a Moscow press conference that the socialist countries were going through a watershed, and that Hungary could develop a political system similar to that of Austria or Sweden, as long as it remained a member of the Warsaw Pact. What Gorbachov calls the "common European house" is supposed to have a Russian landlord, as far as Moscow is concerned.

More international figures deplore jailing of Lyndon LaRouche

As Lyndon LaRouche and six associates on March 11 entered the seventh week of their incarceration on political frameup charges, personal statements of support have come from many prominent world figures, and articles have appeared in the international press decrying the perversion of justice in the United States. We publish some of these below.

As we reported last week, the international Martin Luther King Tribunal on Crimes Against Humanity, took up the case at its Feb. 25-26 conference in Arlington, Virginia. Two men are now in the second month of a hunger strike, demanding LaRouche's release: William Ferguson of Boston, Massachusetts, and Andreas Ranke of West Germany.

Brazilian congressman Luiz Salomão

This speech was given from the floor of the Brazilian Congress by Congressman Salomão on Feb. 28. Mr. Salomão is a representative of the Democratic Labor Party (PDT) from Rio de Janeiro.

Mr. President, fellow Congressmen:

Successive American governments, including that of Mr. Bush, have issued several denunciations of the state of human rights in those places where democracy is not fully exercised, and now they are also criticizing the actions of those nations that have mismanaged the natural resources in their territories.

We welcome those denunciations to the extent that they strengthen the struggle for democracy and for the preservation of the environment for future generations. But we repudiate the attempts, using that pretext, of American intervention into the domestic affairs of Brazil. We also reject Mr. Bush's threats regarding the highway that will link the Atlantic to the Pacific.

We recognize the incompetence and the irresponsibility of the Sarney administration on the issue of the environment, and we hope that those will lessen as soon as the Institute on Environment and Natural Resources is established. But we are clear that this is a problem that will be resolved by the

people of Brazil as they increase their awareness.

It is therefore ironic, Mr. President, that I who accept the denunciations while rejecting the American intervention, come before you to denounce something of the utmost gravity that has taken place in that great country.

I have been informed of the trial and sentencing of the polemical American politician Lyndon H. LaRouche to 15 years in jail. The details available to me clearly show that there was an abuse of the powers of the judiciary, due to political pressures by the Reagan administration, which was persecuting that member of the Democratic Party who had become a thorn for the American "Establishment" with his controversial ideas about the international financial system, the arms race, and drug trafficking, among others.

The evidence is abundant: The sentence was 15 years, which is equivalent, for a man of 66 years of age, to life in prison; the charge was of *attempting* tax fraud, which, according to several lawyers, was not even defined; the trial was concluded in two months and two days, which could cause envy to Brazilian justice were it not for the various abuses that damaged the sacred right of the accused to defend himself.

The illustrious jurist and professor of constitutional and international Law, Dr. Friedrich von der Heydte, of the universities of Mainz and Würzburg, has drawn a parallel between the trial of Mr. LaRouche and that of Captain Alfred Dreyfus, where political considerations outweighed the rule of law.

I bring this denunciation not because I am moved by political agreement with the thinking of Mr. LaRouche, because the little I know of it, seemed a little too exotic to my taste.

However, I could not but question the coherence of the government of a country that was once considered the "temple of liberty" on this lamentable occasion, in which someone has been victimized by sophisticated techniques of political persecution, clearly damaging the human rights of its citizens.

The ball is now in the court of the American Embassy, which could provide the explanations on this question.

Thank you Mr. President. [Applause and shouts of "very good, very good!"]

General Scherer, former German intelligence chief

Brigadier General Paul Albert Scherer (ret.), the former head of West German Military Intelligence (MAD), on Feb. 15 wrote this letter to Mrs. Helga Zepp-LaRouche:

Dear Mrs. Zepp-LaRouche,

Due to my busy schedule of lectures and seminars, with which you are familiar, I have only just now had the opportunity to address this letter to you. I wish to convey to you, from me and my wife, our deepest personal sympathies in this most difficult period, concerning the fate of your husband.

My family, our friends, and those present at my lectures—to whom I have described the history of political persecution and the incredible sentence of 65 years imprisonment (running concurrently for a total of 15 years)—are deeply shaken to learn that something like this could happen in America, a country we esteem especially for its excellent Constitution. It is incomprehensible. We, who have known your husband for his selflessness, are deeply shocked. With profound regret and intense disappointment, we must recognize that in the West, too, moral degeneration of the State and political manipulation of the judiciary, of judges in particular, of the free press with its responsibility for the progress of society, and of the media in general—have gained the upper hand.

Those who fear your husband and his policies for a renewal of our society, which are not the least bit extreme, are now cast in a peculiar light. For, how can such an honest man as Lyndon LaRouche, a man intensely concerned with improving justice in the world, be subjected to a draconian punishment as if he were a murderer, led out of the courtroom and thrown into jail in spite of the pledge to appeal the ruling, and all this without proof of his having committed any concrete crime? I have often enough visited the United States and stood in contact with high officials there, to know how to distinguish between the morally degenerate atmosphere of political mafias on the one side, and the solidarity of responsible American men and women, who fortunately still exist, on the other. In this sense I remain a friend of the millions of Americans, who yesterday as today desire to make the world a better place, and who are allied with us against a ruthless and sophisticated opponent—an opponent with no respect for human dignity, who acts as if he deserves a blessing for his withdrawal from Afghanistan and his inflationary proliferation of disarmament proposals.

Your husband is one of those Americans, upon whom we Europeans can always count, without suspicion. With his conception of politics as the path to restoring the morals of men and of states, and his proposals for renewing productive

activities in our distorted consumerist “service” economies and among the exploited nations and peoples of the world, who are suffering from imposed backwardness, he has shown a practical way to insure peace and the survival of classical Western civilization.

We have witnessed the subversion of parts of our own governments, of the churches, of the judiciary, of political parties and trade unions, of the media and of sensitive sectors of industry, by agents of influence, provocateurs, saboteurs and spies. When we contemplate the totally unexpected negative developments on our side, we can only hope, that the coming outbreak of chaos and confusion in the Soviet empire, will awaken the forces of conscience among us, to combat these evils with greater force than has been the case up to now. If we show the way, this process of self-cleansing will wipe out the subcultures and counter-cultures. That can and must occur! By “we” I mean all persons of good will, from societies which are still free, as well as those which will become free. The latter will bring to us their bitter experiences, and show us what we must avoid, in order to guarantee a lasting Renaissance in the future. In the context of this process, soon to occur, your husband would be freed from prison, where political death threatens him as a result of the fear of certain circles, that they might be dethroned from their positions of wealth and power.

Perhaps these prognoses of mine concerning developments in the East and their consequences in the West, may provide some comfort for you in this difficult situation. I am convinced that the colonial empire of the czars—and now, after a bloody shift of elites, of the Red Czars—is doomed to death in the “play” between East and West, by a disease which has grown more and more acute over the decades since 1904-05.

In this spirit I remain, with best wishes also from my wife, sincerely yours,

Paul-Albert Scherer

French resistance leader Gen. Revault d'Allonnes

Gen. Jean-Gabriel Revault d'Allonnes (reserves) is a Compagnon de la Libération, the closest associates of the late Charles de Gaulle. He sent this letter to Mr. LaRouche on March 4:

Dear Mr. LaRouche,

I am totally scandalized at the way you are being treated, both materially and morally.

The pretexts invoked by the court which has tried you are wrong, as is quite obvious from the fact that your lawyers did not even have the right to comment upon them. All of your



Paris, Feb. 17, 1989. In Europe, the jailing of LaRouche is being compared to the notorious frame-up trial of Capt. Alfred Dreyfus in the period before World War I.

friends in the civilized world, and you have an immense number of them, are also scandalized by what is inflicted on you. I would like, in order to relieve your distress the best I can, to transmit you certain thoughts which I owe to my personal experience of nearly 50 years ago.

In the history of modern societies, it has happened quite often that prominent personalities have, too, been judged in a summary way without their defense being able to assert its rights. It is undoubtedly rarer in countries with a democratic tradition, but, alas, it can happen, and it is precisely what is happening now to you and your associates.

The examples are numerous when, at the end, the results are completely the opposite of what the instigators or their accomplices expected. How many would-be statesmen, how many great political men, scientists, researchers, have seen their fame grow on the occasion of such injustices! The Virginia judges and all those who have encouraged them in their nasty job are giving you, quite involuntarily, a publicity which they certainly did not wish.

Keep holding on! The forces of evil can attack our carcasses. They cannot, they can never, attack our souls!

The Alexandria jail is horrible. To have locked you up in there is a cruelty which gives the true measure of your influence. But it is mostly a blunder rather than an error: a miscalculation. For, already now, such malevolence confirms the influence of your ideas, tightens up the links between your friends and yourself, and makes the pretension to reduce you to silence more and more impossible.

Keep holding on! Your friends are thinking of you. Keep holding on! This is what can hurt your enemies most. The

dark days which are imposed on you can only lead to a glaring light: that of Truth and Greatness.

This is my dearest wish.

Your friend,

General Revault d'Allonnes

Munich psychiatrist: 'Freedom for LaRouche!'

On March 1, psychiatrist Dr. Friedrich Weinberger of Munich, West Germany, wrote the following letter to Andreas Ranke, who has been on a hunger strike since Feb. 7. Ranke is the grandson of Gustav Heinemann, the first President of the Federal Republic of Germany. Dr. Weinberger, who wrote the letter as a private person, is the chairman of the German Federation against the Political Misuse of Psychiatry, an organization mainly concerned with abuse of psychiatry in the Soviet Union. Dr. Weinberger is also a prominent anti-drug fighter.

Dear Mr. Ranke,

In the situation of a hunger strike for Lyndon LaRouche which you have engaged yourself in, words of sympathy and support are necessary. I have been following the work of LaRouche for some time. Many of his statements I often considered as hardly believable, as exaggerated or even superfluous. On other points, for instance his fight against the drug plague or his defense of our system of values and our

security, I learned to esteem his positions all the more highly, as our politicians were giving up the fight more and more. Therefore, I want to thank you for standing up with such high personal commitment for a man who has become destitute. Even higher than your standing up for the prisoner, I esteem your standing up for the state governed by law [*Rechtsstaat*], since all evidence does indeed indicate that Lyndon LaRouche became the victim of a political show trial. Perversion of justice, however, cannot be tolerated, especially when it happens in a *Rechtsstaat*.

For obvious reasons, I so far have fought against the political misuse of my own specialty, against the political misuse of psychiatry, rather than against abuse of justice. Thus I had to concentrate mainly on events in the Soviet Union. In this connection, sympathy and support for hunger strikers rather went eastward. But from this work, which I never considered one-sided, I now convey to you my support.

I wholeheartedly wish your endeavor early success. Freedom for LaRouche!

With best wishes,

F. Weinberger

From India: 'Martyrdom of an American Bhutto'

The following article by Ravi Atroley, released in India by Publication Syndicates, was published in several Indian newspapers, among them the Hindi-language Lion of Haryana daily in Taridabad. The version here is from the Feb. 6 issue of Dainik Bhaskar, in Bhopal.

A small item published in a remote corner of some Indian newspapers earlier this week hardly attracted any notice. The news item was about the conviction of a "political extremist" in the United States. Behind this small item is a story which is as bizarre as it is shameful. The story unmasks the real face of those who control power levers in the United States which is said to be a literal democracy championing human rights and the virtues of individual dignity and the freedom of expression.

The "political extremist" is Lyndon Hermyle LaRouche, Jr., who has unsuccessfully contested the U.S. presidential election four times. The 66-year-old LaRouche who is known for his secular views on world affairs, is basically a political economist, who spends his time in reading, writing and running his political organization.

The political beliefs of LaRouche and his band of highly dedicated followers do look strange. He firmly believes that most of world problems are because of British imperialism and its dangerous diplomacy. While the British colonial empire collapsed after the Second World War, its hidden ide-

logical face continues to dominate and ravage the world. This British ideological colonialism dominates the United States and is the enemy of the people of America.

LaRouche calls the protagonists of the British ideological domination as the Eastern Establishment. They carry on their ideological warfare from institutions like Harvard University and Heritage Foundation. Thanks to the domination of the Eastern Establishment on the U.S., the country is becoming weak and bankrupt.

LaRouche and his followers are strongly opposed to the British liberalism which was the handiwork of Fabian socialists and anti-imperialists of the 19th century. LaRouche says that British liberalism was a fraud whose aim was to give a humane face to the ruthless exploitation of British colonies. He feels that the Eastern Establishment in the U.S. is perpetuating a similar fraud on the world now.

All this can be easily understood. However, LaRouche goes one step forward and links up British liberalism with Soviet Communism. He says that the interests of the two are complementary. Developing his logic LaRouche says that the Eastern Establishment is in fact a friend of the Soviet Union. Unless this international Eastern Establishment in the U.S. is checkmated, the U.S. will become a second fiddle to the Soviet Union.

The most important and dangerous leader of the Eastern Establishment is Dr. Henry Kissinger, the former U.S. Secretary of State. Now most of the people find it difficult to believe that an avowed anti-Communist like Dr. Kissinger could be a secret agent of Moscow. However, LaRouche proves this by his masterly analysis of the deteriorating economic situation in the U.S. and Latin America which is paving the way for the ultimate takeover of the world by the communists. The LaRouche Organisation brings out innumerable pamphlets, periodicals and books to argue and propagate its viewpoint. These periodicals and books contain at times well-researched articles. However, the tone is propagandist.

LaRouche has deep sympathy for India. He feels that the reason why India has not been able to come up even 40 years after independence can be found in the ruthless colonial exploitation of the country by the British. The British not only plundered the country; they polluted its education system. The British economists deliberately propagated such theories as would make Indians feel justification of their misery in their own failings. Even to this day Indian economists and planners are victims of these villainous economic theories of Adam Smith and Malthus who, LaRouche says, were on the employ of the East India Company.

It is said that Mrs. Indira Gandhi remained in touch with LaRouche all along. After her assassination, the LaRouche organisation brought out a book "Who Killed Mrs. Gandhi." The book said that killers Beant Singh and Satwant Singh were encouraged by some foreign powers.

These peculiar beliefs, which his organisation propagates

with great zeal, have resulted in creating powerful enemies for LaRouche and his organisation. He lives in strict security in his home in Virginia. However, his most powerful and dreaded enemies are the drug operators all over the world against whom he has been carrying on a massive international campaign. His campaign against drug mafias is really unparalleled. When District Federal Judge Albert V. Bryan sentenced him to jail for 15 years of charges of economic fraud in Alexandria on Jan. 27 last, the representatives of drug mafias present in the court welcomed the sentence by clappings.

However, the trial of LaRouche, in which six of his close aides have also been sentenced, has raised many ugly questions. The way he was charged and the way the case proceeded gives rise to the suspicion that there was a massive attempt to frame him and the conspiracy had the blessing and support of the U.S. Administration. The political beliefs of LaRouche may be peculiar but one has right to one's beliefs and a great democratic country is supposed to protect an individual's right to express himself.

LaRouche is not an ordinary criminal. He is a political figure. It is difficult to find a similar example where a political figure has been framed up and sentenced in the manner in the U.S. before. His supporters say that the case is similar to the one lodged by the military regime of late General Zia against Prime Minister Z.A. Bhutto. They also apprehend that LaRouche may be killed in jail.

LaRouche is a devout Christian. He feels that what he is doing is for the good of men and his country. He feels that like all those who have stood by the side of truth it is his destiny to suffer in the hands of the powers that be. He considers himself a martyr and calls his trial as the Third Trial of Socrates, the powers that killed Socrates and then Christ. Now it is his turn.

U.S. civil rights leader Amelia Robinson

Amelia Boynton Robinson, a 78-year-old civil rights leader from Tuskegee Institute in Alabama, was closely associated with the late Martin Luther King. Her statement was released in Paris on Jan. 31:

. . . As an American citizen and a citizen of the world, I have always believed that I was born to help others to be law-abiding citizens of the universe. I worked in one of the most remote and poorest parts of the country, in the black section, where plantation owners still had slaves to pick cotton. I laid my life on the line, not fearing death, only with a determination that the hands that picked cotton would pick political offices. And that their civil and human rights would be given to them, that they might be respected as human beings.

Is LaRouche frame-up linked to a world depopulation plan?

This open letter was sent to members of Congress—including notably the Speaker of the House and members of the Black Congressional Caucus—by Samuel L. Evans, chairman of the National Council of Public Auditors, chairman of the American Foundation for Negro Affairs, and chairman of the Family of Leaders.

Dear Congressman:

This may well be one of the most important letters you will receive during your lifetime. . . . For I address this letter to you requesting a Congressional investigation into the "allegations" that our government is financing research and development through genetic heredity engineering—to multiply certain viruses to kill specific racial groups . . . blacks, Jews, gays, and other "non-Aryans" with an agenda of: global depopulation, emphasizing Africa and Asia.

The multitude of allegations, statements, news articles, and personal testimony demands prompt clarification. For instance, it is alleged:

1) That Col. David L. Huxsoll, commander of the U.S. Army Research Institute of Infectious Diseases at Fort Detrick, Maryland, has received \$60 million for research in biological ethnic weapons.

2) That it might be possible to wage ethnic warfare by developing substances that affect one race more than another. According to *Newsweek* magazine, January 16, 1989, an example would include "Valley fever, which is much more likely to kill blacks than whites." Another substance, developed at a southern California university, is believed to kill only people with melanin in their skin.

3) That it is a coincidence that Fort Detrick, which Col. Huxsoll's biological warfare research is being conducted, is also the site of AIDS research.

I admire, appreciate, and commend Lyndon LaRouche for his stand against injustice. If his conviction stands unchallenged, then the inalienable rights of man are doomed, along with the U.S. Constitution and the Bill of Rights, which by this decision have been torn to shreds, ripped, trampled on, and ignored.

4) That this coincidence fuels the rumor, whether true or not, that the AIDS virus was genetically engineered at Fort Detrick and intended for extermination and depopulation as outlined above.

5) Further, it is alleged that Michael Meiers, an engineer, stated in his new book that the development of ethnic weapons . . . is a reality, and listed factions within the CIA as participants. . . . Also, a former chief of the U.S. Army Chemical and Biological Warfare Division, whom Meiers named, is said to have cultured the AIDS virus.

6) That Zaire in Africa, as well as surrounding states, was targeted for the first experiment, and anywhere from 20 to 30% of the population has been infected with the AIDS virus.

Because AIDS is the perfect biological weapon, it can be confined to specific groups, and since the incubation period can be as long as seven years, thousands can be infected before the first person in the chain displays any symptoms. . . . So today in Zaire and other portions of Africa, millions are walking cadavers.

7) It is further alleged that the world depopulation plan is to be accomplished through the following means:

a. By feeding the specific virus to mosquitos, flies, bedbugs, etc. (in human contact and environments).

b. By lacing the cocaine now being distributed in targeted communities and nations with AIDS and other ethnic genocidal weapons.

c. By intentional and/or accidental infections in health institutions and by prescription and over-the-counter medicines.

d. By contamination of blood banks.

