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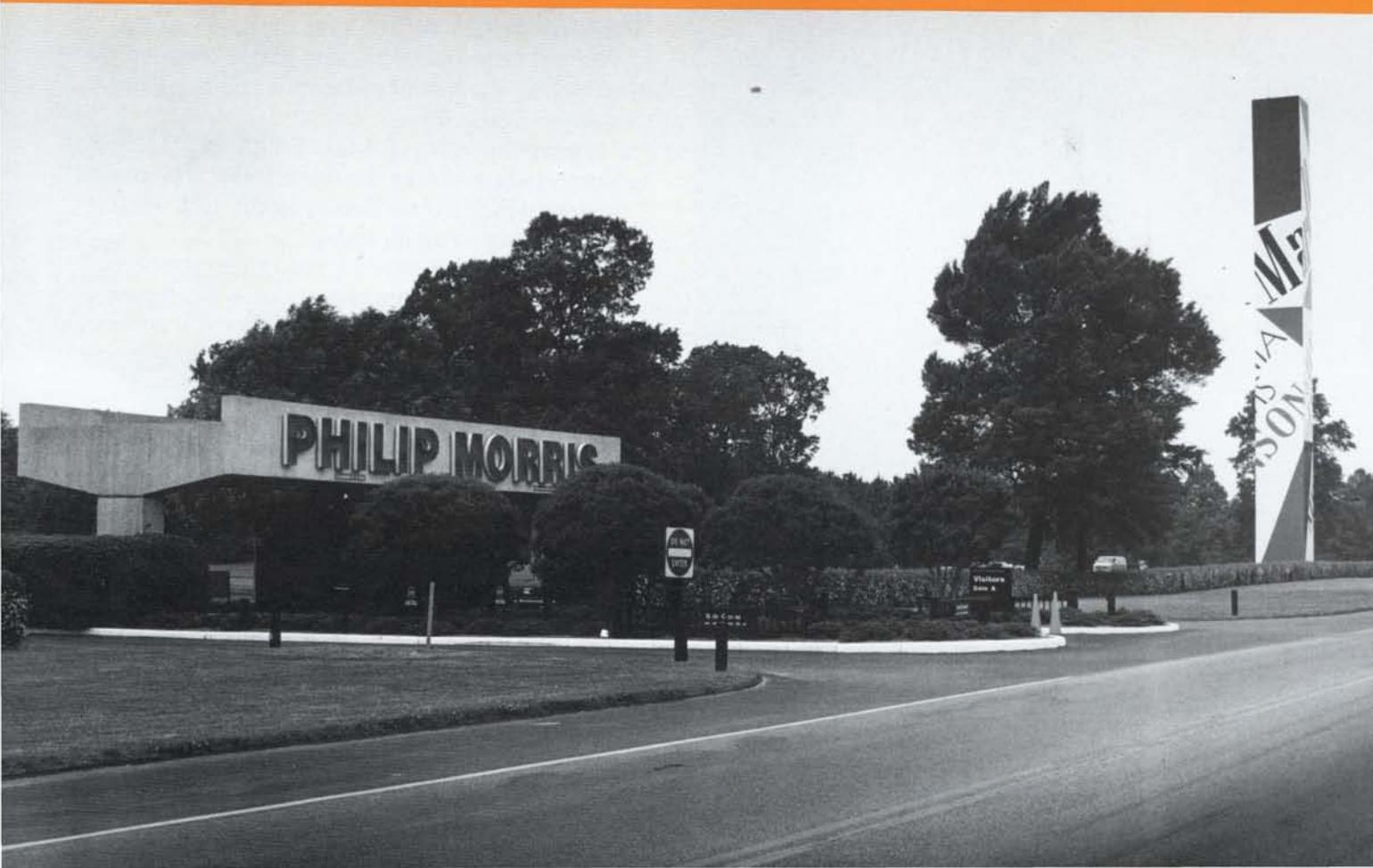
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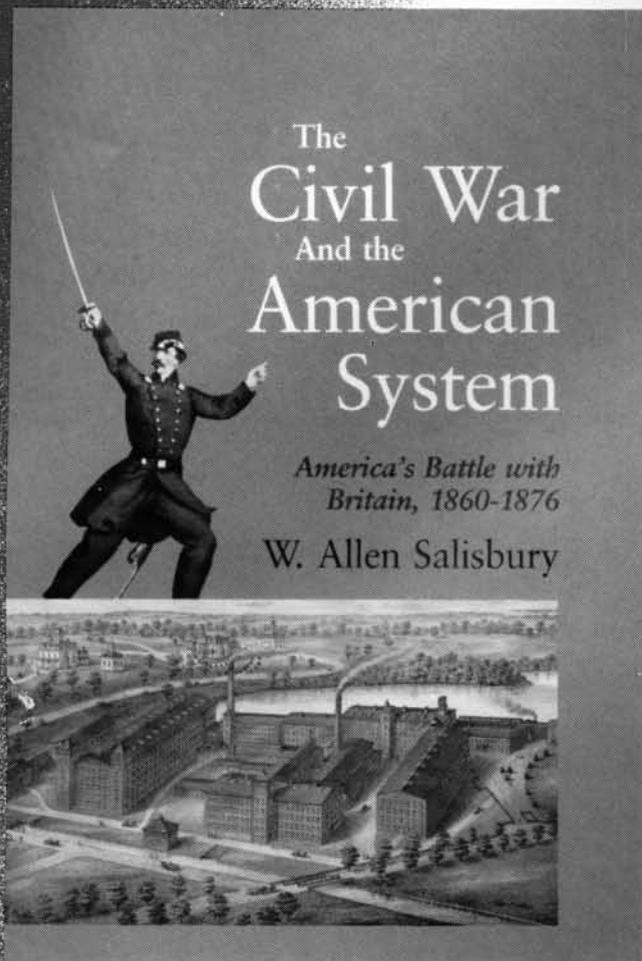
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LaRouche's economics posed in Moscow debate  
Modular helium reactor to boost world energy  
Paris and London undercut Clinton on Bosnia

**IMF free-traders turn E. Europe  
into a smugglers' paradise**



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“special relationship”  
wasn't always what  
it is today . . .



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## From the Managing Editor

Let me draw your attention to the extraordinary box in our cover *Feature*, on page 23. Here we find former CIA director William Colby proclaiming that the current flooding of Russia with contra-band Marlboro cigarettes *provides the basis for an economic recovery there*, just as—he claims—the “Lucky Strike economy” put Italy on its feet after World War II.

As Roger Moore reports, it is now a widespread practice for Russian workers to be paid in cigarettes, which are worth more on the black market than rubles.

In Colby’s view, the smugglers accumulate capital for the economy’s growth; they are followed by small retailers, who are followed by wholesalers, who are followed by “producers” (of what? tobacco? opium?).

This insane analysis sums up what is wrong with the U.S. economy today. We have built a giant bubble upon “the services sector”—real estate, drugs, pornography, entertainment, the derivatives market—while we have gutted the productive branches of industry and agriculture upon which any economy rests. Now, using the enforcing power of the International Monetary Fund, we are telling the devastated nations of the former communist world that they should repeat our blunders.

*EIR* is pleased to report, however, that there is another side to the story: Two representatives of the Schiller Institute travelled to Moscow to present Lyndon LaRouche’s economic program to a distinguished conference of economists and political figures (page 4).

The Clinton administration today is a welter of conflicting views and policy impulses, as you can see by the stories leading our *International* and *National* sections this week. The issue of economic policy is of decisive importance, and the President must move quickly to repudiate the free market idiocy expressed by Colby, and to adopt LaRouche’s program in full.

There is not a minute to lose. In a May 13 radio interview from prison, LaRouche emphasized that we are nearing a point of no return, as far as the crisis in Russia goes. Unless there is a dramatic change in the direction of LaRouche’s economic policies within the next 30-60 days, he said, “the world is going to slide, irreversibly, over the coming months and years, into a kind of hell beyond the imagination of virtually every American.”

*Susan Welsh*

# EIRContents

## Interviews

### 14 Linden Blue

The vice chairman of General Atomics describes his company's pioneering agreement with Russia to jointly develop a modular high-temperature gas-cooled nuclear reactor.

### 48 Yves Dubois

The editor-in-chief of France 3 regional television and president of Coordination Alsace-Sarajevo tells how his group managed to send a convoy of trucks carrying food and medicine to Bosnia.

### 53 John Ascher

A leader of the political movement of Lyndon LaRouche in Maryland, Ascher's wife is a political prisoner in Virginia. He discusses his recent visit to Colombia to mobilize support for human rights in the United States.

## Departments

### 9 Report from Bonn

Debt moratorium is becoming popular.

### 10 Dateline Mexico

Church: No limits to growth!

### 55 Report from Rio

Will Brazil take the Fujimori route?

### 67 Music Views and Reviews

Eve Queler presents a bel canto gem.

### 72 Editorial

Time to get going on fusion.

## Science & Technology

### 14 U.S. firm, Russians to build modular helium reactor

The benefits of the gas turbine modular helium reactor developed by General Atomics are enormous, and would draw on Russia's great scientific resources, says GA Vice Chairman Linden Blue.

## Book Reviews

### 66 George Bush's legacy of mismanagement in East Europe policy

*At the Highest Levels: The Inside Story of the End of the Cold War*, by Michael R. Beschloss and Strobe Talbott.

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## Economics

### 4 LaRouche's economics is posed in Moscow debate

At a meeting of the Russian Institute for Strategic Studies, two representatives of the Schiller Institute presented Lyndon LaRouche's alternative to the IMF's disastrous "shock therapy."

### 6 Blast against monetarism in Russia cites LaRouche

Prof. Taras Muranivsky writes in a leading Moscow daily.

### 7 Central Asia opens up to oil multinationals

### 8 Currency Rates

### 11 Agriculture

Move for "sustainable" farming under way.

### 12 Business Briefs

## Feature



The headquarters of Philip Morris, Inc. in Richmond, Virginia. Philip Morris's Marlboro cigarettes have become hot currency in the growing organized crime underworld of eastern Europe and Russia.

### **20 IMF free-traders turn E. Europe into smuggler's paradise**

Roger Moore reports on the flooding of Russia and eastern Europe with contraband cigarettes, drugs, and prostitution: the International Monetary Fund's "free trade" policy in action.

### **23 Former CIA chief hails Russian black market**

### **28 Philip Morris, Inc., the cash crop warrior**

### **31 Dope trade in Russia: 'a real gold mine'**

### **32 Organized crime makes power bid in Ukraine**

## International

### **34 Clinton State Dept. adopts Bush line on Ibero-America**

Once again, the United States is backing the governments it ought to be opposing, while seeking to undermine its best potential allies.

### **37 Taiwan is joining Beijing in the destruction of China**

### **39 South Africa on the way to repression with a 'democratic' face**

### **41 Tajikistan and Afghanistan: Have two hotbeds of war merged into one?**

### **44 Helga Zepp-LaRouche announces run for German chancellor post**

### **46 Sweden's Schori wants 'U.N. new order' over Bosnian dead bodies**

### **48 Alsace-Sarajevo relief convoy forces a breach** An interview with Yves Dubois.

### **50 Eyewitness to terror in Croatia**

### **53 Colombians told of political persecution of LaRouche** An interview with John Ascher.

### **56 International Intelligence**

## National

### **58 Paris and London undercut Clinton's policy on Bosnia**

Senator Biden put it sharply: "I can't even begin to express my anger for a European policy that's now asking us to participate in what amounts to the codification of a Serbian victory." Actually, it's not a "European" policy, but the policy of a new Entente Cordiale between Paris and London.