8) That the public is being misinformed concerning the ways AIDS can be contracted.

It is to be admitted that all of the above-stated allegations (whether true or false) are a thousand times greater than: hollering "Fire!" in a crowded theater . . . but when a large number of important people throughout the world begin hollering about plans for global depopulation, causing death to billions of people, and set in force methods such as the above to accomplish that end, it would indeed create a world panic of distrust, fear, and struggle, unequalled in human history. And—

Further, it is alleged that many important people around

the world, scientists and scholars, are in hiding in fear for their lives because of their opposition and threats to expose the world genocidal plan. And then, to add fuel to the fire, comes an insert from a statement by Lyndon H. LaRouche, which states as follows:

"I am currently a political prisoner in the United States, writing to you from the federal jail in Alexandria, Virginia, because I dared speak out against the racist, genocidal, planned global depopulation. . . . Like many others who are in hiding, who dared to speak out, I fear for my life even here in prison."

A committee representing LaRouche came to my office and discussed plans seeking an appeal and requesting the court to establish bail, because of LaRouche's fear of incarceration's consequences. . . . Certainly, these are not just ordinary or local statements and allegations.

Further, in his statement, Lyndon LaRouche involved and mentioned the names of the International Monetary Fund (IMF), leaders of the World Health Organization (WHO) in Geneva, and U.S. Surgeon-General Koop, for his collaboration with the World Health Organization in misleading the people about the AIDS crisis and its dangers to the world population.

The questions the public wants answered:

1) Are there certain people in hiding for fear of being killed by government agencies to silence them concerning the global depopulation plan?

2) Is Lyndon LaRouche a political prisoner being held in jail to prevent him from "jumping bail" or to halt his campaign against the global, racist depopulation?

3) Why is Lyndon LaRouche afraid he will not leave jail alive? Has there been any act on the part of any of our government agencies—CIA, FBI—to generate this fear?

These allegations go to the very *root* of our constitutional form of government and basic world human rights, and must be responded to by elected governmental officials on all levels. Nothing less than a Congressional hearing and investigation that may lead to a full world conference in the United Nations is needed to clarify and defuse the alleged mentally-deranged plan of world depopulation by ethnic weapons through genetic engineering and prevent world panic and fear.

Sincerely,
Samuel L. Evans

This is not a black and white issue. This is a fight to save America and the entire world, the same world for which I worked so hard to establish dignity, respect, honest, and integrity.

Dr. King changed the hatred of most of the world. Why should we crucify Lyndon LaRouche, who is only trying to

remind us that we are destroying ourselves. . . .

I hope that people will reflect on what happened to this nation when Dr. King was assassinated, and on where we might be today had he continued to live and preach. Let us not make the same tragic mistake today with the life of Lyndon LaRouche.

Barco defies Colombian Constitution, seeks to eliminate military justice

by Javier Almarío

Colombian President Virgilio Barco, in open political alliance with the Patriotic Union (UP)—the electoral front of the Communist FARC guerrillas—and with the consent of the Supreme Court, is moving to eliminate the constitutional precept of military justice, under which crimes committed by active-duty military men are to be judged by courts martial. In a March 7 televised address to the nation, the President boasted that one of his administration's great successes in fighting violence has been "the ruling of public order judges that members of the Armed Forces suspected of criminal acts may be arrested" and tried under civil penal law.

Barco's effort to castrate his own Armed Forces should surprise no one. Just as he has capitulated time and again to the demands of foreign creditors and the International Monetary Fund in gutting the Colombian economy to pay foreign debt, so too has he groveled at the feet of such entities as Amnesty International and Inter-American Dialogue, which have targeted Ibero-America's military forces for elimination.

Barco's cozy relations with the Communists date back to his first days as President, when he set up the Presidential Office for Human Rights Affairs to which he named Marxist historian Alvaro Tirado Mejía. Tirado Mejía's first act—in the midst of a wave of narco-terrorist bloodshed—was to lecture the Armed Forces on why they must cease to "violate human rights."

During that same period, the Supreme Court changed longstanding jurisprudence and decided that civilians could no longer be judged by military courts, *not even under a state of siege regimen*, thus depriving the Armed Forces of one of its few remaining weapons against Soviet-sponsored narco-terrorism. President Barco issued not a peep in protest.

The administration's strategy to eliminate military justice was openly presented in a forum on human rights sponsored by office of the presidency. Former Minister Jaime Castro used that forum to demand reform of military penal justice, starting with the naming of civilian judges to formerly military tribunals, and reducing the field of action of military justice to dealing only with those crimes involving "military indiscipline." Castro also proposed the creation of a special oversight agency whose sole function would be investigating military men accused of violating human rights. Castro's

proposal was an echo of earlier oversight demands by Attorney General Horacio Serpa Uribe, a known Communist sympathizer.

The Communist UP took this forum as a green light to start blaming the military for every imaginable crime, and especially for any and all assaults against its own members. A compliant civilian judiciary has, in turn, conducted not a single inquiry into the countless and often bloody seizures of towns by guerrillas. What it has done, in collaboration with the DAS—the state security agency under direct control of the presidency—has been to launch highly publicized probes of alleged military offenders, relying heavily for testimony on UP members.

In the latest such scandal, a civilian judge indicted five active-duty military men for alleged participation in a massacre in the town of Segovia. Although the military demanded that the accused be court-martialed, as the Constitution specifies, the Supreme Court chose instead to apply ex-minister Castro's advice without resort to an amendment of the highest law in the land. The Court determined that three of the defendants would be tried by civilian justice under charges of terrorism, and were suspended from active duty. The other two were remanded to court martial, under charges of "cowardice."

President Barco's mid-February decision to forward to Defense Minister Gen. Jaime Guerrero Paz a letter from the UP demanding the "purge of the Armed Forces" and investigation of the military high command for criminal behavior, apparently proved the last straw. General Guerrero Paz sent the letter on to the Attorney General's office, and then issued a warning that military justice was guaranteed under the National Constitution, and that "Those who seek to distort or deflect its scope with sensationalist zeal, or perhaps with the insidious intent of creating confusion within the Armed Forces, are mistaken in their ill-fated design. Today more than ever we wish to reaffirm the highly combative spirit which inspires our soldiers and police."

In a recent conference, former defense minister and retired general Fernando Landazábal Reyes asserted that the Barco government has stripped the military forces of "their privileges, to grant them instead to the guerrillas." The Armed Forces, he warned, "are being driven to insurrection because

as their military justice has been removed, they have been left unprotected." Landazábal has just registered a new political party, called the Colombian Integrationist Movement, which is expected to serve as an electoral vehicle for his presidential bid in 1990.

Barco has responded to the military protests. In a March 5 message to Colombia's economic associations, which had recently expressed their concern to him over the growing violence in the country, the President asserted that "the behavior of the Armed Forces and that of the police are under the constant vigilance of public opinion, of the Attorney General of the nation, and of the judges of the republic, in addition to the military courts as well as disciplinary mechanisms. Further, international organizations also exercise permanent vigilance. The public forces are obliged to meet the highest standards in conformity with our Constitution, and in accordance with internationally adopted practices. Various uniformed men have been the object of investigations by civilian justices or specialized courts. The campaign in favor of human rights is an effort to banish from our midst everything that is primitive or inhuman."

Documentation

What is military justice?

The following excerpt is from the editorial of the January issue of the Colombian military's newspaper Fuerzas Armadas:

In the implacable fight [against subversion] which faces the nation, its Armed Forces constitute the bastion which guarantees the stability of a state of law, becoming thereby the principal target of the terrorists not only in the military field but also ideologically. And there is nothing better to achieve their dangerous and brutal ends than to undermine institutional morale, for the purpose of breaking its fighting spirit through defamatory campaigns. . . . In this context, in recent days there have appeared in the written press commentaries on military justice, and concretely on the collision of authority presented before the Supreme Court. Since these writings suffer from a lack of objectivity, giving rise to erratic interpretations, we feel it is opportune to specify the basic concepts concerning military justice.

What is military justice? According to jurisprudence and doctrine, military justice is related to the concept of jurisdiction, which is nothing less than the responsibility assigned to a specific judge or court to administer justice.

In the case that concerns us, Military Justice is the right of military personnel to be judged under military penal jurisdiction, given the functions they exercise. In this regard, Article 170 of the Constitution enshrines the concept thus: "Crimes committed by active-duty military personnel, which are linked to that same service, will be heard by martial or military courts, in accordance with the prescriptions of the Military Penal Code."

The normative content of this canon is of such precision and clarity that no mistaken interpretations are permissible.

Article 26 of the same juridical code indicates: "No one can be judged except in conformity with laws that preexisted the action imputed, and before the indicated court, in full observance of the procedures appropriate to each trial."

It is thus clear that active-duty military personnel who commit crimes linked to that same service are covered by Military Justice and, consequently, the responsibility for judging them belongs to military penal jurisdiction.

Let us now look at what is understood by crimes linked to that same service. Article 166 of the Political Charter decrees: "The Nation will have a permanent army for its defense." And Article 20 of the National Defense Law states: "The Armed Forces have as their mission of national defense: to guarantee national independence, the national institutions and internal order."

If this be the case, criminal behavior committed by military personnel within the constitutional and legal obligations and duties aforementioned, should be judged by courts martial or military tribunals, in accordance with military penal law.

Apart from the constitutional range of Military Justice as already expressed, the Military Penal Code, number 2 of article 308, guarantees an aspect of military justice by extension, in stating:

"Military penal jurisdiction encompasses crimes established by common penal law, which are committed by active-duty military personnel or by civilians who are in the service of the Armed Forces, in time of war, perturbation of public order or internal disorder."

This norm was declared functional by a September 1971 Supreme Court ruling.

Backed by this determination, we feel that this aspect of Military Jurisdiction remains in force as long as the military penal statute remains in force, despite the fact that the Supreme Court in a recent ruling altered its own jurisprudence on the matter. We respect and observe the finding of the High Court, although we do not share it, since in our understanding, the aforementioned article 308-2 of the Military Penal Justice Code does not contradict the Constitution. . . .

It is worth stressing that members of the National Police are also covered by Military Justice, and subject to the norms of article 284 of the Military Penal Code. This norm was declared functional by the Supreme Court in rulings of Sept. 20, 1973 and Sept. 26, 1975. . . .

This is the true essence of Military Justice. . . .

The NPA's infiltration of Europe

Part IV of a series on "financing a revolution" in the Philippines, by an EIR investigative team.

Part III of this series, published in EIR Vol. 16, No. 7, Feb. 10, 1989, dealt with how hundreds of thousands of dollars have been transferred to the Communist Party of the Philippines/New People's Army and its front organizations through various European organizations. Those funds were channeled through institutions influenced by the Theology of Liberation currents in the Catholic Church and Protestant churches. Part IV will expose the support networks for the New People's Army in Western Europe, run through the NPA's National Democratic Front.

The supporting political organizations for the New People's Army (NPA) represent far more than groups of leftist extremists who, for whatever reason, want to demonstrate solidarity with a revolutionary cause. These organizations play a crucial role in the deadly business of revolutionary terrorism, and function as an extension of the "People's War" which the Communist Party of the Philippines is waging to destroy the Republic of the Philippines. They play a vital role in the united front tactic of People's War.

It is useful to reflect on the case of the Chinese Communist who serve as the model for the CPP/NPA's so-called "National Democratic Revolution." In 1945, Mao's Communist Party and his "People's War" moved from a position of weakness and isolation to become victorious over the Kuomintang in 1949. Although Sinologists continue to attribute his victory to Mao's three principles of revolutionary warfare, in reality the decisive factor was his ability to win the massive support of both the Soviet Union and Communist sympathizers in Washington and the capitals of Western Europe. These forces mobilized to isolate the Kuomintang by spreading the big lie that the Chinese nationalists were corrupt, fascistic, anti-democratic, and militarily incompetent, while simultaneously spreading the line that the Chinese Communists were merely "agrarian reformers," heroic freedom fighters, and incorruptible. In 1946, U.S. Secretary of State George Marshall cut off aid to the Nationalists in order to demonstrate American "impartiality" in the Chinese civil war. The campaign so tarred Chiang Kai-shek's image that it broke the international support for the Kuomintang cause. The rest is history.

The result of Communist People's War was graphically demonstrated to Filipinos by the Communist Chinese themselves. One Filipino official told this journalist how, during

an official tour of the People's Republic of China in 1981, he had asked his Chinese guide how Communist "agrarian reform" was implemented. The answer was frank: "We first eliminated the reactionaries." "How many was that?" the Philippine officer asked. "About 15 million people," came the reply.

The CPP/NPA and its National Democratic Front (NDF) are following precisely the same strategy. Their goal is state power. There are three things standing in their way: 1) the popular support enjoyed by the government of President Corazon Aquino; 2) the military, which, because of its concern for national defense, is perhaps the strongest of the Philippines' national institutions in this period of political transition and economic crisis; and 3) the Philippines' continuing relations and support from the United States and Western Europe as well as its Asian neighbors.

A halt in foreign economic aid to the Philippine government and military aid to the Armed Forces would put the Philippines on the same path to doom as China in 1946. The role of the international support apparatus is to conduct a campaign to discredit the government of President Aquino, painting her with the same brush as Ferdinand Marcos, and discrediting the Armed Forces of the Philippines (AFP) with the purpose of cutting off its influence in security policies, if not cutting off its arms and ammunition.

The National Democratic Front international solidarity movement

Captured NPA documents and government intelligence reports show that the international support work for the NPA is coordinated by the CPP/NPA's National Democratic Front. Activities abroad are classified by the party as Overseas Revolutionary Work (ORW), which can be broken down into "direct support" and "indirect support." Direct support is aimed at providing material support to the NDF. Indirect support is the effort to widen the NPA's political solidarity movement, with the ultimate aim of bringing these areas of influence into direct support as well.

Overseas Revolutionary Work can be further divided along three lines of activities: *Broad Solidarity Movement*, *Overseas Filipino Movement*, and *International Diplomatic Work*. These activities are coordinated through regional NDF Councils, which in turn coordinate the national councils. The European Council operates out of the NDF's international

office in Utrecht, the Netherlands, under ex-Jesuit priest Luis Jalandoni.

The Utrecht office is the nerve center for the NPA's European operations. Orbiting around it are other support organizations. Within the first circle is the **Philippines People's Committee** (KSP—Komite ng Sambayanang Filipino). The KSP runs other organizations, going under such names as the **Filippijnen Groep Nederlands** (FGN), or the **Aktionsgruppe Philippinen** of West Germany. These organizations exist in Italy, Ireland, the Netherlands, Sweden, Norway, West Germany, Belgium, United Kingdom, Denmark, France, Spain, and Switzerland. More affluent groups also manage **Philippine Information Centers** or **Philippine Bureaus** or **Philippine Resource Centers**. These organizations are primarily responsible for the development of the *Broad Solidarity Movement* linked up with other political and/or terrorist organizations.

Also within this first circle is the **Commission for Filipino Migrant Workers**. While incorporated in Amsterdam, it has offices and operations in West Germany, the United Kingdom, Italy, and Spain. The Commission is responsible for developing the *Overseas Filipino Movement*, a recruiting organization for the NDF.

On the diplomatic front, these organizations are responsible for linking the CPP/NPA with political parties, institutions, and governments, in large part to bolster the image of the "national democratic revolution," and isolate the Aquino government.

1.0 The Broad Solidarity Movement and the Philippine Support Groups

If one were to call the NDF office, either staffer Byon Bicor or Luis Jalandoni himself would quickly deny any formal links to the KSP or any of the Philippines support groups. Nonetheless, up until a few years ago the NDF and KSP shared the same office space in Utrecht.

As for the action groups, they are avowed organizers for the NPA. In a recent article in the journal of the Filippijnen Groep Nederlands, its leader, Jan Schrama, a former missionary in the Philippines, denounced the recent cutting of its financial support by the Dutch government's National Commission of Information and Conscientization for Development Aid. Although the aid agency claimed that it was discontinuing the aid because of the group's support for the NDF and CPP/NPA, Schrama calls this a lie, claiming that the group had always openly supported the NPA and NDF. Schrama lamented:

"On the one hand we keep maintaining the difference between the NDF and NPA. On the other hand, even in the past we have never distanced ourselves completely from the NPA. The NDF is a liberation movement in the form of a platform of 14 underground organizations with a common program. One of its members is the NPA. The NPA is the organization that the peasants are counting on in their struggle for just agrarian reforms. The political program of the NDF

becomes a reality in the countryside under the leadership of the NPA."

As for supporting a violent organization, Schrama has nothing to hide: "It would be a wrong presentation of the facts to suggest that the NDF is for nonviolent struggle, and the NPA for violent struggle. In practice the NPA [as a member organization of the NDF] has the armed equipment to strengthen the demand for social changes in the countryside."

The action groups also function as a political and intelligence network, linking the NPA to the European terrorist scene and the East bloc. Moreover, individuals from these groups often travel to the Philippines and enter "guerrilla zones" to meet and work directly with NPA units in the field.

These groups grew out of the Permanent People's Tribunal session on the Philippines held in February 1980 in Antwerp, Belgium (see *EIR*, Dec. 4, 1987). The Tribunal brought together such figures as Italian Senator Lelio Basso, known for his Libyan-backed Lelio Basso Foundation; Noam Chomsky; Princeton University Khomeini-booster Richard Falk; Lenin Peace Prize winner Sean Macbride; and many others.

Here is a country-by-country profile of the action groups:

1.1 The Netherlands: The Filippijnen Groep Nederlands (FGN), based in Utrecht, was founded in the early 1970s by Jan Schrama. The FGN housed and supported Luis Jalandoni and his wife when they arrived in the Netherlands in December 1976 after fleeing the Philippines. Jalandoni established himself as the official international representative of the NDF, operating out of the FGN's office.

Jalandoni's relation to the FGN goes back to the early 1970s when the FGN's Fr. Edgar Koning was a missionary in the island of Negros, Philippines, with Jalandoni. The leftist Bishop Fortich of Negros helped Jalandoni set up the **National Federation of Sugar Workers** (NFSW) with financial backing from the Dutch Catholic Church's aid organization, CEBEMO (discussed in Part III of this series). The NFSW is one of the most important members of the **May First Movement** (KMU), a trade union federation said to be heavily infiltrated if not controlled by the NDF.

In Utrecht, the FGN sponsors and organizes tours for visiting NDF leaders or leaders of its trade union and peasant front groups. Copies of the NDF's *Liberation* newspaper are readily available, as well as their publication *Filippijnenbulletin*. The group has spawned chapters in Amsterdam and five other Dutch cities.

Other support organizations include the **Simbayan**, which is close to ICCO, one of the leading Dutch Protestant church funding agencies; the **Mission Center**; and an organization called **Bijeem**, which published a book entitled *De Filippijnen in Verzet* (*The Philippines in Resistance*), a pro-NDF tract containing poems of CPP/NPA founder Jose Maria Sison.

1.2 Federal Republic of Germany: The **Aktionsgruppe Philippinen** (AGPHI) and its **Philippinenbüro** in Cologne are the leading supporters in West Germany. The AGPHI

was founded in 1980 by a group of Protestant liberation theologians, including Dr. Günter Reese, former Protestant missionary in Hong Kong and Manila; and Dr. Rainer Werning, another Asia hand who is a member of **Terre des Hommes**, one of the nongovernmental donor organizations in open sympathy with the NDF and high on the list of organizations suspected of channeling money to the CPP/NPA. Werning is also active in solidarity work with South Korean oppositionists. As in the Netherlands, the Aktionsgruppe is in contact with the full spectrum of the West German left and pro-terrorist scene. AGPHI-authored articles can be seen in the periodicals servicing the radical "house squatters' movement," the Maoist Communist Party, and the Revolutionary Cells. In 1988 they opened the Philippinenbüro, an information center located in Cologne.

Most recently, Rainer Werning collaborated with CPP/NPA founder Jose Maria Sison on the latter's new book *The Liberation Project, Resistance in the Philippines*. Written in the German language, the book is published by the Pahl Rugenstein publishing company, a firm fully controlled by the German Communist Party (DKP), according to public reports of the West German secret services. Sison is presumably living in West Germany illegally, since the Philippine Foreign Ministry has revoked his passport for violating the terms of his release following the general amnesty when Mrs. Aquino became President.

Sison regularly gives press interviews datelined from German cities. One such interview appeared in the German-language *Al Karamah*, a mouthpiece of the Popular Front for the Liberation of Palestine, a terrorist organization controlled by Syrian military intelligence.

The Aktionsgruppe cooperates with the following organizations: **Bundeskongress entwicklungspolitischer Aktionsgruppen** (BUKO), a coordination center of Third World solidarity groups based in Hamburg; **Gesellschaft für bedrohte Völker** (Society for Endangered Peoples); **Blätter des IZ3W**, an information center in Freiburg; and the **Südostasien Informationsstelle**, an information center in Bochum.

1.3 United Kingdom and the Irish Republic: In the United Kingdom, the London-based **Philippine Support Group** (PSG) and the **Philippine Resource Center** operate. The PSG maintains a network of active support groups throughout the U.K., working with left-wing trade unionists and the Labour Party. It receives financial aid from private funding groups such as **Oxfam**, **War on Want**, and the **Catholic Institute for International Relations**. Requests for information on the Philippines are quickly serviced with CPP/NPA and NDF publications. The pages of their own periodical, *KASAMA*, are filled with stories of the progress of the "People's Democratic Revolution" in the Philippines and PSG activities throughout the U.K.

The PSG also maintains a Human Rights Committee, a Trade Union Committee, and an Anti-Bases Committee. The Trade Union Committee has been seeking recognition for the

NDF's KMU union by the large British trade unions. It holds weekly meetings at the headquarters of the Transport General Workers Union. The Anti-Bases Committee links its activities with the British peace movement, particularly **European Nuclear Disarmament**, an organization led by British Communist Party member E.P. Thompson.

In the Irish Republic, the **Filipino Irish Group**, led by Saemus O'Siochain, was created in 1977 around agitational work in support of "endangered minorities" in the Philippines.

1.4 Belgium: The **Philippines Committee** here was founded by University of Louvain professor, liberation theologian, and Jesuit priest François Houtart. The committee served as a key vehicle for organizing the Permanent People's Tribunal held in Antwerp in 1980.

The committee appears closely linked to the Maoist **Belgian Labor Party**, (BLP) one of whose key creators was François Houtart. Although the BLP is a relatively small party, it is larger than the pro-Moscow Communist Party. The BLP has extended financial aid to the KMU, and its **Anti-Imperialist League** also supports the NDF. The BLP was a key sponsor for the European tour of CPP/NPA founder Jose Maria Sison as well as Ed De La Torre, founder of the NDF's **Christians for National Liberation**. Party members, including its Philippines specialist Boudewijn Deckers, have traveled to the Philippines, spending time in the NPA's guerrilla zones. In fact, according to an article appearing in the BLP's newspaper, the Philippine Committee was founded when "ten Flemish people, most of them workers" went to the Philippines to "seek contact with the local population."

2.0 Overseas Filipino Movement: The Overseas Filipino Movement recruits CPP/NPA cadres right out of the Filipino migrant work force, which numbers as many as 500,000 in Western Europe. The migrant community is also an important source of funds. This work overlaps other support work, with the key NDF front being the Commission for Filipino Migrant Workers (CFMW). The CFMW was founded in 1979, registered in Utrecht, and went operational in 1981. Its coordinating center is in Amsterdam, with centers in Rome and London. It works closely with seamen's centers in Hamburg, West Germany, and Rotterdam, the Netherlands, and has penetrated Filipino centers in Madrid, Barcelona, Paris, Stockholm, Münster, and Athens.

The CFMW undertakes a classic form of Communist revolutionary organizing. Working secretly, cadres organize among the most exploited of the service workers, confining themselves to mass work concerning the migrants' immediate rights and welfare in the countries where they are employed. This is particularly the case when new territory is being organized, since neither the NDF link, nor even the CFMW link, is kept very secret. When the leaders have firmly entrenched themselves within their new organization or have infiltrated into the leadership of another legitimate organization, they become part of the secret Country Committee. At that point, more and more of the so-called "Na-

tional Democratic Line" is brought into the activities of the organization. Despite this obvious revolutionary activity, important European political leaders such as Neil Kinnock, shadow prime minister for the British Labour Party, patronize the CFMW's center in London.

The CFMW is linked to the following organizations in Western Europe:

2.1 Italy:

- **KAMPI:** Based in Rome and with chapters in Milan and Perugia, it is the leading mass organization of Filipino migrant workers in Italy. With 400 members and a base of 4,000 people, it works among the nearly 300,000 migrant Filipinos in Italy.

- **Polisportiva Bonifacio:** A legally registered sports organization and a full member of the Italian National Sports Committee, it is believed to be infiltrated and used as a propaganda vehicle to influence overseas Filipinos.

- **Cooperativa Kapit Bisig:** Based in Rome, it is the main center for work in Italy.

- **Malayan '83:** Based in Rome, it is an organization working among all the church-based overseas Filipino organizations. Its purpose is to help give credibility to the CFMW and KAMPI among the overseas community.

2.2 United Kingdom:

- **Commission for Filipino Migrant Workers (CFMW):** This is one of the organization's formal chapters. It works with the Philippine Support Group in London.

- **Kapiling:** Based in London, it is a cultural group.

2.3 West Germany:

- **PSAP Hamburg:** This is an NDF-linked seamen's aid organization in the busy German seaport of Hamburg.

2.4 The Netherlands:

- **Dimayan:** Based in Amsterdam, Dimayan was founded in June 1986 as a service organization to assist "less fortunate Filipinos." According to their own literature, it "links and coordinates with Friends of the Filipino Migrant Workers, Inc. (Kaibigan), with the CFMW Europe, and with Filipino, Dutch, and other organizations throughout Europe. It also has contacts with Filipino organizations in England, Greece and Spain."

- **PSAP Rotterdam:** Located in Europe's largest port, this is a seamen's service organization like the PSAP Hamburg.

3.0 International diplomatic work—winning friends and influence in high places

The international diplomatic work has aimed its activities to acquire recognition as a legitimate force among Western European parties and governments. So far, the NDF has won recognition from Greece's ruling **Pan-Hellenic Socialist Party (PASOK)**, and the **Socialist Party and Radical Party** of the Netherlands. The Radical Party was founded by Erik Jurgen, scion of the founding family of Unilever, one of the world's largest multinationals. In fact, its imports of Philip-

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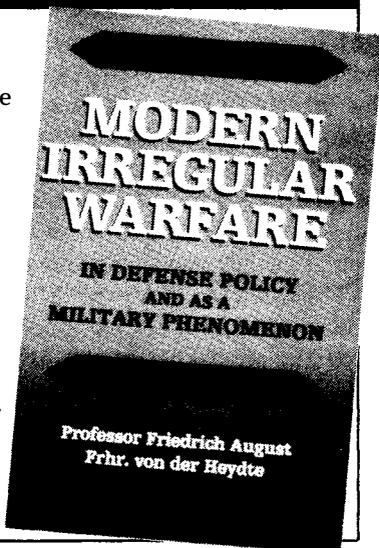
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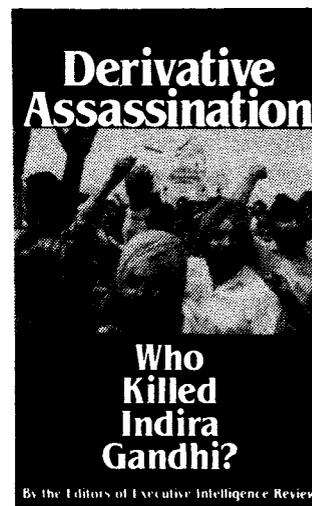
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pine coconut oil accounts for 25% of Philippine exports to Western Europe. The Radical Party is also a member of the "Rainbow Coalition," the parliamentarian faction of Europe's environmentalist parties in the European Parliament.

The NDF maintains excellent contacts with the West German **Green party**, and with the **Italian Communist Party**. The pro-NDF **Italian Committee Against the Repression of the Filipino People** is chaired by Giancarla Codrignani, secretary to the president of the lower house of the Italian Parliament, Nilde Iotti, a leading member of the Italian Communist Party.

On Jan. 7-9, an NDF delegation led by Luis Jalandoni, attended the annual party congress of the **German Communist Party (DKP)** in Frankfurt. The DKP, despite its small size, is controlled and bankrolled to the tune of 40 million deutschemarks annually by the **Sozialistische Einheitspartei Deutschlands (SED)**, the ruling East German communist party.

The NDF has also sought and won recognition for its trade union, the **KMU**, from European unions, including: the Catholic **Confederazione Italiana Sindicati Lavoratori** and the Communist Party-controlled **Confederazione Generale Italiana del Lavoro**, of Italy; and the **Irish Conferation of Trade Unions**. Sweden's major union, the **Sveriges Arbeters Centralorganisation**, has lent the **KMU** indirect support.

Indirect support for the NPA also comes from the "human rights" apparatus, namely, **Amnesty International** and the **International Commission of Jurists** in Geneva.

Legitimacy also comes to the NPA through the **Transnational Institute**, Amsterdam, the sister organization of the **Institute for Policy Studies** in Washington.

Another important link-up for the NPA is with the **World Council of Churches**. In 1987 the **World Council of Churches** financed the European Tour of Jose Maria Sison, founder of the **CPP/NPA** and still considered its secret chairman.

It is through its "diplomatic" work, that the NPA has achieved a situation in which leading European governments all but turn a blind eye to the channeling of funds to the NPA from non-governmental organizations and other beneficiaries of taxpayers' money. Consider the fact that although the National Commission of Information and Conscientization for Development Aid, a government donor, has stopped financing the **FGN**, following pressure from the Philippine government, more significant aid continues, not merely to the **FGN** but also into the Philippines and NPA bank accounts. It should be noted that the Dutch Ministry for Aid to Developing Countries supplies organizations such as **CEBEMO** and **ICCO** with over 130 million guilders, a portion of which ultimately lands in NPA coffers. The fact that the inspector general of this ministry is none other than Prince Klaus, the husband of Queen Beatrix of the Netherlands, appears to have made the editors of the Netherlands' leading dailies hesitant to make a scandal out of these facts.

Henry Kissinger's of the Republic of

by Mary McCourt Burdman

Just weeks after President Jimmy Carter had announced on Dec. 15, 1978 that the Beijing Communist regime was the sole legal government of China, the last ambassador of the Republic of China (R.O.C.) government, James C.H. Shen, left the United States with these parting words: "If this is the way your government treats those who are and wish to remain your friends, then God help America!"

I do not know if Ambassador Shen, who served from 1971-78, is still living; but I am sure of one thing. Whatever his faults, if any, his experience in dealing with the U.S. State Department must have substantially reduced his time in Purgatory.

For seven years, as he described in his 1983 book, *The U.S. and Free China: How the U.S. Sold Out Its Ally*, he attempted to represent his country in the Washington, D.C. of Henry Kissinger and his first President, Richard "I'll Never Sell You Down the River" Nixon, Kissinger's second President Gerald Ford, and finally of Jimmy Carter, who so treacherously finished the work Kissinger began.

The sell-out of free China was only one wretchedness among many: These were the years of Watergate, the fall of Vietnam, and so forth. The current sell-out of Europe through the INF treaty is all too comprehensible, from an Establishment that lied and betrayed its way to recognition of a regime that, in only 40 years, had already murdered some 100 million of its own population. Worst is, Shen's account of how easily Chou En-lai, Mao Zedong, and Deng Xiaoping played the pride of Henry Kissinger, the vanity of Richard Nixon, and the low-down meanness of Jimmy Carter to get every concession they wanted from the United States.

The world was a mess in 1970-71, but even so, in Asia, all of Indochina had not yet been lost, and the R.O.C., then backed by official recognition of the United States, Japan, and Asian nations, had an active "recover the mainland" campaign under President Chiang Kai-shek. But in Beijing, Chou En-lai had recognized the need of "reopening to the United States" after the Soviet invasion of Czechoslovakia in 1968 and the February 1969 Sino-Soviet clash on the Ussuri River. Always in the company of Henry Kissinger, President

sell-out China

Nixon jumped at the chance.

The first round was at the United Nations. In October 1970, Canada recognized Beijing, increasing pressure on the issue of U.N. membership for the People's Republic. Then, on July 15, 1971, Nixon announced that Kissinger had just made a secret trip to Beijing, and he had accepted Chou En-lai's invitation to visit before May 1972. No one was informed; the R.O.C. ambassador was only told 20 minutes before the public announcement, and no other U.S. allies, including Japan, received even that much forewarning.

When the issue of which Chinese government should be represented at the U.N. came up for a vote in October 1971, Kissinger was already back in Beijing, and even prolonged his visit for several days, just as the General Assembly was voting on whether the R.O.C. could retain its seat. George Bush, then U.S. ambassador to the U.N., was unable to rally support—no country took seriously Bush's argument that the United States wanted the R.O.C. to remain a member. After the R.O.C. delegation had walked out rather than be thrown off the Security Council as well, Ambassador Shen visited Bush to ask him what had been the decisive factor defeating the R.O.C. Bush answered with his own question, "What was Kissinger doing in Beijing?" Kissinger later claimed—"with a straight face"—that Bush had failed to delay the debate until he had returned from Beijing.

Immediately, over 20 nations dropped relations with Taipei in favor of Beijing. Then the Nixon administration began its "step-by-step" betrayal of the Republic of China. U.S. 7th Fleet patrols of the Taiwan Straits were cut from regular to irregular intervals, military aid was cut, and U.S. citizens were given permission to visit the mainland—all measures Nixon defended as "necessary for safeguarding American interests and world peace."

Kissinger did keep Ambassador Shen informed, after the fact. But his motives were more than diplomacy. When Shen asked about his personal impressions of Beijing after his first visit, Kissinger "revealed that he had been struck by the graciousness and courtesy of his Chinese hosts in Beijing. . . . He spoke glowingly of Mao Tse-tung and Chou En-

lai as two of the most brilliant men he had ever met in his life. The inference he'd artfully arranged for me to draw was that it took a man of his caliber to stand up to these two 'intellectual giants.' " He then put on the "most extraordinary performance," protesting the "painfulness" of going to Beijing when he had so many friends in the R.O.C. "Was this," the ambassador asked, "a case of the crocodile shedding tears before devouring its helpless victim?"

Nixon kowtows

President Nixon called the week he spent on the Chinese mainland "the week that changed the world"—but for better or worse was, of course, not specified. His "painfully obeisant" behavior to Mao Zedong—who had never even won an election in his life—unfortunately set the tone for all of Washington's subsequent dealings with Beijing, Shen wrote. "The way he humbled himself before Mao Tse-tung and Chou En-lai reminded me of the tribute-bearing foreign emissaries of previous centuries. . . . Nixon's hosts must have laughed up their sleeves at his behavior during their meetings."

The product of this meeting was the Shanghai Communiqué of Feb. 28, 1972, "a most unusual document in diplomatic history." This statement by a soon-to-be-disgraced U.S. President and an unrecognized regime proved to be more binding than treaties ratified by the U.S. Senate. The "principles" set down in the Shanghai Communiqué, vague as they were, led to the break-off of relations with the Republic of China in December 1978 and the abrogation of the 24-year-old Mutual Defense Treaty a year later.

The Communists used a tried-and-true method they were to employ again and again: gaining agreements on "principles" first, and then informing the other side what those principles really mean. The 1972 agreement for "normalization of relations," Beijing later claimed, meant that the U.S. government had committed itself to cutting relations with the R.O.C. and removing all U.S. forces from the island of Taiwan. Chou asserted "that the liberation of Taiwan is China's internal affair," and that no policy of Taiwanese independence, two Chinas, or one China, two governments could be accepted. Nixon's own addition, that the United States "did not challenge" the Beijing position, was even translated as "approved" in the Chinese version! All interpreters during the visit were provided by Beijing.

In meeting with Ambassador Shen after they returned from China, Nixon sat gloating, his feet on the table. But Kissinger let the thug out: The R.O.C. would be acting against its own interests if it protested publicly, he said. It would be best "not to rock the boat." Any R.O.C. protests might spur "isolationists" in the United States to denounce the plans. Nixon chimed in, "Give Kissinger's words the same weight you would give to those from my own lips."

He had, Nixon claimed, said that the issue of Taiwan must be settled peacefully—but Chou had not promised that Beijing would not use force against Taiwan. Nor did he ever promise.

The Japan model

The next step was breaking Japanese-R.O.C. relations. These were of great importance after the war, for both strategic and economic reasons. Despite the fact that the Japanese attack on Manchuria in 1931 prevented Gen. Chiang Kai-shek from eliminating the Communist forces in Yenan, and destroyed the R.O.C.'s chance to build itself up after the war, President Chiang had waived any indemnities from Japan and declined to take part in occupying the home islands, thereby denying the Soviets the opportunity to occupy Hokkaido. Chiang deliberately "returned magnanimity for malice."

But, step by step, Henry Kissinger put the Japanese government of Prime Minister Kakuei Tanaka in the position of breaking off relations with Taipei, as Kissinger said, "with a vengeance."

The Japanese were outraged by Nixon's failure to inform them about Kissinger's first visit to Beijing—especially since some business groups were already getting established on the mainland. Kissinger went to Tokyo in June to "brief" the government of Prime Minister Tanaka, to the effect that it should "coordinate" its policies with the United States. But, when he returned to Washington, he warned Ambassador Shen that, instead of worrying about what the U.S. would do, the R.O.C. should "get tough" with Japan—to the point of refusing vital Japanese trade and investment.

Tanaka, however, moved fast. He accepted all of Chou's "three principles": that Beijing is the sole legal government of China; that Taiwan is part of the People's Republic; that Japan's peace treaty with Taipei is annulled. The agreement went so far as to cite Article 8 of the Potsdam Proclamation, by which Japan had to return all stolen territories to their former owners!