**Documentation:** Gen. Paul-Albert Scherer (ret.) of Germany calls for immediate, unilateral U.S. military action.

### **60 Suall a target of California spy probe**

### **61 The psychiatric shock troops behind Waco**

### **63 Farrakhan dispels media image**

### **65 Battle intensifies over masonic statue**

### **68 Congressional Closeup**

### **70 National News**

## LaRouche's economics is posed in Moscow debate

by William Engdahl

There appears to be a far healthier debate over fundamental economic policy inside Russia than is evident from most western media coverage. Based on discussions with a broad range of Russian policymakers and economists, the picture which emerges is a broad-based rejection of the dangerous demands of International Monetary Fund (IMF) "shock therapy" and a serious effort to find the unique resources and strategy for a transformation of the economy based on the cultural and historical specifics of Russia, rather than a foolish mechanical formula for "world market price" reform and budget balancing as demanded by the Group of Seven (G-7) industrialized nations since the July 1990 Houston economic summit.

Two representatives of American economist Lyndon LaRouche, from the Germany office of the Schiller Institute, were invited to a two-day seminar May 5-6 in Moscow, organized by the Russian Institute for Strategic Studies (RISS). The seminar was on the theme "Financial Strategy of the Economic Reform." The seminar itself was an unusually well-chosen selection of a broad range of viewpoints, both from the Russian side as well as from western invited guests. Included were senior Russian government representatives from the Central Bank, the Economics Ministry, the Foreign Ministry, the Supreme Soviet, and several economic policy institutes, as well as the Russian Academy of Sciences. Foreign guests included representatives from the embassies of the United States, Japan, and Poland, a former member of the Austrian government, and several western economists and banking representatives.

The RISS was established in February 1992 by a decree from President Boris Yeltsin to provide information and analysis for the highest bodies of executive as well as legislative power in Russia. Its domain encompasses issues of defense,

national security, and economic policy.

The seminar provided the occasion to place the economic perspective of LaRouche at the center of the intense Russian policy debate. The meeting took place only days after the April 25 Russian referendum, which had given a clear "yes" to continued reform in Russia, but with no clear mandate for a given economic course. The mood was one in which all felt the process of change to be irreversible, but the content of reform policy was by no means agreed.

### The results of shock therapy

The results of more than one year of IMF-mandated monetary "shock therapy" in Russia, implemented in January 1992 under then Economics Minister Yegor Gaidar, were starkly outlined by V.I. Milovankin, a representative of the Russian Ministry of Economics. "Since the first quarter of 1992," he noted, "Russia's national income has fallen 20%, while retail prices have increased 32-fold on average. In 1993, we expect little improvement, with output falling another 7-12%, unemployment rising by some 3-5 million, and another sixfold price increase."

Milovankin pointed out that today, debts between state enterprises, incurred as a direct consequence of the IMF's demand for a zero state budget deficit, totalled 3.8 trillion rubles, up from almost nothing a year ago, while the budget deficit itself is another R 1.6 trillion, 11% of GNP. In the first three months of this year, fuel and energy sector output fell by 15% and machine construction dropped 14%. Overall, investment into rebuilding Russia's crumbling industrial plant and equipment fell by 56% in 1992, the first year of "shock therapy." These figures provided the background for a vigorous debate about the fundamentals of Russia's economic change.

## A Marshall Plan for Russia?

A central theme of the deliberations was a proposal drawn up by the largest Austrian bank, Bank Austria, outlining ideas for a new Marshall Plan for Russia and eastern Europe. The proposal, in sharp contrast to present G-7 efforts, sets a realistic target of an estimated \$300 billion annual investment need in Russia and the other republics of the former Soviet Union and eastern Europe. Of this total, an estimated \$70 billion per year would be required from foreign capital—not an awesome sum when the alternatives of chaos and instability are taken into account—with a specific “Marshall Plan” fund providing some 10% of needed investment, or \$180 billion over six years. Unlike the present G-7 aid to Russia, in which all is contingent on self-defeating IMF austerity conditionalities, the new proposal would draw upon help from a broad range of OECD countries.

Speaking on behalf of Bank Austria, Helmut Bohunovski addressed the current problem of lack of western bank credits for Russia. “Western banks today cannot give credit to Russia without government guarantee,” he noted. “But we face a real danger of technological collapse if Russia cannot get credit to import needed machines from the West to rebuild industry. Right now, Russian debt trades at 20% of par value on western secondary markets. Banks have strict audit controls from their government regulators which make it impossible to expect them to extend needed credits. Western governments must change this restraint to enable banks to lend.”

To help overcome this bottleneck, Bohunovski proposed bank “pre-export financing,” with western bank partners providing bridge credits to a Russian firm importing needed machines collateralized by that firm’s raw material or other output, for, say, a 12-month period. “The Russian firm needs to import machinery to resume production, but cannot pay hard currency cash up front,” he stressed. In this scheme, the bank creditor gets the physical goods and acts as a kind of clearing house in countertrade. “From its side, Russia must also act to remove barriers such as the overly complex export licensing, duties, and duplicative division of administrative responsibility.” He stressed that in such an emergency arrangement, the western bank, with support of its home government, must be in a position to ensure that the credits go directly to areas which are needed to revive the civilian economy, and not to feed the flourishing underground mafia economy which has grown up as a result of the IMF monetary shock since 1992.

This writer delivered an analysis of the economic situation in Russia and globally. “This IMF program for Russia was self-contradictory and self-defeating,” Engdahl told the group. “It produced the predictable result of economic chaos and breakdown. The obvious question is, are the economists of the IMF incompetent or do they willfully impose such chaos?” He then outlined the political decision from the Bush and Thatcher governments in the July 1990 Houston economic summit to place the IMF in the inappropriate role of dictat-

ing Russia’s economic course.

The background to the insistence on the IMF role, Engdahl noted, is the 1904 Halford Mackinder policy of “British geopolitics,” which mandates that industrial cooperation between Russia and continental Europe, notably Germany, is to be prevented at all costs. “This doctrine became live, operational policy after the fall of the Berlin Wall in 1989, and the collapse of the Warsaw Pact,” Engdahl stressed, citing a flood of articles from British and U.S. strategists including Henry Kissinger. “In 1989, not just one of the world superpowers, Moscow, was bankrupt,” he noted. “The second, the United States, and with it Britain, also entered into the beginning of the worst depression since the 1930s. Only, sadly, outside the role of my organization, there is not yet a similar debate about fundamentals of economic policy taking place in the United States or the West,” Engdahl stated.

He then pointed to the leading opponent of this geopolitical madness, American economist Lyndon LaRouche, “a man whose name is well known in leading Russian quarters.” LaRouche’s 1989 proposal for an advanced high-speed rail infrastructure policy to eastern Europe and Russia, and LaRouche’s long-standing, vocal opposition to IMF policy in Ibero-America, were then laid out.

Jonathan Tennenbaum of the Schiller Institute then presented LaRouche’s role since 1981-82 in proposing Russian-U.S. joint cooperation to develop anti-missile defense technologies based on “new physical principles.” He pointed out that LaRouche’s Strategic Defense Initiative proposal was intended from the outset to be a technological catalyst for reviving the collapsing industrial structures of Russia’s economy, and of shifting the negative trend in OECD economic policies visible since the oil shocks of the 1970s. The April 2 *Izvestia* article reviving the essence of LaRouche’s original SDI technology-sharing concept in regard to advanced R&D developments by Russia on plasmoids and other areas, was cited by Tennenbaum as a most encouraging development which should be pursued.

He developed the 1989 LaRouche proposal for a high-speed rail infrastructure, “a Eurasian infrastructure alliance,” to link the industrial capacities of central Europe to the CIS region. He stressed that only such an infrastructure and technology-led approach can rebuild the collapsing economic capacities of Russia and eastern Europe.

The comments of the two LaRouche representatives drew an immediate response from Prof. Andrzej Brzeski of the University of California at Davis, speaking on behalf of the Heritage Foundation, an extreme “free market” organization based in Washington. “The way to stop inflation in Russia is simple: Stop the supply of money.” No matter that in Russia’s state-owned economy this means bankrupting the totality of industrial and agriculture production. “Economic shock therapy has not yet been tried in Russia, and this is the problem. If you look at Poland, where it has, there things are improving visibly,” he insisted. He warned, in an intervention which

has to be characterized as comic, that the "proposals of the LaRouche people would mean a return to Stalin economics for Russia." The audience seemed less than convinced.

### A Euro-train project

At the end of the two days, Dr. Yuri Stepinsky, director of the RISS, presented a promising proposal. He pointed to the unavoidable reality that fully "60% of Russia's economic resources are located in defense-related production and research." To simply let this go in an IMF-style "free market" sell-off would be unrealistic. "No country in the world has the situation where the state simply cuts loose all its military hardware."

Instead, Stepinsky proposed transforming these R&D and industrial capacities into rebuilding the infrastructure and economy of Russia and eastern Europe. "Why not develop a 'Euro-train' project? Now Russia has a broader-gauge rail

which means inefficient bottlenecks on the borders to the western markets. We must think of developing new types of advanced rail transport which will link us with western Europe, Moscow-to-Paris, and so on. We must shift our gauge to the European standard. We have the ability to build modern rolling stock. Russia can produce modern rail engines. We must also think in terms of building a maglev link between Moscow and the West."

He also suggested cooperation in the area of telecommunications. "The West to date has sought to allocate to us a very narrow role in providing rocket boosters. But we have, for example, very reliable small-scale nuclear power reactor technology for communications satellites, but the firm producing them is under attack from rival western competitors who lack such capacities. We are willing to share such technologies with western partners, but it must be on a legitimate basis."

## Blast against monetarism in Russia cites LaRouche

On May 7, the Moscow daily *Nezavisimaya Gazeta* carried Prof. Taras Muranivsky's article, "Reforms and Common Sense," which exposes the disastrous incompetence of the economic reforms adopted so far in Ukraine and Russia. "Monetarism leads any economy to catastrophe," he writes. "The alternative is a shift of the economic policy of the state to the principles of physical economy."

Muranivsky, who was the scientific editor of the Russian edition of Lyndon LaRouche's book *So, You Wish to Learn All About Economics?* published last year, identifies physical economy with LaRouche. *Nezavisimaya Gazeta* reaches hundreds of thousands of readers.

The article chiefly analyzes the reform program adopted in Ukraine in 1992, but Muranivsky points out that the results there are like what has happened in Russia. In both countries, "there is an unprecedented collapse of production, hyperinflation is raging, unbridled speculation flourishes, while there is a fantastical accumulation of fortunes against the backdrop of, and at the cost of, the abrupt, mass impoverishment of people."