Six years later, Deng Xiaoping told Jimmy Carter that he must follow "the Japan model" if he wanted to improve relations with Beijing.

Kissinger would have gone more slowly, as he said later. The next move was to exchange "liaison offices" with Beijing, with all the privileges of diplomatic status, while nominally retaining relations with Taipei. Kissinger's arrangement led to one more embarrassing incident for George Bush, then head of the Republican National Committee. Due to the ignorance and overeagerness of his staff, Shen was able to arrange an appointment to see Bush before the latter went to Beijing as U.S. liaison office head. But Shen found Bush's staff "surprisingly warm. When the elevator stopped at Mr. Bush's floor, he was standing there to meet me. I sensed instantly that something was wrong. As the smile on his face began to fade, I hazarded a guess, 'Mr. Bush, are you by any chance expecting . . . Hwang Chen [the People's Republic of China liaison officer] as the Chinese ambassador?' Bush's jaw dropped."

Despite the fact that his next visit to China, in November 1973, was after his promotion to secretary of state, things did

not go so well for Henry Kissinger. The communiqué released after this meeting opposed "establishment of hegemony by any other country or group," not only in the Pacific, but also the rest of the world. Here was the United States enlisting the aid a Communist country with one of the lowest standards of living in the world, against the Soviet Union all over the world. Watergate had already begun, and Kissinger repeatedly had to assure his Beijing friends that he spoke for the powers in Washington.

Ambassador Shen met with Kissinger for the last time after this trip. Kissinger appeared disenchanted. "Perhaps their tactic of keeping him up late with endless haggling over minor points and introducing new subjects at the last minute with no time for him to think or study was beginning to tell on his nerves. What he could also have found galling was the Chinese Communists' habit of often 'talking down' to him. They were condescending to the point of hurting his self-respect. In the eyes of Chou En-lai and others, he said, he was only above average in intelligence. It is common knowledge that Kissinger is a brilliant man—one of the most talented to have graced Washington's political scene in many years. To have been treated like an ordinary politician with no special claim to any real scholarship, diplomatic skill, and *savoir faire* was simply more than he could take."

Although Kissinger remained on for the pathetic Ford administration—in which he oversaw the second great U.S. debacle in Asia as American aid to South Vietnam was cut just as it had been for the Kuomintang in 1948-49—it was left to Trilateral Commission creature Jimmy Carter to see the "China Card" through. This he did, with a crudeness only equalled by the disaster of Zbigniew Brzezinski's policy of backing the Ayatollah Khomeini.

The Carter administration louts began by eliminating all mention of the R.O.C. in their "important policy statements" on Asia. The next step was Brzezinski's May 1978 rushed trip to Beijing—scheduled, with full knowledge, on the very day of the inauguration of new President Chiang Ching-kuo in Taiwan. Brzezinski spouted praise of the P.R.C. as "a key force for global peace," and called the Beijing regime—threatened with millions of Soviet troops and just emerging from the disasters of the "Great Leap Forward" and Cultural Revolution which took tens of millions of lives—"secure and strong."

Things moved fast after that. On June 13, President Carter announced to none other than the Trilateral Commission that he was pressing for full diplomatic relations with Beijing, on "condition" that the P.R.C. would agree not to use force against Taiwan. Beijing refused to agree. Six months later, with Beijing conceding nothing, Jimmy Carter went on national television on Dec. 15 to announce he was recognizing Beijing as the sole legal government of China. R.O.C. President Chiang Ching-kuo was given only seven hours prior notice; the U.S. Senate, and of course the U.S. population, were not told at all.

Kissinger in Mexico

Taking a closer look at Henry Kissinger's supranational 'State Department' network in Acapulco.

During Feb. 20-25, Henry Kissinger was definitely in his element. As the sponsor of the annual meeting of the Young Presidents Organization—a State Department-linked collection of up-and-coming American corporate execs—held in that Sodom and Gomorrah of Mexico known as Acapulco, Kissinger had an ideal forum for driving forward the New Yalta accords between Washington and Moscow. The guest speakers were Genadi Gerasimov, official spokesman of the Soviet Union's Foreign Ministry, Mexican President Carlos Salinas de Gortari, and of course Kissinger himself.

The theme of both Gerasimov's and Kissinger's speeches was Gorbachov and *perestroika*. Kissinger was especially fulsome in his praise of the Soviet leader, and argued the necessity for the nations and governments of the West to support and finance him.

Salinas's participation was designed to convince the audience of the advantages of the "transnationalization" of national economies—i.e., the privatization of state enterprises—in hope of convincing Mexico's creditors to assemble a financial package to "rescue" the illegitimate Salinas government.

The daily *Novedades* reported on its social page on the party given the members of the Young Presidents Organization by Kissinger and his hosts in Acapulco, Enrico and Sandra di Portanova, from Houston. It took place at the Portanovas' luxurious marble palace, with its inside lakes, jungles,

discotheques, etc. The name of the villa is Arabesque, and is the place where Henry Kissinger is regularly put up during his annual visits to Acapulco's golden beaches.

Not unexpectedly, such places as Arabesque are the regular sites for high-level gatherings of intelligence agents, international drug traffickers, jet-set playboys, Soviet agents, and so forth. Exemplary was the attendance at this latest party of two top agents of the old Anglo-American intelligence networks, Col. Frank Brandstetter and Gen. Chester Johnson.

Brandstetter is not new to the Portanova circles. He is an old friend, and part of the "establishment," whose service for British intelligence dates back to World War II. His Canadian origin explains his intimacy with William Stephenson, chief of Britain's Special Operations Executive during the war, and the main organizer of U.S. intelligence networks in Ibero-America.

Brandstetter is highly esteemed by Edgar Bronfman and family, for whose Seagrams liquor empire he works. Brandstetter has lived in Mexico for many years and acts as a sort of Seagram's ambassador-at-large in Europe, making contacts with corporate executives, government officials, etc. During the 1950s and 1960s Brandstetter worked for Canadian Pacific Hotels, a company for which he served as director and administrator of the Las Brisas hotel complex, the plushiest in Acapulco. Later, he worked as Seagram's director in Mexico.

Through these networks, Brandstetter became an intimate of the most influential and wealthiest families in the country, who have their center of operations in Acapulco. Among them is Melchor Perrusquia, an individual who lent his name to investors like Brandstetter and Portanova for the purchase of vast land tracts surrounding the port of Acapulco. For his second wedding, held in Acapulco, Brandstetter brought his friends Stanley Weintraub, Serge Semenenko, the Marquis de Zeka, the Trouyet family, and others, to the Portanovas' villa. On New Year's Eve 1987, Brandstetter could be found in the company of the Portanovas and Adella Koenig—friend of the owners of the *Los Angeles Times*, and of Nancy Reagan. At the same gathering was the most important financier of Mexico: the shady Manuel Espinoza Iglesias.

Included in this same circle is Sir Kennedy James, former British ambassador in Mexico, and Lionel Guinness, a British magnate who is a close friend of the Portanovas, Kissinger, and Espinoza Iglesias.

Kissinger's links are not only of friendship but also of business. Espinoza Iglesias was the chairman of the board of the Banco de Comercio, Mexico's largest private bank, until it was nationalized by President José López Portillo in 1982. That bank joined in an international bank to form Libra Bank Limited, which included Orion Bank, and Chase Manhattan, among others. At that time, Kissinger worked for Chase.

Another of the Portanovas' great friends in Acapulco is the Romulo O'Farril family, who control the main television chain in Mexico, Televisa. Two years ago, Televisa hired as president of its U.S. affiliate Galavision none other than the former U.S. ambassador to Mexico John Gavin, also of Mexican-Irish origin.

Russians eye takeover of Italy

Did Henry Kissinger give the green light for the Italian Communist Party to join the government?

Henry Kissinger came to Italy in the first days of February, at the same time Secretary of State Baker was also in Italy on his European tour. All signs are that Kissinger gave the green light for the Italian Communist Party, the PCI, to participate in a government with the Socialists—a coalition which, for the first time in the postwar era, would keep the Christian Democratic Party out.

Kissinger declared that his agreement with Moscow works this way: The Soviets agree to hold elections in the captive nations of Eastern Europe and the U.S. gives guarantees that it will not exploit this fact to “influence” those countries.

The best *quid pro quo* Kissinger can give to the Russians, is to help establish, in NATO’s European “frontline” countries, Germany and Italy, governments which Moscow looks upon as “friendly.” This means the Social Democrats in Germany, and in Italy, the Socialists and Communists.

Interviewed by the weekly *Epoca* in Rome, Kissinger said: “I had a very high esteem for Aldo Moro, both as man and as a politician. But I think that his priorities should have stayed within internal politics.” Aldo Moro was the president of the Christian Democratic party (DC), slain by the Red Brigades in 1978 after having organized the first Christian Democratic government with the “external” support of the PCI (the Communists stayed outside the government).

At that time, it was generally understood that Moro was killed because he defied the will of the State

Department, and people spoke of Kissinger’s role in threatening Moro because of his policy toward the PCI. Thus Kissinger’s statement today will be read to mean: There are no more roadblocks to the PCI entering the government.

The key to the government that Moro planned was not only that the PCI supported it, but also that it aimed at restoring some fundamental idea of national sovereignty: economic development and fostering nuclear energy, at a time of deep economic crisis and a terrorist onslaught on the Christian Democracy.

Today, the PCI would form a ruling coalition, not with the DC but with the Socialist Party, and the political content of this government would be exactly the opposite of the defense of national sovereignty. Its content would be what Gorbachov set out as his thrust for a world government at his speech at the U.N. last December: a “New Age” post-industrial society.

In the past several months, the PCI has stepped up its efforts to knit closer ties with the Socialist parties and their underlings, with the aim of preparing the ground for Socialist and Communist hegemony in the European Parliament, a body that will become more important if the economic integration of Europe in 1992 goes through. The greater coziness between PCI and the Socialist parties at the European level, also paved the way for cooperation *inside* Italy.

In late February, PCI general secretary Achille Occhetto went to Moscow and met the Soviet dictator Gorbachov. For five and a half hours the

two Communist leaders planned out strategies to jointly intervene in Europe in particular. Gorbachov stated that the Soviet aim is not to undermine the link between the United States and Europe. This link “is indissoluble,” stated Gorbachov, nearly the formulation Kissinger used for the bonds among the Warsaw Pact countries. But the basic strategy was that the Communist Party will move in tandem with the Socialist Party.

“The way we discussed works within the idea of a real overcoming of the old divisions between the Communist and the Socialist movement,” declared Occhetto. “Today there are many relations and interconnections, bypassing the divisions between the Second and the Third International.”

Even if on domestic matters the Italian Communists and Socialists tend to clash, for months there seems to have been more agreement in matters of European policy. It is even mooted that the PCI will work with, or even within, the Socialist group in the European Parliament.

Occhetto went and met the leadership of the German Social Democracy on Jan. 26-27. Those meetings provided a “formal basis” for cooperation between the two parties, as Occhetto stated. The PCI-SPD rapprochement is a “strategic” and cultural operation, he stressed. This is epitomized in the question of how to redefine the idea of “progress,” which was discussed as basis of defining a new “left-wing” identity.

Occhetto said that Italy’s Communists and Germany’s Social Democrats agreed that “progressive” no longer means industrial and technological progress, as progress was understood till a few years ago, but “ecological” progress—exactly in line with the content of Gorbachov’s speech at the United Nations.

To be continued.

Andean Report by Valerie Rush

'Peace': new Soviet weapon of war

The Barco government has taken new steps along the treacherous road of conciliation with the narco-terrorists.

The government of Colombian President Virgilio Barco emerged from two days of "peace talks" with representatives of the terrorist M-19 guerrillas in Mexico City, announcing the establishment of a joint working commission intended to incorporate that narco-terrorist organization into Colombian civilian and political life. The government will also supposedly seek M-19 "assistance" in solving the growing number of political murders in the country, which the Communists are largely blaming on the military.

At the same time, a second commission—including two former Colombian Presidents, a Catholic cardinal, and the country's leading industrialist—has been set up *on the demand* of the Communist Party-linked FARC guerrillas, to "unofficially" negotiate conditions for peace.

With these initiatives, the Barco administration has fully embraced the arguments of former President Alfonso López Michelsen—one of the FARC's most enthusiastic commission choices and a long-standing advocate of amnesty for the drug traffickers—for "humanizing" the war against these narco-terrorist butchers, instead of winning it. Along with the erosion of the Colombian Armed Forces' capacity to defeat subversion under the "human rights" assaults of López and his international allies (see article, p. 42), Colombia's political class—with few exceptions—is also apparently turning belly up.

The FARC's dog-and-pony show is especially transparent. FARC chief Jacobo Arenas issued his call for the negotiating commission to be formed

during a Feb. 28 interview with the daily *El Siglo*, during which he pledged that upon its creation his movement would call an immediate and unilateral ceasefire. Should his proposal not be adopted, however, Arenas warned, "We have but to move a few microphones and call for total war, for it to begin." Arenas claimed that the FARC has 70 war fronts inside Colombia, made up of "a huge number of armed people who feel all truce initiatives are being exhausted. . . . One has only to watch what 70 foci of revolutionary war, shooting from all sides, can do, to see if the morale of the Armed Forces is capable of sustaining itself."

In that same interview, Arenas reversed his own previous admission that the FARC financially supported itself through the drug trade. To *El Siglo*, he said, "I wish it were true. . . . Unfortunately, we are more moralist than the Conservatives and Liberals." Arenas was responding to the charge earlier that week from Defense Minister Gen. Jaime Guerrero Paz, that "guerrilla groups, and especially the Revolutionary Armed Forces of Colombia (FARC), use the drug trade as a truly valuable source which provides them the financial resources they need to pursue their intentions of seizing power." Only one day before Arenas's interview, units of the XIV Army Brigade in Antioquia had dismantled a cocaine-refining center, complete with landing strip, a large weapons cache, and military training gear, run by the FARC's fourth front.

Obligated to clean up the FARC's public image now that it has joined the "peace process," the Barco adminis-

tration released a statement—in the name of peace adviser Rafael Pardo Rueda—saying that the government possessed sufficient evidence to confirm that the FARC "is a guerrilla group and *not* a cocaine cartel." Really forced to eat crow was Army Commander Nelson Mejía Henao, who told reporters on March 1 that his earlier assertion that Jacobo Arenas was "an old lunatic" was ill-advised, and that Arenas actually "is a mature man, important in his field, who is making very serious proposals."

While the Colombian media and political class wax ecstatic over these "advances toward peace," a few sane voices can still be heard. Former Defense Minister Fernando Landazábal Reyes gave a March 1 address to Bogotá's Industrialists' Club, charging that the peace negotiations "have established equality of conditions between the guerrilla and the government . . . [and] are going to lead to continued and complete domination by the guerrilla of the zones they now run, with national sovereignty curtailed as a result."

El Tiempo columnist Plinio Apuleyo Mendoza charged Feb. 27 that Barco's sellout was taking place in the context of the Reagan-Gorbachov New Yalta accords. Who are we to push for a military answer to subversion, when the world is advancing toward peace? Apuleyo Mendoza asked sardonically. He warned, "Today's guerrilla is not a product of social problems . . . [but] a military-political project for the seizure of power by arms, and the imposition of a Cuban or Nicaraguan-style regime. Our naive leaders don't realize this is an old method, patented by Lenin in 1922 . . . a lesson well learned by the Farabundo Martí Liberation Front in El Salvador, [which] speaks of 'dialogue as a conspiratorial weapon.' "

International Intelligence

Korean dissidents pledge government's overthrow

South Korea's biggest dissident body on March 8 pledged to work with the parliamentary opposition to bring down President Noh Tae-woo in a national referendum in April.

"This is because, without getting rid of military dictatorship here, there will be no reunification with North Korea," chairman Lee Bu-young of Chonminyon, a coalition of dissident groups, told the Seoul Foreign Correspondents' Club.

In the recent period, the Noh Tae-woo government has increasingly attempted to dismantle the dissident movement, by closing its "free schools," and attempting to break off its direct communication with North Korean government figures. "We have reached a stage where we can no longer tolerate attempts to topple the government through class revolution," he said March 1.

Yugoslav army in show of force

The Yugoslav Armed Forces, dominated by Serbians, staged a show of force in the predominantly Albanian Kosovo province March 2. Army tanks and armored vehicles rolled through every village in the province. The maneuvers were televised for maximum effect, and brought to an end a general strike by the Kosovo labor force.

Kosovo has been an autonomous region within Serbia, until the federal government, under pressure from Serbian party chief Slobodan Milosevic, passed measures to take effect March 15, placing Kosovo under direct Serbian rule. That provoked the general strike.

On March 5, Tanjug wire service announced that former Kosovo party leader Azem Vlasi and two directors of the Kosovo zinc mine that led the protests have been arrested for fomenting counterrevolution, which carries the death penalty. About 250 Albanian ethnic shopkeepers, the head of the Kosovo party youth, student leaders, and

academics have also been arrested.

The present calm is deceptive. On March 5, Albania went out of its way to proclaim its "solidarity" with the "Albanians of Kosovo, who are defending their autonomy, their history, their language and culture."

Earlier on Feb. 26, Albania's Radio Tirana broadcast carried a statement by Albanian Foreign Affairs Commission Chairman Foto Cami denouncing "the ideology of old Great Serbian romanticism, returning to the myths of the Middle Ages, nostalgia for the epoch of the domination of the Serbian monarchy, ethnic hatred. . . . How can [Yugoslavia] seek to join the mainstream of Europe in the 21st century if it behaves in such a medieval way toward the Albanians, toward 2.5 million of its own citizens? The tragedy and calvary of the Albanians and the oppression, persecution, and insults meted out to them, cannot leave any progressive and democratic person in the world indifferent."

Japanese industrialist latest scandal victim

One of Japan's most respected industrialists, 78-year-old Dr. Hisashi Shinto, was arrested in his hospital bed the night of March 6, accused of "conspiring to accept bribes," and taken to the Tokyo jail. He is the latest casualty in the Recruit-Cosmos trading scandal. His long-term aide, 63-year-old Kozo Murata, was also arrested.

In the scandal, politicians and others have been accused of receiving tips on the purchase of Recruit stock for various favors to the company.

Dr. Shinto had not bought Recruit stock himself, but he had resigned as head of Nippon Telegraph and Telephone—the world's biggest company—on Dec. 14 when it was revealed that some 9 million yen in profits from Recruit-Cosmos stock was found in his personal bank account.

The arrests were shown live in the middle of Tokyo's main evening news program, and news cameras accompanied the prosecutors to Dr. Shinto's home as they searched for further evidence.

The arrest of such a figure as Shinto takes the scandal to a new level, at which it threatens Japan's very postwar political and economic structures. Analysts there are already calling it not a mere "crisis of government," but a "crisis of the system."

Shinto was "known for his efficient management and his clean image," said Britain's *Financial Times*. He was asked by former Prime Minister Nakasone to leave his retirement in 1981 and take over NTT, which was being privatized. Shinto was "undisputed leader" of the shipbuilding industry, "one of the industries that contributed most to the country's recovery" after the war.

Meanwhile, "a mutiny" is building against Japanese Prime Minister Noboru Takeshita, the London *Times* reported March 6. Bookmakers are taking odds on how long the Takeshita government will survive, or be forced to call early elections as his public support wanes.

Baker, Shevardnadze in 'New Yalta' vein

U.S. Secretary of State James Baker III and Soviet Foreign Minister Eduard Shevardnadze held their first meeting in Vienna March 6, and according to Radio Moscow's lead news item a day later, "have agreed in Vienna to meet in Moscow in early May, to set the date and the venue for the next Soviet-American summit."

Shevardnadze was reported by Radio Moscow to be "satisfied" with his discussions with Baker. He said the atmosphere of U.S.-Soviet discussions has been "positive."

These were the first high-level talks between the Bush administration and the Soviet Union. Although the meeting was billed as a "get-acquainted" session, senior State Department officials, according to a *New York Times* report prior to the meeting, "have made it clear that Mr. Baker intends to use the talks to articulate as much as possible of the Bush administration's initial thinking about how the West should respond to the Soviet leader, Mikhail Gorbachov, and his

Briefly

array of initiatives.”

Moscow, the *Times* continued, is anxious to know how the Bush administration's "policy review" will affect the plans for a START treaty.

According to a senior State Department official, Baker planned to take up Soviet assistance to Nicaragua, and has hinted that he would be prepared to consider some arrangement that would involve the Soviets reducing their support for Nicaragua in exchange for an American concession elsewhere.

A TASS release prior to the visit quoted Shevardnadze saying that he planned "to share with the U.S. Secretary of State impressions from my trip to the Middle East. . . . There is vast room for cooperation on problems of a Middle East settlement between the U.S.S.R and the United States."

Patriots for Germany chooses election slate

Approximately 250 persons gathered in Mainz, West Germany on Sunday, March 5, to elect a Patriots for Germany slate for June 18 elections to the European Parliament. The Patriots is a political party, dedicated to preservation of the Western alliance, founded two years ago by Helga Zepp-LaRouche, wife of jailed American political figure Lyndon LaRouche.

Mrs. LaRouche delivered the keynote address to the conference, on the theme, "A Europe of the fatherlands, based on the image of man developed by Christian humanism," man in the living image of the God, the Creator.

The conditions under which man can best develop his divine potential is the sovereign nation-state, she declared, but the nation-state is put in jeopardy by the "New Yalta" that the two superpowers are negotiating above the European nations. This kind of policy will give Western Europe away, to fall under Soviet hegemony, and it is the operational policy of the Bush administration.

She was followed by Gen. Friedrich Grunewald (ret.), the Patriots' vice-chairman, who reported on his trip to the United

States to participate in the recent "Martin Luther King Tribunal" on human rights abuses in the United States, specifically, the frameup of LaRouche and six associates.

Thereafter, taped greetings from world famous operatic soprano Renata Tebaldi (running for European Parliament on the Patriots of Italy ticket) were played, and two resolutions demanding "Freedom for LaRouche" were passed unanimously: one to Pope John Paul II, the other to U.S. President Bush.

After a heated debate on program in the afternoon, the slate was voted upon: 84 candidates were selected, led by Helga Zepp-LaRouche, Andreas Ranke—famous for his hunger strike against LaRouche's jailing—publisher Dr. Helmut Böttiger, farm journalist Rosa Tennenbaum, and farmers Josef Kremmeter and Armin Kielhorn. Sixteen farmers were placed on the slate.

Mrs. LaRouche, in her closing remarks, called upon people to act upon the message from Chinese Kuomintang leader General Teng's just-published book, *People's War*: "We will turn defeat into victory!"

Chinese declare martial law in Tibet

Chinese police launched an assault on the Tibetan capital of Lhasa March 6, and a day later put the whole of Tibet under martial law. The action was taken to put down two days of pro-independence demonstrations in which more than 100 people were killed or wounded.

A Reuters correspondent saw police in combat gear edge their way down Lhasa's main street firing short bursts of automatic gunfire. About 200 policemen followed, mostly armed with staves, some carrying pistols. At about 10:00 p.m. that night, sporadic gunfire could be heard throughout the city.

The New China News Agency said the next day that police had opened fire on rioters, after the protestors shot dead a policeman and injured 40 others. The violence began shortly before the 30th anniversary, March 3, of a mass uprising in Tibet against Chinese domination.

● **THE DUKE** of Kent's United Grand Lodge of Freemasonry in England has become the center of controversy after it was revealed that its members include convicted criminals. The London *Observer* March 5 reported that the United Grand Lodge, Freemasonry's ruling body, "voted not to expel two Masons convicted for their part in one of Britain's biggest armed robberies."

● **PERESTROIKA** "is not a choice, but a necessity," said *Ogonyok* magazine editor Korotich, in an interview from Moscow with Italy's *Corriere della Sera* March 6. If international aid does not help Gorbachov, he said, another leader will attempt to "unite the nation" by seeking foreign enemies. The U.S.S.R. will then be an "enraged, angry, and hungry country, ready to make aggression against everybody."

● **THE U.S. STATE** Department, in a reversal of last year's decision to deny a visa to PLO chairman Yasser Arafat so that he could address the U.N. General Assembly, announced March 7 that it was granting visas to three prominent PLO representatives so that they could attend a conference at Columbia University in New York.

● **ISLAMIC TERRORISTS** have threatened to blow up Dante Alighieri's tomb in Ravenna, Italy, according to press reports on March 6 from Colombia and Italy. The mayor of Ravenna has asked for special protection. The Islamic terrorists are protesting the fact that Dante's *Divine Comedy* consigns Mohammed to the Inferno. Some Muslims in Italy have reportedly added a demand that the *Divine Comedy* be banned.

● **BRITISH** Defense Minister George Younger has postponed his scheduled trip to the United States, because of the vacuum in the U.S. Pentagon leadership thanks to the Senate's refusal to confirm John Tower.

Tower debacle opens crisis of the Bush presidency

by Webster G. Tarpley

In the late afternoon of March 9, the U.S. Senate refused, by a vote of 53-47, to confirm the nomination of former Sen. John Tower to become Secretary of Defense. Disregarding for the moment the specific arguments against Tower offered by Sam Nunn (Ga.), George Mitchell (Me.), Ernest Hollings (S.C.), and other Democratic senators leading the opposition, it is clear that the rejection of Tower constitutes a devastating political defeat for Bush, and opens an aggravated crisis of his presidency, just about 50 days after his arrival at the White House.

Bush's defeat is unprecedented. No President has ever seen his cabinet nominee rejected by a formal Senate vote so early in his first term. The closest recent parallel is the January 1977 failure of Theodore Sorensen to be confirmed as the Director of Central Intelligence. That takes us back to Jimmy Carter, to whom Bush is increasingly compared.

One by-product of the defeat of Tower will be the re-opening of the Iran-Contra scandal in a new depth, in ways that will be most unpleasant for such personages as White House counsel C. Boyden Gray, would-be Ambassador to the Republic of Korea Donald Gregg, and other Bushmen. In particular, the British dimension of Irangate, which has tended to be eclipsed by the scandal's Israeli ramifications, will now be fully ventilated.

The recrudescence of Irangate has to do with the prehistory of the Tower appointment.

On Feb. 26, 1987, John Tower joined with Brent Scowcroft and Edmund Muskie in submitting to President Reagan the "Report of the President's Special Review Board," dealing with the Iran-Contra scandal. This report was a coverup for George Bush. The Tower report, in its section entitled "Failure of Responsibility," singled out White House Chief of Staff Don Regan, National Security Advisers McFarlane and Poindexter, and CIA director Casey. Weinberger and

Shultz were mentioned, but largely exonerated. Astoundingly, the section in question made no mention of Vice President George Bush, head of the Special Situation Group (SSG) and Crisis Pre-Planning Group (CPPG), the one White House official charged with oversight for operations of the Iran-Contra type. Certainly a remarkable oversight for such a distinguished board of inquiry. But sure enough, after Bush had been elected, Scowcroft was made the National Security Adviser, and Tower was put up for boss of the Pentagon.

The heart of the Tower Review Board was thus the following vulgar *quid pro quo*: Whitewash Bush, protect the succession, and a nifty post in the cabinet or the White House will be yours. One only wonders what Muskie got. There is no doubt that the circles around Britain's Lord Victor Rothschild intend to bring these matters to critical mass.

Bush came to the White House determined to exercise a bureaucratic crisis-management dictatorship: in practice, a police state staffed by pointy-headed bureaucrats, yuppies, Assistant U.S. Attorneys, federal regulators, IRS snoopers, FBI agents, and CIA provocateurs. The model was a government above society, seemingly independent of society, or independent enough to attack most groups in the society at the same time. Bush arrived on the scene as the caricature of "Bonapartism," following more the model of Weimar Germany's Chancellor Heinrich Brüning (in power 1930-32) than Napoleon I or Napoleon III. This is the kind of unstable, unpopular, but repressive police-state regime which typically arises at the onset of a severe economic crisis if the ruling elite refuses to change its policy, but rather decides to crush opposition to continuing on the discredited road chosen.

Brüning attempted to consolidate an austerity dictatorship based on a state of emergency and rule by decree, dealing with bank failures and economic collapse into the Great Depression by crushing unions, lowering salaries, and cut-

ting the budget. After being placed in power by President Hindenburg, Brüning used the police, the courts, and the state bureaucracy against his opponents on the left and right. Brüning created the economic and institutional preconditions for the seizure of power by Nazism. Less than one year after Brüning left office, Hitler assumed the Chancellorship. Von Papen and von Schleicher, who came in between, relied even more heavily on the army, the Reichswehr, to shore up their rule. Where bonapartism is, the army cannot be far behind.

In the United States of today, a strong tendency toward the mobilization of military forces for day-to-day civil administration is reflected in the proposals to call out the National Guard to stem the tide of murder and narcotics traffic in cities like Washington, D.C.

George Bush and his team came in with a script very much of this type. Since Bush is the first CIA boss to assume the presidency, it should surprise no one that the current brand of bonapartism has a heavy covert operations component. Bush is the most ambitious experiment in bonapartism undertaken by the Republican Party since Roscoe Conkling attempted to nominate Ulysses S. Grant for a third term in 1880. Since Bushmen are consummate bureaucrats, driven by the Nietzschean *will to power*, the idea of a bureaucratic dictatorship is congenial to them. They hardly need the advice of Evans and Novak and the London *Financial Times* to crush the union locked in a dispute with Eastern Airlines. Bush has fully accepted the Wall Street line of total confrontation with the labor movement demanded by Frank Lorenzo's masters at Chase Manhattan Bank. Wage-gouging, union-busting, and asset stripping will be necessary, in their view, to finance their attack on the savings and loan associations, plus whatever bailout of international bank lending Treasury Secretary Brady may at length recommend.

Part of Bush's difficulty arises from the fact that the framers of the Constitution were well aware of the dangers of such bureaucratic tyranny: They were contemporaries of Napoleon's coup d'état of *Brumaire*. The separation of powers stipulated by the Constitution is a stumbling block to bonapartists of all types.

An instructive parallel may be drawn between Mr. Bush's troubles of today and the limits that circumscribed the power of even such a consummate politician as Franklin D. Roosevelt. Roosevelt came into office in 1933 under depression conditions with a corporatist-fascist program summed up in the Mussolini-style National Recovery Administration. In those days, it was the "nine old men" of the Supreme Court, much more than the Congress, who rejected the first New Deal and much of the second as well, and thus obliged Roosevelt, against his will, to go back to the drawing board and come up with the new policy signalled by the shift from "Dr. New Deal" to "Dr. Win the War." Roosevelt was defeated in his plan to pack the Supreme Court by act of Congress in the spring of 1937, at the beginning of his second term; this was his first resounding defeat at the hands of Congress.

George Bush, bureaucrat and no politician, has tasted the same bitter rebuff—50 days into his first term.

Behind the destabilization

Who is destabilizing Bush? On one level, it is Lord Victor Rothschild, of the Anglo-Russian Trust, who seeks to turn Irangate into Bushgate on general principles. On another level, it is the Bank for International Settlements crowd in Basel, Switzerland, including Alan Greenspan and most of the Federal Reserve. These are the figures who dictate articles to the *Financial Times* warning that the Bush budget is heading for a stalemate in Congress, and that "no news is bad news" in this regard. This group seeks to weaken Bush to impose full International Monetary Fund conditionalities and austerity on the United States. Then there is Henry Kissinger, whose Watergate record shows that his bureaucratic rivals are often hit by scandals. And indeed: Tower has been knocked off, and Baker tarnished, but the press has shown no interest for the Midgetman conflicts-of-interest of Kissinger's man Scowcroft. Only Senator Helms has shown an interest in Eagleburger's foreign dealings.

The active opposition to Bush on the ground includes such figures as senior Democratic Party power broker Clark Clifford, CIA old boy William Colby, AFL-CIO chief Lane Kirkland, Katharine Meyer Graham of the *Washington Post*, and the usual gang of network news anchormen. A significant part of the FBI must be ill-disposed toward Bush, since it was the FBI which mercilessly hyped the soap-opera drinking and womanizing charges against Tower. It is also the FBI which is now prolonging the security checks on Bush's Executive branch nominees to six and seven weeks, using the pretext that the Bureau had been criticized when its probe of Supreme Court nominee Douglas Ginsburg did not prove thorough enough. The FBI has thus contributed to the paralysis of Foggy Bottom, the Pentagon, and other departments while NSC, CIA, Justice, and the FBI itself are fully staffed.

More fundamentally, what destabilizes Bush is the ham-handed ineptitude of his team. At the outset, Bush postured about ethics, but then James Baker and Boyden Gray turned up with severe conflicts of interest. The fiasco of Bush's trip to the Far East was matched only by the debacle of Baker's whirlwind tour of Europe. The savings and loan crisis, Ibero-American debt, the FSX fighter plane for Japan, interest rates, the possibility of a strike wave, and, of course, the second crash are so many time bombs ticking away. Bush's handlers are using tactics that would have worked fine under Nixon, Ford, or most of Reagan: their bumbling derives from the fact that we have crossed into an historical crisis manifold where the stratagems of yesteryear no longer work.

Bush will now undergo a series of stunning reverses. Will he show the intelligent opportunism of his fellow patrician Roosevelt, and jettison his initial policies and advisers? If not, this country will face a crisis that will make Brüning's austerity look positively idyllic.

American lawmakers seek end of NATO

by Kathleen Klenetsky

When this magazine warned last year that the Intermediate Nuclear Forces agreement would serve as the pretext for the decoupling of the NATO alliance, and the end of the U.S. defense commitment to Western Europe, defenders of the Reagan-Bush administration vociferously denied the charges. But a slew of recent developments proves beyond doubt that *EIR*'s analysis was right on target.

The most important of these was President George Bush's public admission, at his March 5 White House press conference, that he is perfectly willing to open up the floodgates of U.S. economic assistance to the Soviet bloc, in exchange for an agreement from Moscow to cool down its military operations in Central America.

Asked what his position is on "linking Soviet good behavior, particularly in Central America, to granting them technological transfers and economic credits," and whether, "if Gorbachov helps you in Central America, specifically Nicaragua, are you willing to help him economically," Bush replied: "Look, the more cooperation we can get [from the Soviets] on regional objectives . . . the better it would be between relations. So there is linkage."

Although Bush didn't specify what exactly the United States would be prepared to do for the Soviets in exchange for such "cooperation," his remarks were interpreted as an important signal to the Kremlin that he is on board the "New Yalta" plan outlined by the late Soviet President Yuri Andropov in 1983 in an interview to West Germany's *Der Spiegel* magazine, under which the Soviets would cede Ibero-America to the U.S. sphere of influence, in exchange for the recognition that Europe is in theirs.

Bush's comment intersected not only the opening of the CFE talks (the new negotiations on East-West force reductions in Europe), which lent it even greater importance, but a new round of "decoupling" moves on Capitol Hill.

Troop withdrawal

The leading edge of the congressional anti-NATO effort is the resolution, which Rep. Pat Schroeder (D-Colo.) and Rep. Andy Ireland (R-Fla.) introduced into Congress at the end of February. Slated to be proposed as an amendment to the Defense Department authorization bill, the measure mandates the removal of the 25,000 or so American troops cur-

rently assigned to service the Pershing IIs and ground-launched cruise missiles, now outlawed by the INF treaty.

According to spokesmen for both congressmen, the resolution enjoys widespread support on the Hill, and a version is expected to be introduced soon on the Senate side.

Schroeder, of course, has been among the most vocal proponents of reducing America's contribution to NATO; she has introduced bills in the past calling for a 50% reduction in the U.S. troop presence in Western Europe, and chaired the House subcommittee last year that issued a report castigating European NATO members for not contributing their fair share to alliance defenses. But her latest initiative has two important new elements: 1) she now has a sponsor for her decoupling policy who describes himself as a "conservative hawk"; and 2) the resolution ties troop reductions to the INF agreement.

"Schroeder's gotten much smarter," said one U.S. defense analyst. "Her previous troop withdrawal proposals were too radical. But by saying, in effect, that there's no reason to keep the INF troops in Europe, once the weapons they're responsible for are eliminated, she's appealing to a lot of conservatives and moderates who are just waiting for a sensible-sounding proposal to jump on board the decoupling bandwagon."

The debate over the measure itself is sure to exacerbate the already tense situation existing between Washington and its European allies. Ireland gave a taste of what the tenor of that debate will be, in a commentary in the *New York Times* published March 7. Ireland contended that the United States has been paying through the nose to defend a bunch of ungrateful foreigners, who have repaid their benefactor by launching a savage trade war against it. Washington's "40-year entitlement program in Europe must end," wrote Ireland. Despite his ostensible hawkishness, Ireland also pointed to Mikhail Gorbachov's promise to withdraw 500,000 Soviet troops from Europe as a reason for Washington to cut its military commitment to the continent. "Defensively, the United States has absolutely nothing to lose by exercising the same fiscal conservatism with the defense budget that we conservatives demand with the domestic budget."

One cynical tack which the decoupling gang will almost certainly use to try to enlist popular support behind their suicidal policy of dismembering NATO, will be to claim that American troops withdrawn from Europe will be redeployed to Ibero-America to shut down the drug traffic there.

According to a number of sources, there is "a lot of backroom discussion about this in both the administration and on the Hill." An aide to Ireland said it would be "logical" to redeploy military forces from Europe to drug-producing countries in Ibero-America. A spokesman for Bush administration drug czar William Bennett, while pointing out that unilateral deployments of this kind would constitute a *casus belli*, nevertheless admitted that it is one of several options which Bennett is considering.

DoJ in new assault on military science

by Leo Scanlon

While the clients of Kissinger Associates negotiate the sale of chemical weapons technology to the Soviets, the three scientists who invented the modern forms of such U.S. weapons are awaiting sentencing in a U.S. court. William Dee, Carl Gepp, and Robert Lentz are career Army chemical engineers who were convicted for illegally storing hazardous wastes at the Aberdeen Proving Grounds in Maryland. Sentencing is scheduled for March, and penalties range from 5-15 years.