The reason for the failure of the reforms, the author urges, should be sought in their theoretical basis—monetarism. According to this dogma, "the economy should be tossed into the slough of elemental market forces, and let it wallow there as best it can, while the population keeps tightening their belts until the 'invisible hand' straightens everything out. The reigning principle here is a cruel battle for survival—completely in accord with the anti-humanitarian ideology of Adam Smith and his modern successor

Milton Friedman: Whoever is stronger and sneakier will survive at the expense of weaker and honest people. Monetarism underlies both the theory of the 'free market,' and Marxist political economy."

But, "a qualitatively different direction has been developed in economic science and the practice of economic management, which the American economist Lyndon LaRouche has named 'physical economy.' Unlike political economy, it is one of the natural sciences. It studies economic and social processes in their harmonic unity with energetic and technological ones. Physical economy rejects the absurd assertion that the state should not interfere in economic processes. The Soviet experience of command economic management, which was negative and contradicted common sense, does not at all mean that the economy needs no management. If a driver breaks the rules of the road and runs his car into a ditch, it doesn't mean that the car should be sent out on the road without a driver."

Muranivsky discusses historical examples of state economic regulation that were not like Soviet central planning, such as the successful reconstruction programs in France, Germany, and Japan after World War II. The state properly restrains "immoral free market activities" like speculation and usury. Contrary to this successful experience, "Ukraine's monetarist program openly states the necessity of 'using the principles of the International Monetary Fund.' Is there really insufficient evidence, that the IMF is nothing but a usurer and pillager of the Third World countries?"

To rectify the situation, concludes Muranivsky, Ukraine should begin "not with money, but with the economy," and use the principles of physical economy to find scientific economic, monetary, legal, and organizational means to revive production.

# Central Asia opens up to oil multinationals

by Adam East

Since the end of World War I, oil has been one of the most common sources of energy in the world, and it continues to be the case today, thanks in large part to the international oil cartel. The collapse of the Soviet Union has deprived the Central Asian republics of Moscow's centrally planned energy policy. The defunct ruble, which is exploring ever new depths on the currency market, has left most of the member states of the Community of Independent States (CIS) in dire need of foreign exchange. So, in search for a reliable source of energy and a valuable source of commodity, some of the newly independent republics have pinned their hopes on oil.

International oil companies have been invited to take part in joint ventures for development of Central Asia's gas and oil reserves, and in their efforts to attract the oil companies, the countries have offered various incentives and tax breaks to make their offers more appealing. The oil multinationals are not wasting any time and have already entered the region, and several joint-venture accords have been signed. British Petroleum and Chevron top the list of close to a dozen oil companies which are seeking agreements with the region's oil-rich republics.

Thus, against the backdrop of growing political instability in the region, the oil multinationals are quietly moving in to take advantage of the region's currently most precious commodity.

## Kazakhstan is a target

Among the newly independent Central Asian republics, Kazakhstan, with its enormous gas and oil deposits, is the country most sought after by the international oil companies. Kazakhstan's oil reserves are believed to be as big as Kuwait's. Its crude reserves are estimated at about 100 billion barrels, and the country's gas reserves are said to be around 2.4 trillion cubic meters.

British Petroleum, AGIP, Elf, and Chevron are the major western companies involved in the country. France's Elf Aquitaine has completed a production-sharing agreement with the government on about 20,000 square kilometers in central Kazakhstan.

Italy's AGIP and British Gas have secured an agreement with the Kazakh government which will allow them to ex-

plore one of the largest proven gas fields in the world, in the Ural Mountains. It is estimated that these fields could contain up to 20 trillion cubic meters of gas.

The biggest agreement so far by the Kazakh government has been signed with Chevron, the third largest U.S. oil company. The \$20 billion accord gives Chevron the right to develop the 4,000-square kilometer Tenghiz fields, whose reserves are estimated at 25 billion barrels. Although the agreement is based on a 50-50 partnership, Kazakhstan is to receive 80% of the revenue.

Kazakhstan has also managed to secure the seal of approval from the International Monetary Fund and the World Bank, a precondition for many foreign investors. Former U.S. Secretary of State James Baker gave President Nursultan Nazarbayev the services of several American economists. With the United States itself in the midst of a depression, one cannot help but wonder about what the future might hold for Kazakhstan if it comes to rely on the advice of these "American economists."

Not too far from Central Asia is the tiny republic of newly independent Azerbaijan, which is also very rich in oil. The State Oil Company of Azerbaijan (SOCAR) claims that the country's oil reserves are as large as those in the Middle East. According to SOCAR's estimates, there are about 5 billion barrels of oil alone in just three Caspian Sea fields.

Just recently the state oil company signed a multimillion-dollar pact with a U.S.-based firm, McDermott Inc. The U.S. firm, in its preliminary accords with SOCAR, has agreed to modernize a fleet of ships which will be used to drill for oil in the Caspian Sea. Other oil companies such as Unocol Corp., Amoco, Pennzoil, and British Petroleum are also in the process of reaching agreements with SOCAR.

Azerbaijan is also thinking about a pipeline which would transport Azeri oil to the Mediterranean. The pipeline would either run through Georgia, Iran, or Armenia—that is, if a peace settlement is reached between the two Caucasian republics, which are at war with each other.

## China opens up

The oil cartel's presence in the Central Asian region was further bolstered when Beijing announced in February that it would open up the Tarim Basin of western China for foreign exploitation.

China's cheap labor-based, high-flying economy, with its disproportionate and uneven rate of growth that has spelled prosperity only for a handful of the country's enormous population, could run aground for lack of oil, as oil production is dwindling.

Currently, China's oil production is running at 2.8 million barrels per day, and it is exporting 400,000 bpd, which is a major drop compared to the peak export volume of 600,000 bpd in 1985. Most existing wells that were drilled in the 1950s and 1960s are now running dry, and keeping them operational is very costly.

According to international oil industry reports, China may become a net importer of oil by 1995, and this will no doubt have a significant impact on China's foreign policy in the coming years. The Chinese economy, which not too long ago was self-sufficient in the production of its main source of energy, will probably be forced to import about one-third of its total present production. This new foreign dependence will greatly affect China's foreign policy, especially toward the oil-producing countries of the Middle East, and Washington is reportedly concerned about a possible arms-for-oil trade arrangement between China and the oil-producing states of the Middle East.

### 'The next Saudi Arabia'

Forced to compete with the former Soviet republics, the Chinese government is offering huge incentives to western oil companies to develop its vast onshore reserves. The oil-rich Tarim Basin in the far western region of Xinjiang is found by many foreign companies to be the most attractive area for exploration. Tarim is believed to be the world's largest unexplored basin. "We hope it will be the next Saudi Arabia," Xinjiang's vice governor Wang Leguquan told a foreign news service recently. According to China National Petroleum Corp. estimates, the total potential reserves in the 158,565 square miles to be opened are 8.2 billion tons of oil and 2.5 trillion cubic meters of gas. Foreign oil companies are allowed to assume the entire risk of drilling. If successful, they will either develop the oil themselves or in joint ventures with the Chinese firms. Either way, a portion of the profit will go to the state.

Altogether, some 62 oil companies from 17 countries have rushed to bid for rights to drill in the 28,080-mile rim of the Tarim Basin. British Petroleum, which seems to be ahead of the pack, is already in Xinjiang, exchanging data with China National Petroleum Corp. on the Tarim Basin.

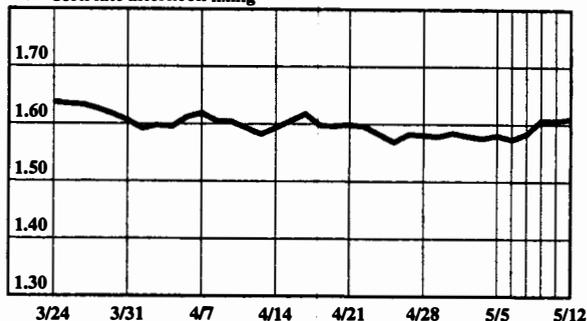
The biggest problem, however, is the lack of efficient means of transporting the oil out of the Tarim. "Infrastructure" is not a very familiar term in the region. Taklamakan, the huge desert which is home of the Tarim Basin oil fields, translated from the local Turkic language means: "You go in, but you don't come out." Sand dunes as high as 50 meters are likely to block progress in the road which China is building to its biggest prospective oil field in the center of the desert.

The province of Xinjiang, with its vast oil reserves, however, is most likely to miss the "prosperity wagon," which so far has only passed through coastal China. Xinjiang, which is also known as Chinese Turkestan, is mostly populated by Uighur Muslims, who are actually ethnic Turks. The work forces in Xinjiang's oil fields are mostly Han Chinese, all coming from other oil fields in China. While Xinjiang's oil may bring China billions of dollars, its inhabitants will most likely continue to live in subhuman conditions.

## Currency Rates

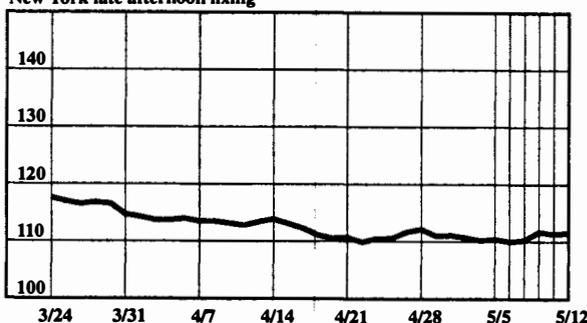
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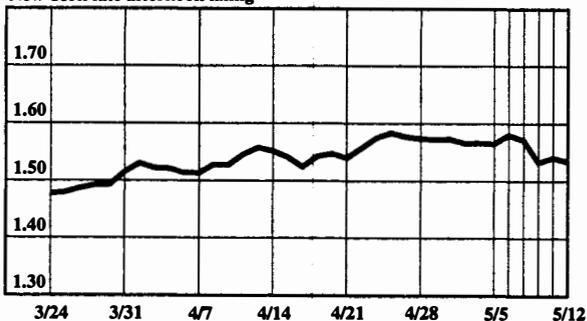
### The dollar in yen

New York late afternoon fixing



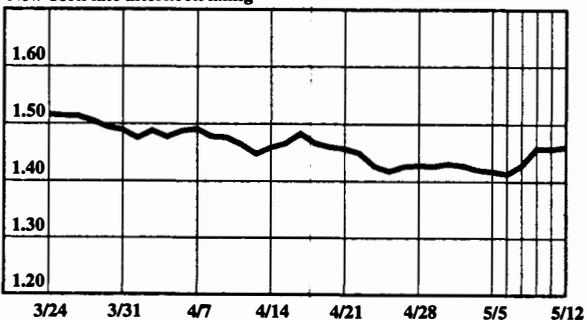
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## Debt moratorium is becoming popular

*A municipal debt repayment strike in eastern Germany is opening a debate on the unjust debt burden generally.*

**O**n May 2, the DST, the national association of municipalities, declared that its member institutions in the five eastern states will stop payments on a crucial share of their "old debt." The move may turn out to be the beginning of a political revolution in Germany.

The action concerns DM 6.3 billion (\$3.9 billion) of pre-1990 investments of the East German government that were, after reunification, mysteriously transformed into "loans" allegedly granted by the state to the municipalities for social, health, and daycare projects.

The municipalities see their "debt strike" as a means of forcing a debate on the entire pre-1990 debt in the Constitutional Court, and are aiming for a ruling that declares at least substantial parts of the debt a bookkeeping hoax and, therefore, illegitimate.

The moratorium comes at a time when senior spokesmen of management, labor, and government in the five eastern states have a consensus (against Bonn) that a moratorium on the old debt is the only way out. The strike is also officially endorsed by the entirety of the similarly indebted western German municipalities. Informed sources say the DST sees the move as a trigger for a national debate on the entirety of the roughly DM 200 billion municipal debt.

The debt strike is the first of its kind in postwar Germany, and it comes when various institutions are publishing new figures on the debt on an almost daily basis. Recent hints, on which Bonn refused comment, that the total public debt (federal, state,

and municipal) is now above DM 1.6 trillion, have been fully corroborated by a new report of the Bavarian state central bank. It estimates that the public sector debt reached DM 1.67 trillion this spring. About DM 350 billion of this sum is on the books of the public sector in the eastern states and municipalities.

There is no way that even part of this debt, which has been fueled by the high interest rates (in the West since 1979, in the East since 1990), can be paid, and more and more economic and political institutions are realizing that the country is caught in a "debt trap." Proposals for a moratorium and long-term debt rescheduling are gaining ground, as this author witnessed in talks with government and industry representatives in the eastern state of Thuringia during early May.

The debate has explosive political potential, because even beyond industrial circles and municipal policymakers, outrage at Bonn's stubborn monetarism and lack of economic expertise is growing. The decision of Finance Minister Theodor Waigel to leave the cabinet and take over the post of Bavarian state governor is symptomatic of this.

Desertions from the debt-collecting paradigm can also be seen in the bankers' community. On May 7, for example, the German Construction and Real Estate Bank took the unprecedented step of siding with its indebted clients. The bank pointed out that concessions which the government had made in recent talks with the indebted municipal housing associations in eastern Germany were phony.

The government's promise to shoulder 30% of the east German housing debt of DM 43 billion, only holds if the housing associations manage to sell at least 15% of their property on the market from 1996 on, to resume their debt service payments.

Given the speculative conditions that are dominating the "market," the bank warned, the associations would be under immense pressure to "privatize" property and buildings at any price, to keep pace with their debt payment schedule. The logical consequence of this government policy, the bank said, would be certain bankruptcy.

The ferment around the debt issue also provoked Misereor, the international relief organization of the German Catholic Church, to launch a campaign for a moratorium on the staggering debt of the developing sector nations. In an ad in the daily *Frankfurter Allgemeine Zeitung* on May 11, a joint initiative of German Catholics and non-governmental organizations with the name of "Development through Debt Cancellation," recalled that the 1953 London Debt Conference canceled more than 50% of the German debt, thereby giving the postwar German economy a good start.

The same method should be repeated 40 years later, the ad read. Germany, a creditor today, should be generous to its own debtors. At least 50% of the debt in developing nations should be canceled, the ad demanded, proclaiming the principle that "development needs debt cancellation: As long as 35,000 children in the debtor countries keep dying from malnutrition and avoidable diseases every single day, countries in the South should spend their money for food and health care for their populations—rather than paying their interest to German creditors!"

### Church: No limits to growth!

*For the first time, the Catholic Church makes use of Lyndon LaRouche's central concept of physical economy.*

The Latin American and Caribbean Regional Conference on Population and Development held in Mexico City in early May, served as a forum for unprecedented accusations by the Mexican Catholic Church against the international genocide lobby and, by association, against the malthusian policies of President Carlos Salinas de Gortari.

The fallacies of malthusian ideology were also solidly refuted in a document presented to the press by Colombian Cardinal Alfonso López Trujillo, president of the Vatican's Pontifical Council on the Family, and by the Vatican's permanent representative to the United Nations, Msgr. Renato Martino, during the International Congress on Demography and Social Justice held two weeks earlier in the same city.

For the first time, the Catholic Church presented a thoroughly scientific exposé of family planning programs and of the coercive measures of birth control they promote. It demonstrated that the ethical reasons for opposing such practices as violations of human rights are completely congruent with the scientific fact that "the notion of a worldwide population crisis is a myth."

"Poverty is not an effect of excess population," says the document, getting to the heart of the problem, "but of other factors, among which it is worth noting the obstacles to economic development. Latin America has a special burden in the known problem of the debt."

The document clearly establishes that "scientifically, one cannot present

as evident the supposed negative correlation between population growth or demographic density and economic development." On the contrary, "the resources of the earth do not constitute a fixed and limited quantity against which a growing population must enter into competition. Resources are also the product of creativity and of the capacity of human labor."

"Thus, through adequate education policy, with appropriate technical and economic assistance, these resources should grow normally. It is an indisputable fact that resources today are more abundant and generally cheaper than in the past," says the document.

This central principle of physical economy has been extensively elaborated by U.S. economist Lyndon LaRouche in several books on the subject, especially *The Science of Christian Economy*.

The congress on demography was organized by the Latin American Alliance for the Family (ALAFa) and by the National Pro-Life Committee of Mexico, with the sponsorship of the Pontifical Council for the Family and of the Episcopal Commission for the Family of the Mexican Bishops Council, for the purpose of readying the church's contributions to the International Year of the Family in 1994, and to the World Conference on Population, scheduled to be held in Cairo in 1994.

For 20 days, the headlines of various newspapers were dedicated to the church's severe charges against the United Nations for contributing to disintegration of the family and the crisis

of the Third World as "one of injustice, not of overpopulation." In particular, the church charged that the U.N. sought to legitimize abortion through "imperialist" methods equivalent to "chemical warfare."

The conference, for its part, was organized by the U.N. Population Fund and the Economic Commission on Latin America (ECLA), and various regional bodies, for the purpose of preparing a regional "consensus" document on the matter of population, to present to the 1994 Cairo meeting.

At the conclusion of the conference, delegates from five Ibero-American countries charged that it had been "totally manipulated and orchestrated by the U.N. Population Fund for the purpose of imposing demographic criteria" in order to bring to the world population conference "a consensus on legitimizing abortion as a method of population control." In particular, the denunciations targeted U.N. Population Fund director Nafis Sadik, who openly proposed a program of "safe abortion" to the non-governmental organizations.

In fact, the U.N. regional conference had hoped to establish a framework for promoting the Mexican model of genocide. At the conference, President Salinas bragged that Mexico had managed to shrink its population growth rate to 1.7%, and announced that he sought to reduce it further, in dramatic contrast to the statements of the Mexican bishops that Mexico was a "practically uninhabited" country.

The malthusian cabal, headed by the Mexican government, has been forced to disguise its genocidal strategy with such blather as stressing the need to equate "demography and development," "combat poverty," etc. The new strategy of this cabal is to spread Salinas's fascist self-help National Solidarity Program (Pronasol) throughout Ibero-America.

## Move for 'sustainable' farming under way

*Followup meetings to the Rio Earth Summit focus on the IMF-World Bank agenda for destroying agriculture.*

In June 1994, a worldwide conference is envisaged on the theme of "sustainable agriculture." The event, originally scheduled for this June in Minneapolis, is designed as a follow-up to the June 1992 Earth Summit held in Rio de Janeiro, Brazil. Last January, the conference was rescheduled, in order to provide time for a bigger mobilization, according to Linda Elswick of the Washington, D.C.-based World Sustainable Agriculture Association.

The intended conference has been billed as dealing with food security and caring for planet Earth. As described by Noel Brown, the regional director for the U.N. Environment Program based in New York City, agriculture "is the best barometer of what we are doing to the land."

However, the true purpose of such meetings is to plan out propaganda campaigns to confuse and demoralize the public into acquiescing to ferocious economic austerity. The very term "sustainable," as it has come into use to describe low-cost, low-input, minimum-infrastructure farming, is the cynical concoction of private interests which are demanding austerity of populations worldwide.

Over the last three decades, private financial and political interests associated with the International Monetary Fund (IMF), the World Bank, the commodities cartel companies, and related entities, have demanded more and more looting rights in the form of cheap labor and cheap goods—"free trade"—and they have opposed economic development of basic infrastructure, such as power production, water management, transportation,

and sanitation. Their objective is to exact deeper debt service payments.

To rationalize their demands, they have mobilized academics, Hollywood, and the mass media to put forward the bogus idea that the only "sustainable" economic activity is that which requires little advanced technology. The result of this policy is seen in the decline in food output per capita in Africa and South America, and in the resurgence of once all-but-conquered diseases around the globe, and in the scourge of AIDS.

Contrary to the propaganda about so-called sustainable low-energy-state economic activity, only by increasing energy availability per hectare and per household can one facilitate ever more advanced forms of production, and thus make human societies truly sustainable, while enhancing the environment at the same time.

The traditional technology-proud U.S. farmer, given a decent price for his production, access to extended education, and adequate infrastructure, can improve yields per hectare, and build up the productivity of the natural resource base at the same time. Thus, successive advances in technology, energy, and changes in the resource base have been the true foundation for agricultural "sustainability."

But in recent decades, in which farmers have been underpaid and lacking the means to make improvements, the entire society has suffered, and environmental degradation has spread.

Yet the IMF-World Bank propagandists say: You must make do with even less energy and technology, in the name of "sustainability" on Earth.

Hollywood movies extol Amish 17th-century techniques, or the pre-agricultural hunting and gathering societies in the Amazon.

There is a huge mobilization in the United States to stuff this down the farmer's craw: On April 29-30, a meeting was convened in Washington, of representatives from the International Federation of Agriculture Producers, to which the Denver-based National Farmers Union (NFU) and its counterparts in 25 countries belong. The focus, as stated by Bo Dockered, chairman of the IFAP's Environmental Committee and president of the Federation of Swedish Farmers, was to formulate proposals that promote sustainable agriculture. Participating shoulder-to-shoulder with the erstwhile farm representatives were officials from the World Bank, General Agreement on Tariffs and Trade (GATT), and the academic anti-technology types from World Watch Institute, the Center for Rural Affairs in Nebraska, Cornell University, and other groups.

NFU President Leland Swenson urged farm groups to work with the World Bank. He noted approvingly how "environmental concerns have risen to the top of many international organizations' agendas."

The June 1994 world meeting on sustainable agriculture had been set for Minneapolis because it is the seat of influence of the commodities cartels associated with IMF-World Bank circles. Minnesota is home to Cargill, and home territory for Dwayne Andreas, former Cargill vice president and now head of the Archer Daniels Midland cartel company, which has been in cahoots with certain NFU officials to loot the U.S. farmer for decades. The Alliance for Sustainable Agriculture, a cartel front group based in Minneapolis, has volunteered to host the worldwide conference.

# Business Briefs

## Labor

### German metalworkers begin strike in east

German metalworkers have begun a strike at six steel mills and 44 other plants in eastern Germany, their prime demand being for entrepreneurs to reinstitute a wage increase of 26% promised to them by April 1 this year, in an agreement linked to the 1990 treaty on German reunification.

Metal industry managers in eastern Germany had canceled the agreement several weeks ago, on grounds that the increase, which would bring industrial incomes in the metal and steel sector up to 70% of average western rates, was no longer tolerable under conditions of an economic recession.