This is the first time that one government agency (the Department of Justice) has brought criminal charges in an area of administrative law against representatives of another federal agency (the U.S. Army). The Army, by abdicating its responsibility for the management of the highly classified weapons facility and allowing the three to be tried as individuals, finessed the prohibition against the government suing itself.

If the technique is allowed to stand in the appeals courts, it will, according to the prosecutor and elated environmentalists, unleash an avalanche of similar suits against employees of federal agencies and scientific laboratories who run afoul of the eco-gestapo being put in place within the Bush administration. Even experienced Carter-era DoJ environmentalists were astounded that main Justice allowed the office of U.S. Attorney Breckenridge Wilcox to pursue the issue in such a reckless fashion. "There is no way we could ever have gotten away with this," one environmentalist said, "it sure seems that things are changing."

This trial culminated a years-long effort by federal agencies and the news media to prepare the conviction by cultivating hysteria about the chemical weapons research being conducted at Aberdeen. These efforts were conducted locally through Sun Papers' reporter Robert Benjamin. Benjamin worked with the Maryland Department of the Environment and a disgruntled technician, Dennis Reeves, to scandalize the management of the Proving Ground and the facility within it known as the Pilot Plant.

The Pilot Plant was the site of research into the development and production of a new generation of chemical weapons, safe to store and handle, which was scheduled to replace the aged and deteriorating NATO stockpile. The weapons developed at Aberdeen are called binary weapons, and are characterized by the clever design which encloses two sepa-

rated chemicals, each relatively inert until combined with the other, within one artillery shell or warhead. Being thus long lived, and non-lethal until actually fired, the technology is a powerful deterrent to the chemical warfare capability of the Warsaw Pact.

While the Reagan administration insisted upon the necessity of the binary weapons, Congress turned funding for the program into a forum of intervention into treaty negotiations with which the Soviets hoped to stop the deployment of the technology. The debate over the treaty was one of the most hotly disputed matters before the Congress in 1985-86. The dilapidated conditions under which the engineers pushed their crash effort is entirely due to this circumstance.

Judge shapes judicial frame-up

The case itself could not have gone anywhere without the favorable rulings of Judge Hargrove, who upheld the prosecution's motions *in limine*, to restrict the defendants from explaining the actual chain of command over the facility to the jury—which would have established the validity of numerous efforts by the defendants to rectify problems with the facility long before the incidents were brought to the attention of environmentalists. Incredibly, the judge argued that if the managers of the facility knew of problems uncorrected by their superiors, they, not the Army which refused to act, should be held responsible! Thus, the opinion of a disgruntled "whistle blower" carries more weight than the superior command over a military facility. This decision will come back to haunt the bureaucratic cowards who refused to fight it.

The judge also ruled that the managers could not plead ignorance of the rule of the Resource Conservation and Recovery Act, under which they were indicted, even though the act had not been written when the plant was put into activity! He also side-stepped the obvious fact that the RCRA provides for the enforcement of injunctive relief by a prosecutor, not criminal sanctions, in a matter involving a government agency. Finally, he disallowed the defense argument, that the use of a "hazardous materials" statute by the prosecution was a sophistry, since the materials stored in the facility were only defined as hazardous waste once the plant was closed down—an action which was precipitated by the government itself!

With this setting, the prosecution opened its arguments: "The government will not be producing evidence that any of these three individuals stood over a sump or a pit and poured in hazardous waste. These actions were done by their subordinates." The subordinate referred to, not surprisingly, was Dennis Reeves, the "whistle blower."

Assistant U.S. Attorney Veronica Clark closed the proceeding with a tirade, telling the jury "these men were more concerned with their 'mission' of producing chemical weapons to kill people than they were in the environment of their own back yards . . . their defense that they were not responsible . . . is the same defense used by Nazi war criminals" in Nuremberg.



Cultural questions define a strategic branching point

Mr. LaRouche was interviewed on March 10 by Nora Hamerman from the Alexandria Detention Center in Virginia, where he is preparing his appeal with six associates. The seven were unjustly convicted of conspiracy and jailed on Jan. 27. What follows are excerpts of the discussion:

EIR: Last weekend the party conference of the Patriots for Germany, was held in Mainz, West Germany. This party conference kicked off the campaign for the European Parliament elections next year. One of the statements which was played for the conference was from Renata Tebaldi, the famous soprano, in which she says that she is very happy to participate in this election as a candidate from Italy (running with the Patriots of Italy slate), "because of the battle for the scientific tuning of $A = 432$," which of course you initiated. She says "we have to avoid the catastrophic disaster of losing all voices. "Italy was the cradle of bel canto, which was born here; nobody should take away from us this privilege, because it is our history. We have to fight with all our forces to avoid such a catastrophe." And she goes on, "What makes me sad is that we are losing Italy's best tradition, its musical culture, the artistic culture, literature, painting, all these art forms are at stake."

And that is the reason that she is running: "The more we are thinking in this way, the more we will succeed. We must do something together to save what we, thank God, still have and should be proud of."

Now most people don't think of these cultural issues as being at the center of politics, so I would like you to comment on that.

LaRouche: The way people behave is not determined so much by what they believe in particular, because particular belief, as even rather superficial observation informs us, changes. The question is, what governs the way in which we *change* belief, or in other words, what guides people, under the impact of experience, from one choice of belief to the next one. Therefore, we have to look at the determinant of changes in particular belief, rather than at the beliefs per se, even though the beliefs per se may be significant in terms of action. In judging what governs the characteristics of a human being, it's the changes in belief which are ultimately

decisive, rather than the particular beliefs as such. Or, to put it another way, the way beliefs are changed will determine what beliefs are. We are not ignoring the particular aspect of belief in shifting from particular to the way in which things change; rather, we are looking at the way in which the choices of belief are generated. It is this process of generation which is also the process of choice of change of belief, which is fundamental.

In the case of culture in general, culture, if the term is properly understood, with respect to its referents, is the only true issue in social policy in politics. If a nation and a people have the right cultural direction, that is, as culture shapes, generates, determines changes in particular belief, then that culture will in general survive. It will respond to stress generally in the right way. Whereas a defective culture, no matter what its particular beliefs or particular accomplishments may be at any time, that civilization, may be very well doomed.

We face that right now. The question in the world today is formed thus: We have not reached the point yet, at which we are inevitably doomed, to a new Dark Age, probably the worst Dark Age we can imagine. But we still have the choice available to us of taking the kinds of actions which will solve most of the immediate problems at least progressively, and save us from the prospect of a new Dark Age. Now, whether we do that, which choice we make, whether we let ourselves slide into a new Dark Age or not, or into solutions to that, is a matter of culture. If we do not change our cultural characteristics as they are now, we are doomed. If we do change our cultural characteristics in the proper way, we shall probably survive quite happily in the long run.

So classical culture, which is based on the principle of truth and beauty, as well as love of mankind, love of God, and so forth, means that we respond rationally to everything—everything that's human, everything in nature. And therefore to the extent that we prize development, emphasize, share that aspect of classical culture which represents the principle of truth and beauty, we have a culture which is capable of making the right choices. Without that, with the contrary trend in culture, the modernist trend, we shall not survive. We should probably say that it is the romantic reaction against classical culture, and then the modernist aggra-

vation of the romantic degeneration of European civilization, which have brought us to the point of threatened disaster today.

So unless we go from romanticism and modernism back to the classical cultural standpoint, we shall not survive.

EIR: In the last couple of days the Soviet health minister, Chazov, acknowledged that AIDS is more dangerous than nuclear war. This, of course, is a formulation that is associated with you. I found in *EIR* of October 1986 a proposal which you released on the day the Reykjavik summit meeting between Reagan and Gorbachov opened, which is called "Parameters for U.S.-Soviet Talks on the AIDS Pandemic."

LaRouche: This was the released version of memos I communicated privately to the Reagan administration, advising it on what I thought were the useful parameters, as opposed to the non-useful ones, for negotiations with Moscow at that time. And what I did was, in that process, produce a "sanitized" version—in the sense that I did not play up the fact that this represented a transaction between myself and the Reagan administration circles—but just put that forth as an *EIR* journalistic release.

EIR: We can remind people that in the period of 1981-82, into early 1983, you were formulating the Strategic Defense Initiative. The 1986 proposal came to be known as a Biological Strategic Defense Initiative. It was an outline of the basis for seeking cooperation—the nature of the danger, how it should be organized, how this would overlap with other treaties, and so forth. More than two years later, I wonder how you would reflect on this proposal today.

LaRouche: Let me divide this into three parts, two immediately and then a third which must be taken into consideration to put this whole business into perspective.

First, I had been working earlier, in the direction of determining what is it that the United States should negotiate with the Soviet leadership, or propose to negotiate, as opposed to what we should not. And therefore I felt obliged, in insisting that there were certain things we should not negotiate with Moscow, to do that in the most positive, constructive manner, by indicating what we should undertake to negotiate.

This jelled for me in the fall of 1982, up to about September and October 1982, in our work with the National Security Council and others, in advising what became known as the SDI. That it was our desire that Dr. Edward Teller would come forward as a leading spokesman for the advanced physical principles application feature of the SDI. He was initially reluctant to do so, but obviously after the summer of that year, decided that he should, and in September and October came forth. In the context of saying that he was coming forth to push for this, he made another statement which is very important and which I agree with completely, in which he referred to the fact that these developments would permit

nations to begin to pay more attention to those things which were the common aims of mankind.

I thought it was a good idea to make that direct linkage with the SDI, which I had made in a different way, but I felt that Teller had expressed it better than I had earlier. So I adopted his point of view, and the following year, after the President had announced the SDI, I began producing a series of papers indicating what I thought was the proper definition of "common aims of mankind" which the U.S. government should be presenting as the proposed agenda to the Soviet government.

Initially I concentrated, apart from the war avoidance issue, on the space and development issues. That is, justice on this planet for all developing peoples as a great unresolved problem which needed to be addressed, and the advancement of technology of mankind on this earth, through aid of space-oriented missions.

By 1985, it became clear to me from the scientific task force that the HIV virus was potentially a species killer of mankind. Then it became obvious that this was a part of the agenda between the Soviet Union and the United States, provided any discussion of this sort could occur. And therefore I added to the list of common aims of mankind, the joint efforts of the Soviet government and the U.S. government and others to find means for defeating the HIV pandemic. That was the history of it, and as I got wind of the Reykjavik summit coming up, at the behest of some people around the administration, I inserted my views on that subject, hoping that somehow the President might get that on the agenda at Reykjavik.

EIR: Pretty ironical that this was occurring just at the point of the first big raid on your associates in Leesburg, Virginia.

LaRouche: It becomes clearer as I get to the second and third parts.

Now, what actually happened at Reykjavik, what was attempted at Reykjavik, as opposed to what I would have proposed, was the acceleration of a rapid movement toward global power-sharing with Moscow, which some people call a New Yalta. Henry Kissinger's approach is to surrender the West to submission to Moscow, not the whole salami all at once, but slice by slice.

Henry—who has always been owned by that faction in Britain, and its ancillaries in the United States, who are for this kind of world federalism—has been committed to a malthusian, or what they call a neo-malthusian, anti-scientific, anti-technology, world federalist power-sharing with Moscow. This came to a high point—this comes to the Chazov statement—with Gorbachov's U.N.O. address of December, during the period that both Reagan and Mr. Bush met with Gorbachov. This malthusian address of Gorbachov was immediately heralded by Margaret Thatcher, who appears to have capitulated to the British Royal Family and to Lord Victor Rothschild on this issue, Lord Victor being pro-

Soviet and very much a malthusian. So Margaret's on the wrong track, at least for the present.

Now, while Prince Charles, Prince Philip and others are trying to destroy the chemical industry in the world, are proposing this ozone nonsense, this greenhouse nonsense, take down technology, wipe out the farmer, get back as quickly as possible to primitive hunting and gathering societies—the explicit proposal of Prince Philip—in the midst of this, from the Soviet government, we have reactions which are directly contrary to this agreement between Moscow and the British Royal Family.

. . . What is Chazov actually saying? What are the anti-malthusians saying?

I don't know the final answer. But this brings me to the third point. This anti-malthusian expression . . . poses the question, whether Moscow is speaking “with forked tongue”—or two heads. That is, the same Soviet head with a forked tongue that is malthusian and anti-malthusian simultaneously, or does the Moscow body have two heads, each with a different line on the question?

Looking at it from a more practical standpoint, we have to pay closer attention to the Chazov statement, because throughout it he adopts the very specific language, not only of my 1986 release, but of a subsequent report which I applied both to U.S. sources and also to the Soviet government, more recently. And he adopts large chunks of my argument, which is unique in the sense that nobody else around has made that kind of argument. It is very interesting for a top Soviet official who has been opposed to me for so long, to come around and throw my choice of words, my choice of formulation, out through the government newspaper the Soviet Union, *Izvestia*.

So, what I think is this: This reflects the fact that they are studying my analysis of the situation. Their economy is collapsing. In a physical-economic breakdown, *perestroika* cannot work, *glasnost* is the worst thing they could have done, from their standpoint, at the present time. There is nothing they could do with their present policy to save the Soviet empire from internal collapse, a spiraling collapse.

Now the only thing that can save them, is a certain kind of cooperation with the West, which under certain terms they could get. For example, if I were President, they could get certain kinds of cooperation from me under certain conditions, cooperation they would need. . . .

EIR: The problem is that the Bush administration is very weak right now. Do you think that they're capable of—

LaRouche: The Bush administration in the way it is projected now, is incapable of surviving. The British press said this week that it was like the last days of Jimmy Carter. That is precisely what it looks like. That is what I projected to these fellows who were putting the Bush administration together back in 1987 and 1988. They might get elected and inaugurated, but I told them that within 60 days of his inau-

guration, on that construction of the administration, the administration would begin to disintegrate. I found that I was wrong on that: It began to disintegrate in 30 days.

So obviously, the George Bush administration, as we see it right now, will not continue to exist for very long. This implies that maybe this is a cocoon, a chrysalis, and the worm is gestating inside there, and we'll get a butterfly or a moth or something else coming out of it down the line.

. . . We can say that the Iran-Contra business is coming home to roost. The Tower problem is an exemplification of that. It is almost the cork that can pull that whole can of worms loose in the bottle. The name C. Boyden Gray, I notice, is coming up prominently internationally. The Israelis are absolutely furious with the section of Bush's circle which was tied into the Iran-Contra operation. There are charges that if friends of people known to Gray did not kill Amiram Nir for Bush, didn't kill others, that the only ones that appear to benefit from these killings were the Bush interests—that means the Bush people tied into the Special Situation Group, the Contra-Iran operation.

We are also on the verge of possibly a wave of worldwide assassinations, let out of the bottle by the Iran reaction to the Rushdie book.

EIR: I guess you heard that some supposed Muslim fanatics threatened Ravenna, because the poet Dante is buried there, and he put Mohammed in his *Inferno*.

LaRouche: The interesting thing about this is that this conforms with alarming verisimilitude to a scenario which I knew of some years ago. We had a scenario, as an option, called to our attention, in which something to do with Iran and Islamic fundamentalism would be the basis or the trigger for a wave of assassinations of heads of state and governments, including prominent figures in the United States. This kind of operation has been mooted since the National Security Council and others neutralized the initial Black September targeting of figures in the United States back at the beginning of the 1970s.

What has happened around the Rushdie book now, is that a pattern has emerged, which strongly suggests that something like that scenario is afoot. I rather smell the possibility that heads of government and state and other prominent figures are probably already being targeted in a systematic, not a random way, by assassins who are just waiting for an opportunity—with the Rushdie book being the detonator. And I think that what has happened also, at the same time, is that Lord Rothschild's faction in Britain and the Soviets did set the Rushdie book operation into operation. It was an Anglo-Soviet derivative operation, with multiple targets. I think that the Soviet-Rothschild “Sorcerer's Apprentice” has created a monster which they cannot control. . . .

I couldn't predict it, but the dangers are great. I would encourage all relevant security circles to take suitable precautions.

LaRouche denounces Reagan-Bush 'black operation' behind his jailing

by Jeffrey Steinberg

On March 2, at approximately 1410 hours, Lyndon H. LaRouche, Jr. sent a certified letter to C. Boyden Gray at the White House, reminding him of very specific and compelling reasons, to Gray's own personal knowledge, why President George Bush should act on his constitutional authority to immediately issue a pardon to LaRouche and free him from incarceration.

Although no further details were released as to the contents of his communiqué to the White House general counsel, in an interview with *EIR's Strategic Alert* 48 hours later, LaRouche did issue a strongly worded denunciation of the Reagan-Bush administration's "black operations" against him and his associates. Those "black operations" led to a December 1988 rigged prosecution of LaRouche and six others in Alexandria, Virginia, on manufactured charges of loan fraud and tax conspiracy. On Jan. 27, LaRouche was sentenced to a draconian 15 years in jail and ordered to immediately begin serving his sentence, despite a pending appeal.

In his March 4 interview with *Strategic Alert*, LaRouche detailed the Reagan-Bush administration domestic "black operation" against him and identified some of the leading players in that illegal effort:

"It should be known that there were a number of documents, including one from the safe of Ollie North at the National Security Council, identifying a covert operation set up and led in collaboration with the CIA and FBI for the purpose of leading to my imprisonment through this operation. That, according to information published in the *Washington Post*, C. Boyden Gray, who was then the legal counsel to the Vice President, was consulted by members of this plot during that period on this operation. The operation involved the attempt by the FBI and CIA to have me approached by . . . the Bonner children, that is, the stepchildren of Andrei Sakharov, then resident in Boston, and by having me meet with the Sakharov-Bonner children, to implicate me in a sting operation which they had set up. This was coordinated with General Secord and Ollie North, and clearance for the operation according to documents, had to be obtained from C. Boyden Gray. C. Boyden Gray at that time was counsel to

George Bush, and was involved in Bush's official position as the immediate superior of, respectively, Bud McFarlane and Admiral Poindexter, whom North was reporting to.

"So, Gray was well aware of such an operation against me. And the entire prosecution of me was run under Executive Order 12333 and 12334 and other related National Security Directives. The prosecution of me is a *black operation* of the federal government under the Reagan administration, involving Mr. Bush. And therefore, since the legal harassment against me is nothing but a black operation, and since the security act which has prevented me in court from obtaining this information in trial, is only to protect the identity of this black operation against me, therefore, Mr. Bush is morally and legally *obliged* to issue clemency. That's the only way of stopping the operation."