Driven by austerity-minded arguments that have made the wage issue allegedly the exclusive "crucial problem of industry's future," managers are avoiding the real issues—the old and new debt, interest rates, and principles of banking and credit policies. They provoked the strike to defeat eastern workers as a prelude for income cuts on a national scale.

## Political Economy

### U.S. must cure speculative economy, says Kurtzman

In a somewhat flawed but devastatingly accurate presentation, the executive editor of the *Harvard Business Review*, Joel Kurtzman, indicates the speculative economy of the United States. His article, "The Death of Money," appeared in the May 1993 issue of the Continental Airlines magazine *Profiles*, and is adapted from his book of the same name which was released in April.

In the last 20 years, America has been splintered into two economies, Kurtzman writes. "The smaller of the two economies I call the 'real economy.' This is where products are made, trade is conducted, research is carried out, and services are rendered. The real economy is where the factory workers toil, doctors tend the sick and teachers teach, and where roads, bridges, harbors, airports and

railway systems are built. Tragically, in the United States, it is also the impoverished part of the economy, starved for investment, backward and in disrepair."

Kurtzman contrasts this to "the other economy, the financial economy, [which] is somewhere between 20 and 50 times larger than the real economy. It is not the economy of trade but of speculation. Its commerce is in financial instruments." The financial economy, Kurtzman writes, is volatile, represents potential trouble, and is booming.

Kurtzman recommends a series of steps to deal with this crisis, including a "fixed-rate dollar" pegged to a basket of 12 or so commodities, stabilizing interest rates, dampening speculation, and increasing wages. "A rising standard of living—something we have not seen in nearly two decades—will go a long way toward dispelling some of the social tensions that now infect our country."

## AIDS

### New strain identified as virus spreads in Asia

Researchers in the Netherlands have identified a more virulent strain of HIV, the virus that causes AIDS, which they believe accelerates the development of the disease. The presence of the synctium-inducing virus makes a patient six or seven times more likely to develop AIDS within two and a half years, according to a study published in the *Annals of Internal Medicine*.

The report comes as experts fear that more people will soon be dying of AIDS in Asia than in any other region in the world, the German weekly *Der Spiegel* reported in early May.

Indian AIDS expert I. S. Gilada estimates that India will have 20-50 million HIV-infected people in the near future. Some 15% of all HIV-infected people in India have been infected by blood transfusions. Out of 1,000 blood banks, only 600 are state-owned where the blood is screened, while private blood banks exert no control. Their donors are poor, sick, and often drug-addicted, who get something to eat and a little money for giving blood.

In Thailand, the number of HIV-infected by the year 2000 is projected at 2-4 million,

which would be 6% of the population. In China, the official number is about 1,000 HIV-infected people, "but that is dangerous nonsense," experts say. Internal statistics show at least 10,000 infected people. Others think the real number is 100,000.

In Malaysia, the official number of infected is 5,100, while experts think the real number is ten times higher. In the Philippines, some 35,000 people are infected. One AIDS expert said that AIDS in Cambodia could possibly claim more victims than the Khmer Rouge dictatorship, which killed about 1 million people.

"AIDS is threatening to overwhelm all countries in Asia, and the economic pressure will become incredible," scientists warn. Thailand estimates that its economy will lose \$9 billion by the year 2000 (one-seventh of its GNP).

## Economic Theory

### Alexander Hamilton cited in national debate

First U.S. Treasury Secretary Alexander Hamilton was cited as a model for dealing with the budget deficit in a commentary entitled "Deficit Lessons: Hamilton the Hero," by Thomas McGraw, professor at the Harvard Graduate School of Business, in the May 2 *New York Times*. Written in part to justify an increase in taxes, McGraw's article misrepresents the fact that Hamilton created a national bank to generate credit for producing wealth, not to increase the money supply merely to pay the debt. He nonetheless recognizes the dramatic results of Hamilton's policy.

"A battle over deficit reduction hardly seems the stuff of a profile in courage, but there it is: The Case of Alexander Hamilton," McGraw wrote. "When the new American government was created by the Constitution, the bills for the Revolutionary War still had not been paid. In 1790, the national debt stood at \$75.4 million, a colossal sum more than 15 times the young government's annual revenues. (Today's debt, though absolutely immense, is only four times yearly income.)"

Hamilton "called paying the debt a 'sacred obligation,' the price of . . . independence and

liberty. . . . This unflinching approach has earned Hamilton a niche in the Republican pantheon; until the 1980s, the Republicans probably held only Lincoln and Washington in greater esteem." McGraw states that "Hamilton's fiscal ingenuity matched his fiscal integrity. He designed a brilliant system for placing 'public credit' on a sound basis. . . . By promoting a national bank and capitalizing it with new Treasury bills, he multiplied the meager money supply. Hamilton's "personal victory became America's as well."

### **Ukraine**

## **Kuchma seeks special economic powers**

Ukrainian Prime Minister Leonid Kuchma has demanded "special powers" to lift the nation out of its desperate economic crisis. Kuchma made the demand to the Ukrainian Parliament on April 30, saying, "Without the introduction of martial law in the economy, Ukraine will cease to exist as a state."

On May 3, the parliament began deliberating on his demand. The desperate economic crisis and International Monetary Fund-dictated "shock therapy" and conditionalities policies are fueling a political crisis. Communists see a political opportunity in the midst of popular anger over the collapse of living standards.

### **Foreign Debt**

## **A time-bomb ticking in Third World, says paper**

A time-bomb is ticking not just in the former Soviet republics, but in the debt-ridden Third World, the *Jakarta Post* of Indonesia editorialized on May 4. "The nations of the West should be reminded that a mightier bomb is ticking away in the form of suffering due to poverty in many developing countries."

The editorial rejoices that Boris Yeltsin returned home with \$1.6 billion from the United States. "We believe in democracy and pray for the welfare of the Russian people in the days

to come. But in another part of the globe, a similar cause is also being fought for in the name of 108 developing countries of the South. . . . At stake are the lives of not just 150 million people but those of nearly half of the earth's population of five and a half billion. At stake is not one democracy but more than 100."

This situation "is exacerbated by the fact that the total external debt of developing countries reached \$1.35 trillion in 1991," the editorial read. It noted that Indonesian President Suharto, as the head of the Non-Aligned Movement, was not permitted to make this case at the Group of Seven summit of industrialized nations. This "gives rise to questions which clearly require serious answers. . . . Does the reluctance of G-7 leaders to listen to the plight of developing countries originate from the fact that unlike in Russia and the other republics of the former Soviet Union no nuclear warheads are involved? . . . Why is it so difficult for the South to get a chance to communicate with the North?"

### **Energy**

## **China authorities warn of power shortfall**

Five Chinese ministries and commissions warned of a major shortfall in electric power production, and issued a directive to local authorities demanding that they ensure that enough generators are installed this year, the *China Daily* reported on May 1.

Power production is now at least 80% below that needed. It is dependent on totally inefficient thermal and hydroelectric generation for an economy of 1.2 billion people, and coal-burning has already massively polluted China. Power generation grew only 10.7% in 1992, while industrial production overall grew 20%.

The Chinese power industry plans to install 57 new generators this year, but of those 44 are thermal and the rest hydroelectric. China has installed generators with a power-production capacity of 165 million kilowatts per hour, but whether they are operating or not is unclear. China will require a capacity of 280 million kilowatts an hour by the year 2000.

## **Briefly**

● **BOVINE SOMATOTROPIN (BST)**, a natural component of cow's milk which is fed to cattle to boost milk production 10-15%, is safe, based on research by regulatory agencies of over 30 nations, the Council for Agricultural Science said April 15.

● **BRITISH DOCTORS** warned at the House of Lords inquiry into medical ethics on May 5 against any relaxation in the law which would give patients the right to die. The British Medical Association said that it could eventually lead to pressure to kill the chronically disabled.

● **FORTY AIRLINE** officials from five airlines in Taiwan will visit Shanghai in May to discuss the possibility of opening direct air links between Taiwan and China, the leader of the delegation said on May 7. Taiwanese have made an estimated 4 million trips to China since 1987, most of them through Hong Kong.

● **CHINA** may trade nuclear power, sophisticated technology, and arms to the Mideast for crude oil, an analyst said recently at an oil conference in Singapore. Last year, Mideast oil producers sold only about 70,000 barrels of oil a day to China, but sales will leap to between 600,000 and 1.5 million barrels a day by the end of the decade.

● **KENYA** has 1.68 million people who are believed to be infected with HIV, the Ministry of Health in Nairobi reported in early May. This is 7% of the total population.

● **THE GERMAN** chemical industry will fire 30,000 workers this year, a spokesman for the industry association said on May 7.

● **INSURANCE FIRMS** in the U.S. face record damages in the first quarter of 1993. Nine catastrophes led to an estimated \$2.8 billion in property damage insurance claims, beating the previous record of \$810 million set in the first quarter of 1992, UPI reported on May 4.

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## U.S. firm, Russians to build modular helium reactor

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*The benefits of the gas turbine modular helium reactor developed by General Atomics are enormous, and would draw on Russia's great scientific resources, says GAVice Chairman Linden Blue.*

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*Linden Blue is vice chairman of General Atomics, a San Diego-based company that signed an agreement with Russia on April 1 to jointly develop a modular high-temperature gas-cooled nuclear reactor, which will use an advanced gas turbine to directly convert the reactor heat to electricity. Blue was interviewed in early April by Marjorie Mazel Hecht, managing editor of 21st Century Science & Technology magazine.*

**Q:** The recent announcement by General Atomics of the agreement for joint 50-50 partnership with the Russians to develop the gas turbine-modular helium reactor (GT-MHR) is good news for nuclear and good news for world development. Can you tell me about the scope of the agreement that you signed?

**Blue:** First of all, it is an agreement and an alliance that makes all kinds of sense. The Russians have splendid physicists; we have worked with them for many years. Even during the years of the Cold War, we worked on fusion energy together and that's resulted in a broad international fusion effort. There's no reason why we can't duplicate that kind of effort with this fission reactor, the modular helium reactor. The gas turbine variation on that takes the ultimate advantage of that potential.

Additionally, the Russians have enormous infrastructure that is currently unemployed or underemployed and, I think, it's in everybody's interest that these facilities be used and be used for constructive purposes rather than for making weapons for Russia or anybody else.

**Q:** Your agreement is to produce a design and a demonstration plant, but you also talk about mass production, which is tremendously exciting. This is a modular reactor, which

lends itself to mass production, and there is such an enormous market in Russia and the former Soviet states because their reactors are terrible by U.S. standards.

**Blue:** That's right, and the Russians do have some good plants and equipment that could be readily adapted to producing these modular reactors.

Saying that it would be in mass production is a little bit misleading, because when people think of mass production they think of the automobile. Production of modular reactors would be at a very low rate. What we're talking about is *serial* production; that is, there would be a constant flow, and you would take advantage of all the economics and controls of factory production. Not only controls that keep costs down, but quality control is much better in factories. So I think a better term is factory production.

**Q:** When would you expect to have the design completed and your first reactor on line, if all goes well?

**Blue:** We would hope to have the first one on line in about 10 years. Frankly, the program will probably be constrained by finances, and 10 years is a very reasonable time period. It could be done sooner, if there were full funding very early on.

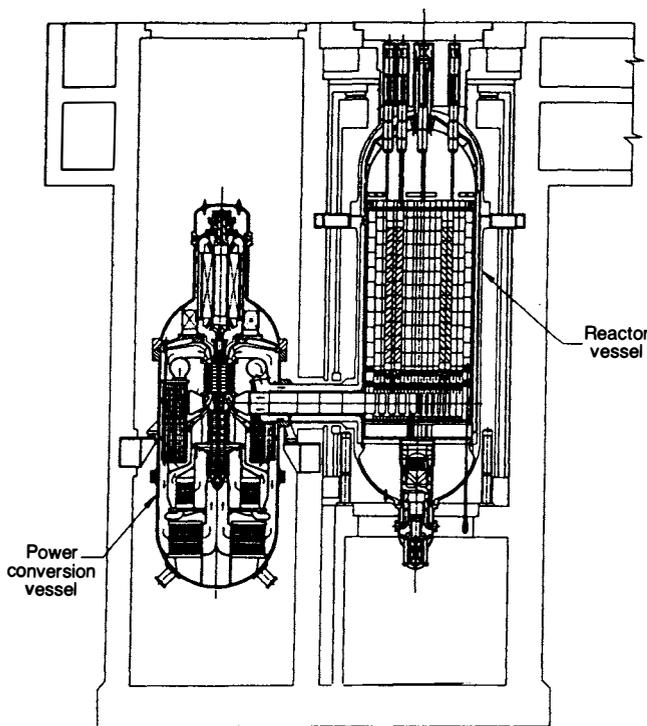
**Q:** If you had the optimal schedule—let's say financing is not a problem and there is a crash program to do this—how fast could it be done and, realistically, what do you expect?

**Blue:** I would say eight years would be a minimum.

**Q:** Is this eight years to develop the design and get your first reactor on line?

**Blue:** Yes. The reason that I believe it could be done in eight years is that the design is already very far advanced for the

## The direct-cycle gas-turbine modular helium reactor



*GT-MHR will pioneer the development of a next-generation nuclear reactor that is modular, simple in design, and inherently safe (no meltdown is possible). For the first time in a nuclear reactor, it will eliminate the steam turbine, converting its heat, via the helium coolant and an advanced gas turbine, directly to electricity. The great efficiency of the GT-MHR comes from several recent technological breakthroughs: new gas turbines developed for jet engines like the Boeing 747; compact plate-fin heat exchangers that recover the turbine exhaust heat at 95% efficiency; magnetic bearings that are friction free, eliminating the need for lubricants in the turbine system; and high-strength, high-temperature steel vessels.*

*This 300 MW GT-MHR power plant consists of two pressure vessels, both located underground in a concrete containment structure. One vessel houses the nuclear reactor system and the other, smaller vessel houses the power conversion system—a generator, gas turbine, and two compressors.*

*The fuel particles are unique to this type of helium-cooled high-temperature reactor. Uranium or plutonium fuel is fabricated into tiny particles that are coated with layers of ceramic materials that constitute tiny individual "containment vessels."*

*The helium enters the reactor core at 915°F and is heated by the nuclear reaction to 1,562°F. It then converts the heat to electricity and the helium is cycled back to the reactor vessel.*

Source: General Atomics.

reactor itself, and we would be able to take advantage of all the work that's gone on before. All of this work—the latest work—is also on CAD/CAM [computer-assisted design/computer-assisted manufacturing], which means it's engineered electronically. Thus, changes are much easier to make and you have enormous files that are very easy to manipulate, which in itself reduces the time. So, by taking full advantage of everything that we've done in the past, in my opinion, eight years is quite realistic.

And then it would be a matter of utilizing resources in this country and in Russia, and producing some parts in Russia and some parts in the United States.

**Q:** The news release that General Atomics put out estimated \$20 million a year as a budget coming from the United States. How would that work? What do you envision?

**Blue:** We would expect that there would be a program for the development of the reactor—it would probably be administered by the U.S. Department of Energy—and our joint venture would be the contractor which would be asked to do the job. The Department of Energy would oversee the effort.

**Q:** Because the reactor will burn weapons-grade plutonium, do you expect to have funding from the Department of Defense—which, I believe, has already pledged to the Russians \$1.6 billion in terms of cleaning up and working with the

problems in their nuclear and weapons program?

**Blue:** That's a possibility. First of all, let me clarify one thing. The reactor can either burn low-enriched uranium or plutonium. The thing that has been talked about most recently is the plutonium variation because of the problem we and the Russians have to deal with: plutonium coming out of weapons. Essentially the difference—whether it's burning uranium or plutonium—is in the fuel kernel. . . . It's just a question of what's in the center of the fuel kernel—plutonium or uranium.

The defense authorities in both countries have to be concerned with the plutonium problem. And exactly where the funding would come from is uncertain, but \$20 million a year goes a long way toward solving the problem, and, relatively, is not a large amount of money.

**Q:** It's a very small amount compared to development of other large projects like this. I would like to get into some specifics of the reactor design. But first, I am going to ask you another global question. I see this as a tremendous prospect for industrial growth in all of eastern Europe, and also as a boon for U.S. technological capability, because the parts and components of reactor systems that will be needed can be fabricated both here and in Europe.

**Blue:** That's absolutely right, and it's very-high-value-added production. That is to say, after World War II they tried

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*The biggest and most important savings of the GT-MHR is the thermal efficiency, but the other is that we are directly driving the turbine from the helium gas as it comes out of the reactor.*

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to convert companies that had been manufacturing airplanes to—one case in particular, it was Grumman—making canoes. Well, admittedly, canoes are made out of the same thing—aluminum—that airplanes are, but there's a huge difference in sophistication and value added, so that kind of conversion of a defense industry to commercial products just didn't work.

It's very difficult to convert defense products and defense production capabilities to civilian production, and, in fact, it is very, very rarely done successfully. In this particular case, the same kind of sophisticated equipment and facilities and infrastructure that has produced weapons could also be employed on a very high value-added basis to make these reactors, because these reactors are, likewise, very sophisticated, and it takes the same kind of high-quality plant and equipment that the weapons sometimes require. So, yes, it is a splendid opportunity for conversion of defense facilities to peaceful commercial uses.

**Q:** The degree of sophistication, it seems to me, in the machining required will benefit from the skilled labor force that exists both in Europe and here, and is currently going idle to a large extent.

**Blue:** Yes, the problem of keeping Russian physicists and engineers—who are extremely good and talented—productively employed and keeping them from seeking jobs outside of Russia where we might not want to have them working is very important. And I noticed the other day in this country that there's rather high unemployment among physicists and engineers. This would be a great way to put some of these people to work—something that is of enormous value to mankind.

**Q:** Yes, and what they're really missing in eastern Europe is cheap electricity. In other words, what you need for development is electricity, a good source of inexpensive electricity, and once you have that, you can then develop any country. I think you know we've worked on programs for developing eastern Europe, and the bottom line is that you need a transportation grid and you need electricity.

**Blue:** That's right and remember, electricity is the most environmentally benign source of energy there is. So the question is, how do you get the electricity. If you burn coal to get there, you create environmental problems. Nuclear is the cleanest source of energy, other than hydro power. There are

no emissions and the radiation levels are actually lower than they are from burning coal. You do have the storage of a small amount of high-level waste. But this amount is about 100,000 times less in volume than the waste from coal. So it really is a problem that can be readily handled, and the fact that you have no emissions into the atmosphere is a great advantage.

**Q:** Especially in eastern Europe, where they burn the kind of coal that has tremendously polluted the entire area. I like your slogan "To Power the World into a New Century," because I think that it is very appropriate. To me, one of the most exciting things about the GT-MHR is that it's a gas turbine. I never have understood why we would want to go with 21st-century new nuclear reactors but use the old steam technology. So, the coupling of the gas turbine, I think, with this new reactor design—the helium reactor—is exciting because this is a technology worthy of the new century.

**Blue:** That's right. The detractors will say, "Well, if it's so good, why wasn't it done before?" And the simple answer is that the technologies haven't been ready before. We haven't had a modular reactor that was sized right for the kinds of gas turbines that are being made now. Gas turbines themselves hadn't evolved to the point of efficiency that we're getting now. And the magnetic bearings make everything easier in terms of the shafts.

**Q:** Are these the frictionless bearings?

**Blue:** Yes, the magnetic bearings virtually eliminate friction, and they have great properties for dynamic dampening of rotating shafts, so they're superior in every way. But with magnetic bearings 10 years ago, you just couldn't do this type of project.

**Q:** There are a number of state-of-the-art developments that made the GT-MHR efficiency possible, as your literature notes.

**Blue:** The recuperators are the final thing. Ten or fifteen years ago, when we looked at this earlier, we could only get recuperators that were 88% efficient and were five times as large as the recuperators we're talking about now. There's been enormous improvement in recuperators. Mostly that has come out of the fossil-energy arena, but these advances are directly applicable to what we're doing. So, yes, the technology has evolved to the point that it is ready to power

us into the next century, and the advantages are so great that it is hard to imagine people would consider using steam any more.

**Q:** Can you talk a little about the evolution of the GT-MHR design and about its 50% increased efficiency through the use of the gas turbine? Because that's very impressive.

**Blue:** First of all, the laws of thermodynamics are that the higher up you're able to go in the thermal scale, the more efficient you can become. We've always known that, everybody knows that, and that's always the objective. The problem is, getting heat-exchange mediums and materials that will handle the higher temperatures.

We're able to handle the higher temperatures with our fuel because it's a tough ceramic and, as you know, ceramics can go to very high temperatures. That is number one. Number two is that water is a splendid coolant, but it is corrosive and it limits you to about 700° C in terms of its being an efficient fluid for heat transfer.

Helium, by contrast, is totally non-corrosive and has no thermal limit. It's going to remain a gas whether it's at room temperature or 3,000° C, and that's an enormous advantage. So you can take the helium up to as high a temperature as the other materials will tolerate, and as you do that you are getting greater efficiency.

There's another area where the efficiency comes from: When you have to pass a fluid—be it water or helium—through a heat exchanger before it can do its work, you lose efficiency, and those efficiency losses can be rather significant. The biggest and most important savings of the GT-MHR is the thermal efficiency, but the other is that we are *directly* driving the turbine from the helium gas as it comes out of the reactor. That's also a great source of efficiency, since no heat exchanger is necessary.

**Q:** It also gives you a very compact design, it seems to me, with your two modules side by side.

**Blue:** Very compact and very simple, and any engineer will tell you that the simpler you can keep a design, the better it is.

**Q:** Some of the other advantages mentioned are that the cooling towers can be smaller, which saves cost, and that they're air-cooled, which to me is a very big selling point, because that means you can locate the reactor in places that are deserts or don't have the water availability.

**Blue:** That's right, and there are so many places where there may be a little bit of water, where it's very precious—it's a shame to use it to cool electricity-generation facilities. So the GT-MHR is ideal from that standpoint also. It is possible because of the higher temperatures. It tells you that throughout the GT-MHR design, you're gaining economics that are extremely attractive, and you're getting rid of the traditional problems and resistances to reactors of the past.

**Q:** Can you say a little bit now about the inherently safe aspect of the reactor? In particular, I think what is attractive is that the containment of this reactor is actually the ceramic layers surrounding the tiny fuel pellet.