LaRouche underscored that Executive Orders 12333 and 12334 of December 1981 overhauled the guidelines of U.S. intelligence operations, opening the floodgates to the abuses partially disclosed in the Iran-Contra hearings. Moreover, a 1982 National Security Decision Directive established the Special Situations Group under the immediate direction of the Vice President, as a kind of clearinghouse for Reagan-era covert operations. This NSDD enabled Vice President Bush to maintain a window on all crisis-management and covert operations programs. LaRouche also emphasized that the guidelines provided for special bilateral covert intelligence cooperation between the United States and Britain. LaRouche gave several examples of this special relationship:

"Colonel Walker. And the British intelligence interface with the Iran weapons trafficking, and with the Contra operations. Lewis, Tucker, and Howard were involved, specifically Tucker and Howard, with Colonel Walker, a British official, of the Keenie Meanie Services, who was partly a bag man to the Contra operation. You should recall that recently, Karl-Erik Schmitz, who had been detained some time ago, in Sweden for his part in this, was released, the charges against him were dismissed, because the Swedish government revealed, as a stipulation, that the Swedish government was in the habit of conducting weapons trafficking

through British facilities. So that although Karl-Erik Schmitz was identified as an *Israeli* gun-runner, nonetheless, the Swedish government indicated that the Israeli aspect of the gun-running was merely an adjunct of British intelligence gun-running operations into the Middle East. So, this involves the filthy level of the British government and intelligence services, as well as the U.S. government.”

Col. David Walker, a “retired” senior official of the British Special Air Services (SAS), was the director of an SAS front company that was used on several occasions by Gen. Richard Secord and The Enterprise to carry out “off-line” U.S. intelligence operations in which American involvement had to be concealed at all costs. According to London sources, some of the covert payments to Walker from the Oliver North kitty, particularly during the spring 1986 period in which Walker’s company, KMS, was carrying out airlifts of supplies to the Contras, were made by two Texans, Gary Howard and Ron Tucker. Howard and Tucker were key to the Reagan-Bush administration’s “black operations” against Lyndon LaRouche during both the 1984-85 period and again in the spring of 1986, in parallel with Boston U.S. Attorney and later DoJ Criminal Division head William Weld. Throughout this period, according to statements made by the pair to the *Washington Post*, they were reporting their clandestine activities directly to C. Boyden Gray, then the general counsel to Vice President George Bush.

According to Washington sources, Gray was indeed a pivotal player in Reagan-Bush administration covert operations, functioning as “the man who kept the secret” for Vice President Bush. A broader review of Gray’s background shows him to be a part of the “permanent government structure” in Washington. For 14 years prior to going to work for Bush, Gray was a law partner of Lloyd Cutler at the Washington, D.C. firm of Wilmer Cutler and Pickering. Wilmer Cutler is officially listed as the Washington affiliate of the Wall Street mega-lawfirm of Cravath, Swaine, and Moore, which houses such Establishment bigwigs as Cyrus Vance.

Senior partner Cutler, himself the White House counsel under President Jimmy Carter, has been the leading proponent of abolishing the U.S. Constitution and introducing a British parliamentary system. Cutler is also in the middle of the Europe 1992 scheme that would create an economically unified Europe better positioned to enter into a “Greater Europe” partnership with Moscow.

His “old school” ties ought to make President Bush think twice about Gray’s loyalties.

Throughout the two periods of their involvement in the “Get LaRouche” operation, Howard and Tucker had a third associate, retired U.S. Army Special Forces Sgt.-Major Frederick Lewis. According to a May 5, 1986 classified cable found in the safe of Ollie North, Lewis was being tapped by FBI Deputy Director Oliver Revell and Gen. Richard Secord for “info against LaRouche.” The “info” involved Howard, Lewis, and Tucker’s earlier 1984-85 covert operations against

LaRouche, undertaken at the request of the FBI and the CIA, according to declassified government documents.

According to American and British intelligence specialists, Col. David Walker, throughout his collusion with North and Secord, was operating under the direction of the highest-level officials of British intelligence, among whom were Michael Palliser, a former Foreign Office senior official more recently involved with Midland Bank.

LaRouche commented, “First of all, remember that Michael Palliser is a very close associate of Henry Kissinger, of Kissinger Associates, Inc. In the case of Colonel Walker, the arrangements under which he operated, the *known* arrangements, constitute by no means *plausible* denial, but rather *implausible* denial. This is a case of where there is *technical* denial, but the technical denial is totally implausible. There’s nobody in the world who understands anything about intelligence operations, who would consider Colonel Walker anything but a most blatant sort of agent of the British Secret Intelligence Services.”

Despite the fact that official British intelligence’s own involvement in the Iran-Contra mess was deep, recent British press reports, including the intelligence community-linked *Private Eye*, have begun a campaign aimed at smearing Bush for involvement in that scandal. Asked to comment on this, LaRouche said:

“Well, I would say the answer is, in order to put Adolf Hitler into power in Germany, the Anglo-Americans then had to get rid of their assets, Brüning and von Papen; George Bush is intended to be a short-lived Brüning, in the history of the United States. And, these fellows whom George probably deludes himself to believe are his partners in Britain, are actually among his most deadly enemies. They would like to get rid of him, not because they don’t think he’s an obedient fellow for their purposes, but because it’s convenient for them to dump the American President currently, in order to put the United States under IMF-style conditionalities. So, they wish to destabilize Mr. Bush. So, they themselves are probably more guilty in this operation than he is.”

It all leads to Bush

LaRouche then underscored the reasons behind the Reagan-Bush administration’s decision to jettison the 1987-88 prosecution against him and a number of associates in Boston federal court, and to instead carry out the blatant December 1988 frameup in Alexandria, Virginia.

“Under U.S. law, there is an arrangement called the Classified Information Procedures Act. This arose because of the many cases in which the government was prosecuting these people, for matters in which the government itself was involved. And, when people would come in as defendants, and say, ‘Well, but the government did this,’ the government would turn around and say, ‘Well, that cannot be discussed in court because this is classified, these are secrets of government, they cannot be brought forth in public, cannot be brought

forth in court.' The defense attorneys would say, 'Since the government is withholding exculpatory information, the government cannot prosecute the defendant.' So, in order to try to regulate this gray area of law, which sometimes is called the 'graymail' area of law, as distinct from blackmail, the Classified Information Procedures Act was enacted.

"Now, all the legal actions against me, most of this stuff involves the back room secret intelligence and related kinds of warfare, factional warfare. Whenever I go into court as a defendant in one of these matters, or my friends are defendants, what is up is immediately, 'Okay, what happened in the back room, in the secret corridors of international intelligence.' The U.S. government says, 'No, we can't talk about that. Look, that doesn't exist, there is nothing.' And, of course, it's a damned lie.

"In Boston, what happened is, during the trial there, which ended in mistrial, it was shown that the government was lying on this point. Only a modest part of it, but it was enough to blow the trial up. In Alexandria, the judge is a crook, as manifest in the fact that he *ordered* the defendants to lie, at a point that he *knew* that he was ordering them to lie, which was sufficient to prove he was a crook. The judge obviated the defendants' right to present, even identify, speak of, refer to, any of this highly relevant information. So, in both cases, in all cases, this would have sunk part of the Democratic Party. The leaders of the Democratic Party would have been sunk. But also, Bush personally would have been brought to the limelight on this. He couldn't stay out of it.

"So, this all leads back to Bush, it leads to Ollie North, as Ollie North's case leads to Bush. There's no way a true trial of North could not lead to Bush. There's no way in which an honest trial of any of the charges against him would not lead directly to George Bush."

Asked to characterize the new Bush administration, LaRouche explained:

"The Bush administration was constituted, essentially, over a period of 1985 to the present, as a project, by largely the old OSS crowd, the liberal Establishment, first, second generation, to the third. Some of the old boys were going to gather, bring all the factions together around Georgey-Porgey Bush, and this administrative consensus, under the direction of George Bush, was going to avoid all problems, simply by using administrative will to tell unwanted problems to shut up and go hide. Which would mean especially a move toward authoritarian-totalitarian measures. They assumed they could get by with this. What you've heard from the Bush crowd, and similar circles all around, is, 'Bush will do it, Bush can do it, Bush can feint, we can stall, we can postpone, everything can be managed, it's simply a matter of crisis-management, the balance of power,' all this sort of nonsense.

"Now, what's happened is, as I warned them, 'It can not work. That the kind of administration you're proposing to build around George Bush, will be like the captain and crew

of the *Titanic*, which was professionally quite competent. But because they followed company policy, right into a field of icebergs, they sank the unsinkable *Titanic*.' And that's what will happen to the Bush administration, under that present policy. I said, 'I give the Bush administration 60 days after inauguration before it begins to disintegrate, because of these circumstances.' I find that, after 30 days of the Bush administration, it has reached the point of disintegration that I thought was inevitable by 60 days."

Other voices sound the alarm

LaRouche's deep concern that domestic covert operations have been run by the Reagan-Bush team to curb legitimate domestic political opposition to administration policies are shared by some prominent veterans of the intelligence and political wars. In January, former Attorney General Ramsey Clark sent a publicly released letter to Judge Albert V. Bryan, the federal judge who ran the Alexandria railroading of LaRouche, urging him to release the defendants on bail pending appeal, given the serious constitutional issues.

And on Feb. 28, an associate of LaRouche received a letter on the letterhead of the Association of National Security Alumni, a recently founded organization of senior intelligence community veterans committed to ensuring a proper role for American intelligence within the framework of law. The letter, signed by a former CIA National Intelligence Estimates officer, David MacMichael, expressed a commitment of the organization to assure that the circumstances of the LaRouche prosecution and sentencing are fully investigated and publicly aired:

"The Association of National Security Alumni has as its principal objective the elimination of the use of covert operations for the implementation of United States foreign policy. Among the concerns of the Association is the manner in which covert operations involve intrusion into and corruption of the domestic political and judicial processes of the United States. The recent Iran-Contra affair has demonstrated again that covert operations abroad utilize propaganda and misinformation activities against the people of the United States and that domestic political groups are infiltrated and used in one fashion or another in support of the conduct of these operations. The federal and state courts themselves are obstructed on grounds of secrecy and national security.

"The recent court actions of the United States government against your associate Lyndon LaRouche and some of his colleagues in federal courts in Boston and in Alexandria evidently involved some aspects of this. The mistrial declared in Boston after the defense raised the issue of government infiltration, the haste with which the subsequent trial in Alexandria was conducted, the gravity of the sentence given Mr. LaRouche and the denial of bail, all strained, if they did not deny, due process. Other limitations on the defense in Alexandria indicated typical concern for national security at the expense of due process."

Breakdown of civil order in U.S. cities

Joseph DiGenova is a former U.S. Attorney for the District of Columbia. He helped draft the 1988 Omnibus Drug Act, and he comments on the breakdown of civil order in some U.S. cities, exemplified by the record-breaking drug-related homicide rate in Washington, D.C.

EIR: I'd like to ask you about the comment attributed to you, that you support the proposal to deploy National Guard troops in Washington, D.C.

DiGenova: I didn't say that. I was asked what I thought of that idea, and I said that it was worthy of consideration, but *not* to do law enforcement work, but to do support work. We have specific types of equipment to be provided to the police, night vision stuff, weaponry, helicopters. . . . The National Guard is not trained to do police work, and I don't think they can be used in that way, but they certainly could be used in a support capacity, which I think could be very helpful. What we need here are more police.



Joseph DiGenova

EIR: It has been observed that drug gangs active in Washington are extensions of the distribution networks that originate in Colombia. Do you think that absent a full-scale assault on the origins of those gangs, there can be an effective campaign against them domestically?

DiGenova: Well, the answer is, number one, yes, there can be a campaign against them domestically, and we have all the tools necessary to do it—all we need is the will; number two, we have to do whatever we can to force those foreign countries from which these groups emanate to do their part—Colombia, Bolivia, and elsewhere, just as the Italians have done internally in their effort to suppress the Sicilian mafia.

But the most important answer to this problem is drying up demand. They're not forcing people to take drugs in this country. And people are willingly embracing this activity, and until we dry up demand, the efforts we make at suppressing supply are going to be more and more difficult. It's as simple as that, unfortunately.

EIR: There are situations which you described as "Colombianization," where civil authority has broken down in certain parts of the city—

DiGenova: Correct, I think that is already happening.

EIR: What can be done to reestablish the rule of law? It seems that drying up demand is more complicated than simply getting people to resist drugs.

DiGenova: Sure it is. It is extremely difficult to reestablish civil authority once it is lost. And the longer it remains in abeyance, the more difficult it is to restore it, because people become used to a different kind of authority, certain mores and cultures grow up which make it more difficult to reestablish civil authority. Colombia has now found that out. They have lost control of at least one-third of their country. Some of those people that now control that territory are becoming literally and openly involved in electoral politics; they are now beginning to partially control the government, and it seems obvious to me that the parallel is too close, and too frightening not to be responded to.

EIR: That is what people consider the essence of terrorism in these countries.

DiGenova: Yes, narco-terrorism. No question about it. I wouldn't necessarily define these people as terrorists, I would define them as violent criminals because terrorism, unfortunately has that note of political motivation behind it. I don't think any of these drug gangs here are politically motivated *yet*.

EIR: Is this situation unique to D.C.?

DiGenova: No. In D.C., it's more severe because of the compressed geographical area—62 square miles—but L.A., Chicago, and elsewhere, there are similar secessions of territory from the grasp of civil authority. If anybody thinks that the Bloods and the Crypts don't control certain territory in L.A., they don't understand how that process is working, and they are doing something else, they are branching out, and becoming an emerging organized crime group with spin-off organizations in the Northwest and the Eastern part of the United States, and elsewhere. The Crypts and the Bloods have shown up in various parts of the country, distributing drugs and enforcing their networks with violence. They are an emerging organized crime group.

EIR: In light of the Colombia experience, would you characterize this as a national security threat, that the situation is this advanced in the nation's capital?

DiGenova: It's always been a national security threat, internally, and it's been described that way by others, not by me. There's no question that when you have millions of Americans using drugs willingly, and organizations ensconced to ensure supply, you have something that eats away at the heart of a democracy.

Urgency to defuse debt bomb

The Twentieth Century Fund cynically admits purpose of debt relief is to keep the status quo.

Amid rumors that the Bush administration is preparing a plan to deal comprehensively with the Third World debt crisis, the Twentieth Century Fund held a press conference here March 7 to present its ideas for a "debt-recycling fund" aimed at pouring part of debt payments back into debtor nations as a way of defusing political ferment.

The technical differences among the various proposals for dealing with the crisis are barely worth noting. What is interesting is that none aims at actually improving conditions in the debtor countries. They are various schemes for keeping the lid on the explosive consequences of these Third World nations paying out so much of their assets to the big banks of the advanced sector at the expense of their own people.

After the recent bloodbath in Venezuela (see *Feature*), the fear of political upheavals spreading throughout Ibero-America, in particular, is very great. The debt burden is enormous in many of these countries. Brazil owes \$120 billion; Mexico, \$107 billion; Argentina, \$59.6 billion; Venezuela, \$35 billion; Chile, \$20.8 billion; Peru, \$19 billion; Colombia, \$17.2 billion; and Bolivia, \$5.7 billion.

While Mexico may be the next flash point for instability after the rise of major political opposition for the first time during the 1988 elections, elections in Argentina and Brazil this year could also turn into referenda against debt repayment.

Therefore, the need for action is being felt throughout the corridors of power. As Henry Kissinger said during a recent speech here, "There are

50 different ways" to approach the Third World debt problem, "once a decision is made to do something." Of course, all the 50 ways he referred to would have the common aim of upholding the present usurious relations between the advanced and developing sector. It was the willingness to admit this blatantly that made Twentieth Century Fund's briefing interesting.

Copies of the fund's new pamphlet, "The Road to Economic Recovery: Report of the Twentieth Century Fund Task Force on International Debt," drafted by Rudiger Dornbusch, were distributed, but reporters had no chance to read it before asking questions. Dornbusch is the Ford International Professor of Economics at the Massachusetts Institute of Technology, and was on the Task Force with chairman John Gaines Heimman, the vice chairman of Merrill Lynch Capital Markets. Both were at the press conference.

Others on the Task Force were Richard Cooper of Harvard, Sen. Slade Gordon of Washington, Jesús Silva Herzog, former Secretary of Finance in Mexico, Albert O. Hirschman of Princeton, Anatole Kalesky of the *Financial Times*, R.T. McNamar of Conover and McNamar, Frank Morris, former chairman of the Federal Reserve Bank of Boston, Rep. Bruce Morrison of Connecticut, Rupert Pennington-Rea, editor of the London *Economist*, Kurt Schiltknecht, chairman of the Bank Leu in Zurich, James Tobin of Yale, and David Apgar, assistant to Sen. Bill Bradley of New Jersey.

Dornbusch was not bashful about going to the heart of the matter. "Our aim," he said, "is to give the govern-

ments in these countries a good excuse to become reasonable. . . . We must make it easier for them to be reasonable." "We must," he said wryly, "alter the system to permit the burden to become a tolerable one." He added, "We must ask what is the ability of a country to pay, and be receptive to its needs." Too much austerity suffered by the people of these countries is bad, he said, because it could lead to adverse political consequences.

The Twentieth Century Fund wants to see an institution formed to recycle some of the Third World debt payments back into the countries in an effort "to raise the standards of living there by improving the productivity of labor."

But when I asked him if there was any thought put into directing the investment back into these countries in a way that would raise the productivity of labor, he was adamant: "No. We discourage even hinting at the way in which the investment should be spent."

Needless to say, there is nothing to prevent such undirected money from financing the burgeoning, and profitable, narcotics business. Some of the creditors to the nations in question would find no problem with this, as they have made clear.

When I asked Dornbusch if his task force's debt relief plan included any call for agreements on raw materials pricing, since it is the below-production-cost prices of many raw materials which sharpens the economic crises in these Third World countries, he was emphatic again. "Promoters of such measures and those who would be willing to accept debt relief are totally different constituencies," he said. "If you tried to put the two together, both would be dead on arrival."

Even though it is a combination of the two which the debtor nations really need? How curious.

Savings League chief critical of Bush plan

In testimony before the Senate Banking Committee on March 7, Barney R. Beeksma, chairman of the U.S. League of Savings Institutions, criticized the administration's plan for re-vamping savings and loan institutions.

The League is calling for a full merger of the Federal Deposit Insurance Corp. and Federal Savings and Loan Insurance Corp., with the surviving S&Ls being given the right to use the logotypes of the FDIC, the insurance agency of the commercial banks. This, they argue, would ensure the depositor that his deposit is backed by the full weight of the U.S. government.

Under the Bush plan, the FDIC would oversee two insurance funds, one for the S&Ls and one for the banks—but the money in the two would not be commingled.

Beeksma also wants to set a target date, after which thrifts and commercial banks would pay the same insurance premiums. Under the Bush plan, the costs of closing insolvent S&Ls would be carried by the solvent S&Ls, through higher insurance premiums. This, Beeksma claims, would unduly penalize S&Ls relative to commercial banks.

Beeksma blamed the problem of the S&Ls on the "badly timed and poorly managed deregulation process" of the early 1980s. "The vast new powers provided to thrifts by some states," said Beeksma, "the removal of a variety of barriers to purchase of a thrift by a single individual, and the desire of regulators to accommodate the acquisitions of thrifts attracted many new players into the industry."

The League opposes the proposal to place the Federal Home Loan Bank

Board and the Federal Home Loan Mortgage Corporation under the U.S. Treasury. Since both the Treasury and the FHLBB are competing for funds on the financial markets, the move "could lead to policy decisions which limit the access of these two important housing agencies to the nation's capital markets." While lauding the increased role of the Justice Department in apprehending and prosecuting the "high fliers," Beeksma warned "that the lynch-mob mentality is rampant today, unjustly threatening the innocent majority along with the handful of scoundrels who so outrageously abused the public's trust and the thrift charter."