**Blue:** Yes, we believe the right place to confine the radionuclides is at their source, and that's exactly what the tiny fuel particles do. They are in actuality tiny containment vessels. We have a lot of other things that could contain the radionuclides as well, but the essence of the safety is the tiny-fuel-particle containment at the source. That leads us to a reactor that can't melt down. That's a big contrast to the kind of fuels that we've seen in reactors in the past, which required the presence of coolants at all times.

The helium reactor can have an accident where you lose all the coolant and you still don't have a meltdown. We're the only reactor that can do that.

This isn't to be critical of light-water-reactor safety. I think in this country we've done a fine job and have had a fine safety record. It just points out that in the case of the helium reactor, even if you have human error as we had at Three Mile Island and Chernobyl, you can't have a meltdown. Even if you were to have a major structural failure, you can't have a meltdown. It goes right back to that microscopic fuel particle that contains all the radionuclides right there and the low-power-density reactor that simply can't reach temperatures which would fail the fuel.

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**Q:** I noticed also that this reactor makes 33% less high-level waste than the ordinary light-water reactors do. Why is that?

**Blue:** Let me clarify that. The light-water reactors today produce 50% more waste. It takes them 50% more neutrons to produce heat and 50% more fuel to produce the neutrons, and that results in 50% more waste. It is strictly a function of our high thermal efficiency, where you don't have to pass the coolant through a heat exchanger.

**Q:** So, all of these advantages add up to a lower cost per kilowatt hour of electricity produced?

**Blue:** That's correct.

**Q:** What is your estimate of electricity cost with the GT-MHR?

**Blue:** We estimate that we will be very close to about \$.03 per kilowatt-hour, and that's a big improvement.

**Q:** The current light-water cost is closer to \$.05 per kilowatt-hour, I believe.

**Blue:** Yes, it's sort of all over the ballpark, depending on when the reactors were built, but the recent ones are certainly at \$.05 or more. . . . Natural gas combined-cycle gas turbines are very low—I think in the neighborhood of 3½¢. But that's with low gas prices, and one of the things I noticed the other day in the paper was that natural gas future prices have gone from \$1.50 in January to \$2.25 now; that's a 50% increase in three or four months. That just tells you how subject to change anything is that involves natural gas.

We think natural gas is a fine fuel, but it should not be the only one that we rely on for production of electricity. Of course, coal has its environmental disadvantages. Natural gas has environmental disadvantages also, but from the environmental standpoint, it's better than coal.

**Q:** But both coal and natural gas have the limitation that they are natural resources that we are depleting.

**Blue:** They are natural resources we're depleting that ought to be used for transportation and home heating.

**Q:** And also for making plastics and other things that cannot be done without having the fossil fuel as a source.

**Blue:** The other thing that people must remember about natural gas is that it is a fossil fuel. It does have emissions—they're lower, yes—but they're only about 40% lower than coal; you still have 60% of the emissions to deal with.

**Q:** Well, I'm sold on the modular helium reactor, no question about that.

**Blue:** There's another advantage that I would like to talk about, and that is the whole relationship of energy availability to world improvements in standards of living, and that means political stability. It also means less fighting and killing.

Throughout history men have fought over the resources, the wealth they perceived that they needed for a good or

improving life. There's been incredible killing for that reason. Right now, today, we see so much evidence of that in the volatility in the Middle East because of the concentration of hydrocarbons in that area.

To continue world reliance on those resources is almost certainly a formula for continued violence, destruction, and death. While there is no way we can get away from using those resources, we should certainly not increase our reliance on them, and the only way we can decrease the reliance on them is to have other sources of energy. The kind of reactor that we're talking about is the best source of alternate energy I know of, unless and until solar makes dramatic improvements in economy which, I hope and trust, it will over a long period of time. But, right now, today, this is the only thing that's really economical.

**Q:** I think that you're absolutely right. The strife and devolution that we're seeing is extremely dangerous. If you look at the 21st century and look at the way things are going now, unless we are able to turn that around and do exactly what you say—provide the energy so that nations can develop and can improve the lives of their people—it seems to me that we're looking at the Third World War.

**Blue:** I think that's very likely, and if not a Third World War, just more and more conflicts like Iraq.

**Q:** There are so many hot spots now—in the Middle East, throughout Africa, Iraq, and Iran. Certainly I think people would prefer to build instead of destroy, and to do that you need a source of energy. And a source appropriate for the 21st century would be nuclear fission or fusion. I disagree with you on solar, because I think solar is inherently limited and will never be able to provide the quality of energy—the energy density—needed for industrial economy.

**Blue:** I don't disagree. I'm only saying that I would be hopeful on solar, but that it would be crazy for us to rely on the expectation that it will happen. I just hope that it will come along and make what I think will be a very modest contribution. But it's not going to provide the huge amounts of energy that nuclear and/or use of fossil fuels can provide.

**Q:** What do you think the next step is, looking ahead? You signed the agreement as of April 1; what kind of a timetable do you think you can have?

**Blue:** I think the Russian scientists need employment now; this is a problem now. I would hope that this will be a program that will be expedited and that maybe some funds would start to flow in a few months. The need is there, the people are there, the resources are there. The capability is very much in place, and we have the capability in this country of contributing enormously to the technical effort as well. So, I hope that we would be under way in a serious way within a few months.

**Q:** And what are the indications from the new administration

that you had about the project?

**Blue:** I believe it is one of the projects that was discussed at the summit, and I believe it was favorably discussed, and is being considered now.

**Q:** That is good news. What do you think the prospects are for General Atomics to work out similar joint projects with other nations?

**Blue:** I think they're very good, because there is a need for this modular type of power plant where power can be added in, say, increments of 300 MWe rather than four times that amount, which the big water reactors require. That's needed almost everywhere. It's also needed to have the economy, of course, that the modular reactor gives you, and the freedom from the huge infrastructure that's required to assure the safety of a light-water reactor.

Our reactors are so simple, so forgiving, they can be put almost anywhere in the world and you wouldn't have to worry about it from a safety standpoint.

**Q:** I think that that's a big selling point, and I think there would be other nations in Ibero-America and elsewhere in Asia that realize that they need nuclear in order to grow, and that would be interested in this.

**Blue:** One of the areas in which it could be very desirable is for the stimulation of heavy-oil production. Right now, in order to get heavy-oil production you need to burn about a

third of the deposit, and that's a terrible waste of the oil and has all kinds of environmental negatives. So, any place that has heavy oil should be very interested in this source of stimulating that production . . . along with all the other reasons. And there's a lot of heavy oil in the world—Venezuela, Indonesia, Russia.

There's always resistance to anything that's new. But there comes a time when the technology is so overwhelming—in terms of its advantages—that it can't be resisted, and I believe that's what we have now, because we have a reactor that is not only dramatically more efficient, but dramatically less polluting, dramatically less expensive (in terms not only of building, but its product), and dramatically safer. In a time when the world does need energy, this confluence of technologies gives us an enormous opportunity, and I think that those people who are pessimistic about what science and technology can do for the good of the world, just haven't been exposed to this particular project.

**Q:** That's a good optimistic note to end on! Can you say a little about the history of General Atomics?

**Blue:** General Atomics was founded nearly 40 years ago for the peaceful uses of nuclear energy, and it has been dedicated to that purpose ever since. It is a world leader in production of training, research of isotope reactors, in fusion energy and it is the world leader in the fission helium-cooled reactor technology.

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## IMF free-traders turn E. Europe into smuggler's paradise

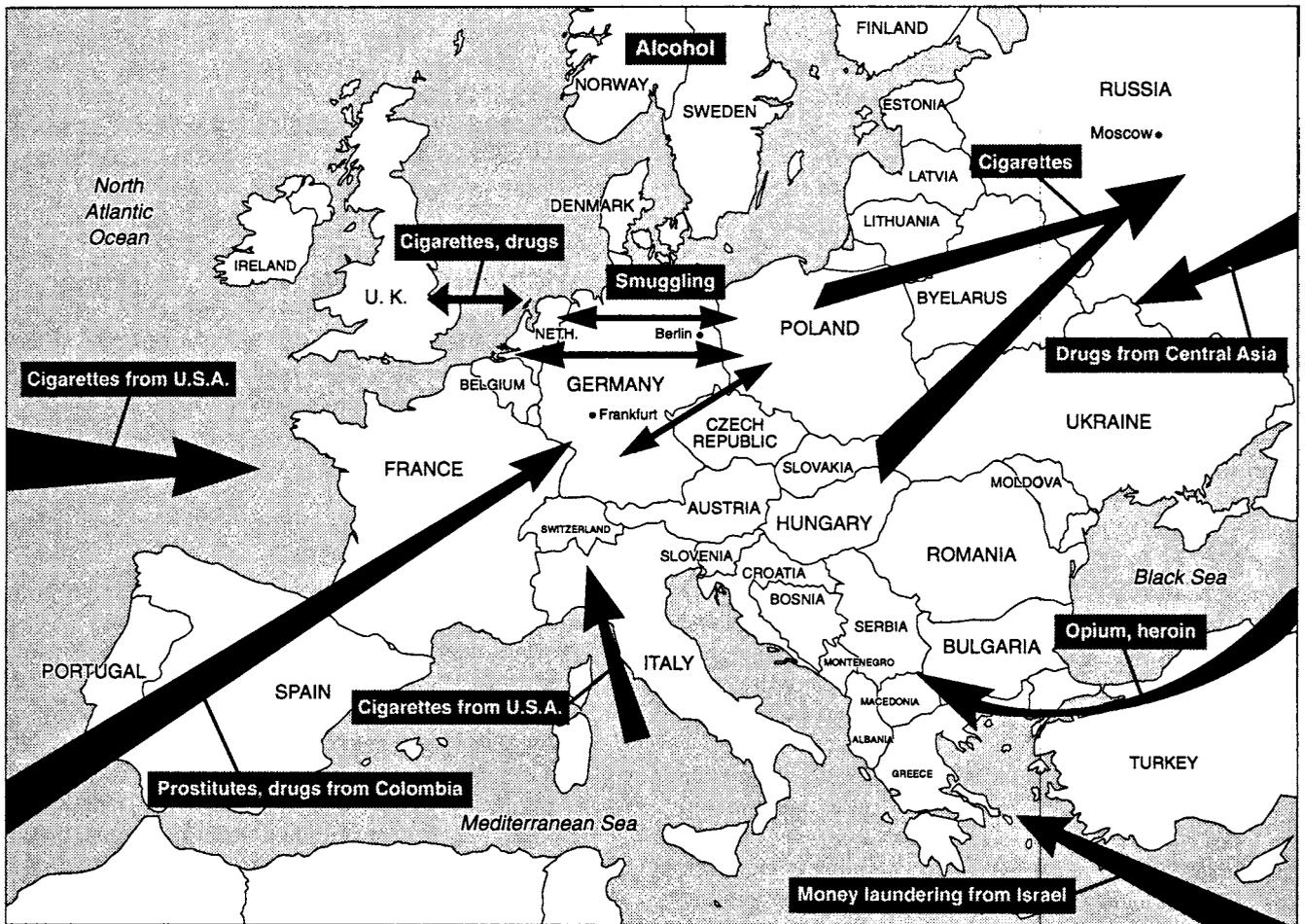
by Roger Moore

On Sept. 19, 1989, then CIA head William Webster gave a speech to the Los Angeles World Affairs Council on the reorientation of CIA strategic objectives. "Our political and military allies," he stressed, "are also our economic competitors." He said that the CIA's espionage activity would be directed in large part toward countering this alleged threat. Webster was referring especially to Germany, and its potential to lead western Europe into an economic relationship with the East based on development of infrastructure and the productive sectors of the economy. On Nov. 30, 1989, Deutsche Bank chairman Alfred Herrhausen, architect of a nascent productive development policy for Poland and the rest of the changing East, was assassinated. The Anglo-American architects of the Webster Doctrine could not have been more pleased.