He urged that this campaign be brought to an end "before our nation's mortgage credit delivery system is destroyed through misdirected vengeance."

Beeksma was heavily attacked by Senate committee members, ignorant of all but their need for a scapegoat. Committee members assailed the League for playing down the scale of thrift insolvencies two years ago. "If anyone on Earth has been responsible, it's the League," fumed economic whiz kid Sen. Phil Gramm (R-Texas).

Sen. Richard Shelby (R-Ala.) pointed out that the League lobbied for many of the regulatory policies and federal legislation that allowed the industry to diversify into commercial real estate, helping to aggravate the situation for the S&Ls.

Both the League and another trade group, the National Council of Savings Institutions, questioned whether the industry could meet the tougher capital requirements of banks in two years, as called for under the Bush plan. The new requirements should be phased in over five years rather than two, said John Koch, council chair-

man, or the plan "could kill the industry in the process."

Humphrey to leave the Senate in 1990

One of the more outspoken conservative Republican senators, Gordon Humphrey of New Hampshire, has announced that he will not seek a third term next year. "Serving in Congress should not be a career," said Humphrey, who describes himself as the most conservative voice in the Senate.

Humphrey is the second conservative Republican to announce that he will not run again. Recently, Sen. William Armstrong (R-Colo.) said that he would not seek reelection.

Humphrey said he is confident that he will be succeeded by another conservative. "There's a wealth of talent in this conservative state," he said. "I'm optimistic we'll field another conservative Republican."

The retirements could, however, cause significant problems for the GOP in its battle to gain control of the Senate in 1990. Sen. Jesse Helms (R-N.C.) will be facing a tough race when his seat is up next year, and there has been speculation that Sen. Nancy Kassebaum (R-Kan.) will not be running for a third term.

Republicans sharpen axes to go after Wright

In retaliation for the Democratic sabotage of John Tower's defense nomination, congressional Republicans are targeting Speaker of the House Jim Wright for a counterattack. Wright, who has been under investigation by the House Ethics Committee as a re-

sult of Republican allegations of financial misdoings, will be bitterly attacked in what the *Washington Post* has called the "poisonous atmosphere" created by the Tower debate.

"There will be a concentrated assault on the Speaker and Democrats by Republicans," predicted Rep. Pat Williams (D-Mont.). The protracted struggle over the Tower nomination "makes Republicans want to get even."

"The Tower stuff hurts him," one Republican is quoted in the *Post*. "It will make it tougher on the Speaker. House Democrats will now have to be as tough on him as Senate Democrats have been on Tower."

Wright's counsel, William Oldaker, will get his chance to defend the Speaker against the 450-page report by the committee's special counsel, Richard Phelan. The report is expected to be devastating for Wright, and according to GOP sources, Phelan "did his homework . . . and presented solid evidence."

Rockefeller attacks jet fighter deal with Japan

In remarks on the Senate floor on March 7, John D. "Jay" Rockefeller IV (R-W.Va.) attacked the planned U.S.-Japanese agreement to build an FSX fighter aircraft. The agreement, signed on Jan. 12, involves a \$1.2 billion development and production project. General Dynamics would be the main American company involved, but at a later date, a memorandum of understanding would be negotiated about sharing production work with the Japanese.

Rockefeller wants to set up an interagency review of the agreement to see if it would involve any transfer of advanced military technology which

might give the Japanese a competitive edge. "I am very disturbed," said Rockefeller, "that the Department of Commerce, the U.S. Trade Representative, and the White House Science Adviser were not fully consulted during the bilateral negotiations."

The agreement was signed in spite of the protectionist fervor now being whipped up on Capitol Hill by Rockefeller and his colleagues.

Senate debate wilder than Mort Downey show

The customary senatorial pomposity during floor debate was suddenly transformed into what one observer called a Capitol Hill version of the Mort Downey show. The cause of the ruckus was the nomination of Sen. John Tower as Secretary of Defense—practically the only subject of debate on the Senate floor for 10 days.

The sudden decision of Sen. Sam Nunn (D-Ga.) to vote against the nomination in the Senate Armed Services Committee, turned it into a hot partisan issue.

Sen. Ernest Hollings (D-S.C.), an opponent of the Tower nomination, in an exchange with Sen. Malcolm Wallop (R-Wyo.), got a bit hot under the collar. "The entire discipline of our armed services depends upon this," said Hollings. "And here we dare to quibble. 'Was he on duty?' 'Did you see him on the floor?' And all of these things. . . . It is not a problem for me. I said it is a problem for the Senator. You want him drunk and criminal. All I have to do is find him drunk."

When Sen. Robert Dole (R-Kan.) complained about the "outbursts" of Senator Hollings, Hollings became even more upset. "Don't talk about outburst and vicious attacks and we

are assassinating Tower. Tower and that crowd is assassinating the Senate, demeaning this body with this kind of stretch out and characterization and innuendo and rumor when we know it is fact in that record."

With the Tower nomination defeated—a very bitter pill for the Bush administration—the rancor and the irritation will become more and more acute in the coming months on the Senate floor.

Pickering confirmed as U.N. ambassador

Thomas Pickering was confirmed in a 99-0 vote as U.S. ambassador to the U.N. The former envoy to Israel and El Salvador will succeed Vernon Walters in the post.

No opposition was voiced on the floor and there was no discussion of Pickering's contact, outside normal State Department channels, with former White House aide Oliver North in connection with aid to the Nicaraguan Contras.

Pickering is one of the handful of Bush appointees who have been confirmed by the Senate. Some 150 appointees are in one phase or another of the clearance system. One senior administration official described the Bush administration as "a canoe standing still in a pond. . . . Every little ripple can knock you over. Reagan was a boat moving forward so the little ripples caused little trouble, but you had this momentum."

The still-unscheduled hearings of State Department Undersecretary-designate Lawrence Eagleburger are expected to create as much debate as the Tower nomination, with possible conflict-of-interest questions being raised in a variety of areas.

National News

Safire warns: Moscow is on the march

"In foreign affairs Moscow is on the march," columnist William Safire wrote in the *New York Times* March 6, in an article entitled "A Second Yalta."

Safire notes that in the Near East, Gorbachov has reestablished ties with Egypt and is dangling the promise of recognition in front of Israel, posing as a peace-maker while continuing to arm Arab terrorist states.

In the Far East, he notes that the end of estrangement between the major Communist powers is at hand. And in Western Europe, a Soviet arms-reduction gesture has made NATO complacent.

"This is the real Soviet Union: concentrating political power in a single leader, fishing in our troubled waters, making propaganda concessions to get needed credits and technology, using its Afghanistan retreat to extend its influence in Asia," Safire states.

In Eastern Europe, we should "depend on Mr. Gorbachov to crack down as Mr. Stalin would have, fraternally rolling in the tanks and shooting the dissenters. The present Kremlin leader was not chosen to preside over the dissolution of the Soviet empire."

RICO used against anti-abortion protestors

In a decision which directly threatens constitutional protections, a federal appeals court has upheld a ruling that anti-abortion demonstrators can be found liable under the racketeering (RICO) statutes. The ruling was the first at the appeals court level expanding the use of the RICO act—which was supposed to deal only with organized crime—to cover some forms of civil disobedience.

The U.S. Court of Appeals for the Third Circuit, in Philadelphia, on March 2 upheld a lower court ruling that 26 abortion foes who demonstrated at the Northeast Women's Center in Philadelphia from 1984-86, were liable for \$43,000 in damages and

\$65,000 in lawyers' fees under civil RICO, even though the case did not involve criminal charges.

Anti-abortion groups called the ruling unconstitutional and said it represented a threat to every demonstrator who practices civil disobedience. "It takes away the right to assembly, the right to free speech, and the right to redress a grievance," said Joseph Scheidler, director of the Pro-Life Action League.

The National Organization for Women and other pro-abortion groups have made RICO prosecutions a central part of their strategy for shutting down the anti-abortion movement. There are about 10 other lawsuits pending against abortion foes based on the RICO law.

In its ruling, the appeals court said that when a demonstration goes beyond expression of dissenting political opinions, into "extortion," in the form of threats and force, then the use of the racketeering law is appropriate.

Defendant Michael McMonagle said that none of his fellow protestors were charged with assault, and that simply pushing someone, which apparently occurred in the heat of a demonstration, did not turn a demonstrator into an extortionist or racketeer.

Greenhouse effect did not cause 1988 drought

A study of the impact of the 1988 drought in North America on world weather patterns concludes that the "greenhouse effect" is not the cause of the drought.

The study, conducted by the European Center for Medium-Range Weather Forecasts in Reading, England, reportedly the most complex yet conducted on both the drought and the Pacific Ocean "El Niño/La Niña" warming and subsequent cooling of the Pacific, concludes that this, not the greenhouse effect, was a primary cause of the extraordinary North American weather patterns.

The study links the previous severe El Niño, in 1982-83, with the severe drought in the United States in 1983 and flooding in California. The study also identifies abnor-

mally cold North Atlantic waters and unusually high pressure zones over the Atlantic and Pacific as similar to those of the 1934-36 U.S. "dustbowl" drought period.

Baltimore fears 'explosion' of Satanism

Baltimore law enforcement officials are privately warning that there has been an "explosion" in Satanist activity over the last 18 months.

They report that it is now standard procedure for police, when arriving at certain crime scenes, to pull back the rug to see if there are any ritual circles (nine feet for witches, pentagrams for Satanists) on the floor.

They report that so-called Santario ritual murders are now moving up the East Coast. In Florida they are becoming as common as drug murders—"one a day"). These murders are related to the marketing of body parts used in certain Satanist ceremonies. Officials have also seen an increase in the number of "suicide pacts" admitted to by adolescent psychiatric patients, which are related to Satanic pacts. Officials also warn that videos of ritual murders are now freely available at video stores, some as "documentaries."

Meanwhile, Washington became the second state, during the week of Feb. 27, to have an anti-Satanism bill introduced into its legislature. Similar to a bill introduced into the Pennsylvania legislature (see *EIR*, March 3, 1989), the bill is sponsored by Rep. Steve Fuhrman and 17 other legislators, including the chairman of the committee which will hold hearings on it in July.

Catholic Church criticizes border camps

Thousands of undocumented immigrants from Central America and Mexico have been put in "concentration camps," the Roman Catholic bishops of Texas charged in a Feb. 21 statement.

The statement recalls that "concentration camps" had not been seen on "U.S. soil since the incarceration of Japanese-Americans during World War II—a shameful page in our history."

This latest reflection of the U.S. government's Nazi-style immigration policy resulted from a new measure announced Feb. 20 by Immigration and Naturalization Service director Alan Nelson, that applicants for political asylum will receive an immediate answer and would be subject to immediate arrest and detention if denied asylum. The INS "asylum-processing center" is located on the grounds of a Texas prison.

Since the new measures began, less than 1% of the applicants have been granted asylum. This has resulted in a large number of refugees going "underground" to avoid deportation. Reports from Texas indicate that the Border Patrol has launched an intense effort to find the immigrants.

Those immigrants who have been denied asylum are being held in El Corralón (The Corral), awaiting deportation. El Corralón is a large concentration camp inside the fence of a detention center 15 miles from Brownsville, Texas. There, the INS is planning to detain as many as 1,100 inside the concrete prison buildings and another 5,000 in the "tents" being erected by the INS on the prison grounds.

DoJ targets former head of FSLIC

The Department of Justice is investigating Stuart Root, the recently resigned director of the Federal Savings and Loan Insurance Corp. Root had emphasized, in an interview to *EIR* published Feb. 24, 1989, that the takeover of the FSLIC by the U.S. Treasury and the Federal Deposit Insurance Corporation (FDIC) could hurt international investor confidence in the entire U.S. banking system, not just in thrift institutions.

Root also has written articles urging a return to more traditional forms of savings and lending to spur industrial production and economic stability.

S&L regulators have reportedly asked the DoJ to determine whether Root tipped

off officials at one savings and loan institution that the government was about to take over that institution, and thus give those officials an opportunity to remove or destroy documents and withdraw deposits. Such warnings are in violation of federal law.

"It never got beyond rumor and innuendo," said Karl Hoyle, a spokesman for the Federal Home Loan Bank Board. "We never found any thread of substance. But . . . we referred it to Justice." According to the *Washington Post*, Hoyle claims that the Bank Board investigated the allegations about Root before turning the matter over to the Justice Department.

Root said that he was never questioned by the Bank Board and first learned of the Justice Department investigation when a reporter asked him about it. Root denies warning anybody.

Court undermines 'New Deal' gains

In a ruling that rips up an important gain of labor unions during the last Great Depression, the U.S. Supreme Court ruled by a vote of 6-3 on Feb. 28, that companies are not required to fire employees who stayed on the job during a strike in order to rehire striking workers with more seniority.

The ruling in favor of Trans World Airlines in its dispute with the Independent Federation of Flight Attendants, was an interpretation of the Railway Labor Act governing airline and railway industry workers. But most employers were quick to draw the parallels to the National Labor Relations Act covering more of organized labor.

"It strikes me that this is a very broad decision," said Murray Gartner, a lawyer for TWA. "It reaffirms the right of people to decide that they don't want to strike and to not be penalized for their decision."

In a dissenting opinion, Justice William Brennan said the court was allowing the employer "to single out for penalty precisely those employees who were faithful to the strike until the end, in order to benefit those who abandoned it." He said "such discrimination on the basis of union activity is inherently destructive of the right to strike."

Briefly

● **ELAINE PAGELS**, a leading propagandist for Gnostic heresies, was placed on the Aspen Institute Board of Trustees March 4. Her book, *The Gnostic Gospels*, is the winner of the National Book Critics Circle Award and the American Book Award. Mrs. Pagels's most recent book is *Adam, Eve and the Serpent*.

● **AMERICAN 'HUMANISTS'** will meet on "new values" during their 48th annual American Humanists Association conference to be held April 21-23 in San Jose, California. The topic is "Bringing Our World Together—New Technologies, New Values." The 1989 Distinguished Service Award will be presented to depopulation enthusiast Dr. Garrett Hardin, who believes in "mutual coercion" against "breeding out of control."

● **SAM NUNN** would have blocked Churchill's nomination, according to the London *Economist*, which reviewed William Manchester's account of Winston Churchill's drinking history on March 4. According to this account, Churchill would drink 2-3 whiskeys, several glasses of sherry, two brandies, and a highball during the average working day.

● **PRESIDENT BUSH** may have his own "Billygate" scandal, according to *Sunday Times* of London investigative journalist Mark Hosenball, who wrote March 5 that "beleaguered White House officials are under siege over the business activities of President George Bush's older brother." Prescott Bush traveled to the same places in the Far East just days before the President arrived, looking for business for his consulting firm, Prescott Bush Resources.

● **WILLIAM REILLY**, head of the Environmental Protection Agency, announced plans March 7 for a nationwide computer bulletin board which will provide information on the pollutants produced by every industrial plant in the country.

Editorial

An opposition to the malthusians

The malthusian pact, which Mikhail Gorbachov offered to the West in his United Nations speech in early December, has been enthusiastically taken up by the Kissinger-Bush administration and the bulk of the Western Alliance. This was shown dramatically at the London Ozone Conference where the European Community joined Margaret Thatcher and George Bush, to propose that chlorofluorocarbons (CFCs) no longer be produced after the year 2000.

Such a ban would of course, deny refrigeration to much of the developing sector. Nations such as China and India have vigorously opposed the imposition upon them of such a mandate for perpetual backwardness. Surprisingly, they were joined by the Soviet representative to the conference, Vladimir Zakharov, who is chairman of the Soviet Committee for the Protection of the Ozone Layer.

Zakharov questioned the scientific basis for the assumption that thinning of the ozone layer is caused by CFCs, and said that he "declined to commit his country to the recently-adopted European commission target for phasing out the use of . . . CFCs." We heartily concur with Zakharov on this matter, but we are also extremely interested to find such dissent within the Soviet camp, since Gorbachov and Foreign Minister Shevardnadze have been so actively propagandizing for a global policing of the environment.

The Jan. 9 issue of *EIR* featured an article by Lyndon LaRouche, entitled "Soviet pseudo-science could cause World War III," in which he pointed out that a shortsighted policy by the Soviets, to promote the environmentalist push to destroy Western industrial potential, would in the end backfire upon the Soviets themselves, since they were so dependent upon Western imports to sustain their own economy.

He warned that the physical breakdown in the Soviet economy which would follow, could lead to a general world war, if the Soviet leadership became sufficiently desperate. Have certain circles in the Soviet leadership taken heed of LaRouche's warning?

Another sign that the Soviets may at last be reconsidering what LaRouche has been saying, is the statement by Soviet Health Minister Yevgeny Chazov, who was quoted in *Izvestia* telling a convention of Soviet epidemiologists that AIDS poses as grave a threat as nuclear war. This of course, was one of the major themes of the recent LaRouche election campaign.

There is no ambiguity in the Brazilian government's rejection of the various schemes intended to force them to alienate their patrimony in return for debt forgiveness. Brazil's foreign ministry, usually the mouthpiece of Kissinger's banker allies, led the movement at the recent Quito meeting of Amazon Pact nations to condemn the abrogation of sovereignty through "debt for nature" swaps. It is equally significant that all the Amazon nations present—Venezuela, Bolivia, Colombia, Ecuador, Guyana, Peru, and Surinam—supported the Brazilian move.

The sensitivity to the abuses in the LaRouche trial—throughout Ibero-America, and in particular in Brazil, where even a member of the Congress has protested against his jailing—is directly connected to the fact that these governments see LaRouche as the only international spokesman on their behalf against the International Monetary Fund.

For example, LaRouche attacked the World Bank policies to force Brazil to substitute biomass for advanced fuels, in his book *No Limits to Growth*, published in 1983. There, he particularly supported Brazil's sovereign right to develop high technology agriculture and nuclear energy.

He was as right then as now, only now his enemies are even more brazen. The first targets of this new phase of the attack upon modern industrial nations by the eco-fascists are no doubt the less developed nations—those who will suffer most brutally from being deprived of inexpensive refrigerants, but ultimately we will all suffer: directly from the insane directives being proposed by these anti-science neo-feudalists, but just as severely by the irrationalism which they foster in the culture.

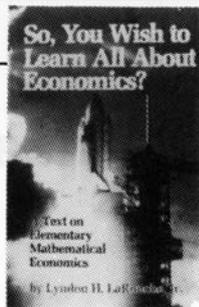
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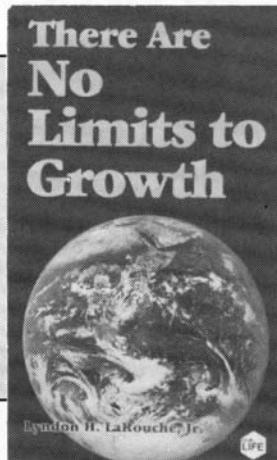
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