Following the collapse of communism, the United States and Great Britain used the credit embargo power of the International Monetary Fund (IMF) to force disastrous "shock therapy" policies on eastern Europe and the countries of the former Soviet Union. Over the two and a half years since the formation of the German currency union in July 1990, the preexisting Comecon trade relations have been ripped apart, with consequent rises in unemployment and shrinking industrial production.

The goal of this policy, the geopolitical dictate to prevent a continental Eurasian economic development zone, also relies for its implementation upon the black economy of organized crime, which has lived in symbiosis with Anglo-American financial interests for decades. In the absence of real economic assistance, a coordinated palette of criminal capabilities and products, from money laundering to alcohol, cigarette, and drug smuggling, was fostered to create a black, "free market" economy to fill the vacuum. Instead of productive credits and investments, hot money, along with a large component of money laundered from criminal elements, was sent in to secure real assets, in the form of privatized state-owned concerns and real estate. Under the principles of free trade "Manches-

## East-West black market routes in Europe



ter capitalism,” thousands of import- and export-related companies were created in eastern Europe and the Community of Independent States (CIS), usually linking western partners with elements of the communist *nomenklatura*, to flood the East with western consumer products.

The much discussed theme of organized crime in the East, the so-called “Russian” mafia, too often concentrates on the ethnically diverse street-level thugs who handle the dirty retail work in criminal enterprises, and fails to see the infrastructure, protected cash flow, and planning which permit the retail “business” to flourish. This would be the equivalent of documenting the various ethnic groups involved in the Asian heroin traffic and omitting that this market is the conscious creation of the nineteenth-century British imperial geopolitical expansion known as the Opium Wars against China. The British creators of this market to this day play a controlling function through the role of the Crown Colony of Hong Kong, which is the financial center for the Golden Triangle heroin trade.

It is perhaps no accident that Theodore Shackley, former

deputy director of operations for the CIA, who cut his teeth setting up a heroin trafficking operation that was used to finance covert activities in Southeast Asia during the Vietnam War, is intimately involved in “consulting” in eastern Europe. At the 1990 convention in the United States of the Association of Former Intelligence Officers (AFIO), Shackley gave a speech emphasizing that U.S. financial involvement in central Europe was important, because Germany cannot be allowed to dominate the region. Since the United States has consciously inhibited serious aid, as frequent protests from Moscow and eastern European countries show, what exactly is the U.S. “financial involvement”?

### ‘Free trade’ and political corruption

One of the most important aspects of this policy is not so much the illegal cash flow per se, but the buyout and corruption of political assets. Why would Russia and other CIS states consciously pursue a policy to flood themselves with western-produced cigarettes and alcohol, as has been the case since 1990-91? The U.S. company Philip Morris, the world’s

biggest cigarette producer and number seven on the 1991 Fortune 500 list, and the Bronfman family's Seagram's, are not unknown entities in Moscow. The peculiarities of this trade are such that the Moscow government in late 1992 specifically requested of the German government that their export trade credit guarantees, extended for Russia to purchase industrial machinery produced in eastern Germany, be shifted to cover the import of western cigarettes!

According to Russian sources, it is now a widespread practice for cigarettes, imported at wholesale prices, to be paid out, calculated at going retail prices, to workers in the state enterprises. In effect, the monetarization of cigarettes is being used as a short-term hedge against budget deficits and ruble inflation. Managers of state enterprises are investing in cigarette sales and turning a profit on the wholesale-retail price spread. From the limited point of view of management, they seem to be creating more accounting freedom, although Russian sources emphasize that the "profit" is not going into purchases of new machinery for desperately needed modernization. In fact, the national economy is increasingly importing relatively useless consumer products, which at best contribute to social peace, as the argument goes, but do nothing to increase national productivity. Although Philip Morris and other cigarette companies have plans to build factories in Russia and other CIS states, in the meantime, a larger and larger stratum of the management apparatus sees its immediate interests and gain in the worst forms of Manchester capitalism.

According to Philip Morris's 1990 annual report, "In 1990, we agreed to supply more than 20 billion cigarettes to the Russian Republic. We also doubled our business in both Poland and Yugoslavia." Annual consumption of cigarettes in Russia was estimated in 1992 to be 190 billion cigarettes. As then chairman of the board and chief executive officer Hamish Maxwell stated, "And in September 1990, we reached a major agreement to export cigarettes to the Russian Republic, the largest republic in the world's third-largest cigarette market—the Soviet Union."

From 1975 to 1990, Philip Morris had an official advisory relationship with the Soviet tobacco industry. Although the breakup of the Soviet Union accounted for part of the collapse of the Soviet tobacco industry, one cannot rule out that behind-the-scenes arrangements went into effect under the cover of IMF-promoted western reforms, whereby protected, state-owned production was scuttled for the benefit of the Philip Morris deal.

### **Alcohol: the Seagram's connection**

The flood of alcohol into the East also raises interesting questions. According to Arkady Vaksberg, Russian author of the 1991 book *The Soviet Mafia*, elements of the Communist Party *nomenklatura*, which is deeply involved in black marketeering of scarce goods, were quite happy with Gorbachov's much-publicized anti-alcohol campaign, which involved reductions in state production. Under Politburo

member Yegor Ligachov, irreplaceable, century-old vineyards were destroyed. Vodka became a major black market item and its price rose rapidly. At the same time, a cottage industry for home brews developed, but was always dependent on the black market "trading mafia's" ability to draw more sugar out of Cuba (in exchange for weapons) and divert it from normal channels for distilling.

It would be very interesting to investigate Seagram's sales into the East from 1989 to the present. At the time Edgar Bronfman received a medal from East German communist party boss Erich Honecker in 1988, deals were also signed under the supervision of Alexander Schalck-Golodkowski's "Commercial Coordination" (KoKo) for an increased Seagram's role in East Germany. Presumably, Bronfman secured similar arrangements in Moscow at the time he was negotiating with Moscow on channeling emigration of Russian Jews away from the West toward Israel.

There was nothing accidental about the flood of alcohol and cigarettes into the East beginning in 1990, and there is nothing accidental about the increasingly professional crime syndicates, operating one level below the eastern trading partners of Philip Morris and Seagram's et al., which are smuggling a part of these products back into western and eastern Europe.

The Bronfman family of Canada was notorious as one of the main suppliers of whiskey and other alcohol to the Prohibition-era United States. It attained its position over the U.S. smuggling syndicates by virtue of being given a major chunk of the business by the Distillery Company of London, controllers of 50% of the world market in Scotch whiskey.

The Scandinavian countries and Germany, not previously known for large domestic black markets in cigarettes and alcohol, have experienced significant increases in smuggling since 1990. Swedish and Norwegian customs report that 1990 was the turning point for the expansion of illegal domestic alcohol sales. Norway has the biggest problem, where more than 20% of domestic consumption is from the black market. In January 1993, Swedish customs worked on a case where 100 ship containers, each holding 20,000 liters of alcohol, were contracted in the West, shipped to Tallinn, Estonia, and then on to St. Petersburg. A part of this shipment was intercepted by Swedish customs at the point of being diverted into the Swedish black market. The American chemical giant Union Carbide has been shipping large quantities of 96% pure spirits from its facilities in Holland into the East. A Russian source has stated that much of the western alcohol brought into the East is sold under consumer product labels which have never been heard of before.

Poland, already in 1989, became the model for how radical free trade and shock therapy would turn an economy over to criminals. According to Krakow law professor Michael Plachta, between January 1989 and mid-1990, some 146 new, limited liability companies imported the equivalent of 30 million liters of pure spirits. This volume equaled one-sixth of Poland's official state production for 1989. Some

## Former CIA chief hails Russian black market

Former CIA director William Colby wrote in a syndicated column last month that Italy's experience with the black market after World War II provides the best model for Russia to follow in getting out of its economic crisis. The column was published in *Die Presse* newspaper of Vienna on April 15, and the quotes given here are translated from that source.

"In 1945," Colby wrote, "Italy found itself in a situation as catastrophic as that facing Russia today. The economy was ruined, the currency was worthless, the chief means of exchange was a pack of 'Lucky Strike' cigarettes. But as the years went by, the black market was recognized; in the footsteps of the retailers came the wholesalers, following the wholesalers came the producers. . . ."

"Russia now finds itself at Italy's first stage," Colby continues, "with the pack of Marlboros replacing Lucky Strike. The black market is expanding, but it is a market which will call forth 50,000 new small retailers. These, in turn, will call forth the wholesalers and then the producers who can supply their needs."

Colby claims that this black market created Italy's postwar prosperity, not the "corrupt" state industries. Col-



William Colby: *Let them eat Marlboros.*

by, who was stationed with the CIA in Italy in the 1950s, neglects to mention that the cigarette black market was administered by the Mafia and the Camorra, crime organizations reestablished by the American occupation forces, through such intermediaries as Meyer Lansky's partner Charles "Lucky" Luciano.

75% of all invoices related to this import were falsified. Most of the imports came from West Germany. As Professor Plachta stated, "The present [1992] flood of commodities, mostly imported and distributed by an army of street dealers throughout Poland, has more in common with a black, rather than free market economy."

Cigarettes and gas were also brought in. Did Edgar Bronfman's presence in East Germany in 1988 have anything to do with the flood of alcohol out of West Germany, through East Germany, into Poland? Schalck-Golodkowski's "KoKo," under East German intelligence (Stasi) supervision, had often smuggled western-produced alcohol back into the West reaping significant hard-currency commissions.

### Cigarettes and heroin: the Balkan route

Philip Morris has a long and ominous history of involvement in the East bloc that centers on the interrelationship of cigarette smuggling and heroin trafficking, East bloc intelligence services, and the U.S. control of the Sicilian mafia and Camorra apparatus reestablished in Italy after World War II. Contacts from this period are the basis for the current expansion of commercial sales and related development of smuggling syndicates in the East. Italy has had for decades

a large black market for cigarettes dominated by Philip Morris and Reynolds brands. There are two prime routes for physically smuggling American-produced cigarettes into Italy. One involves falsification of trucking TIR documents in order to permit trucking delivery without paying customs and excise taxes on cigarettes. Another was to ship them into the East bloc, and then down to the Yugoslavian and Albanian Adriatic coast, where primarily Naples-based Camorra crime families would arrange for high-speed boats to smuggle the cigarettes into Italy.

During 1974-75, a dramatic development occurred leading to an unbroken trend of annual increases in heroin addiction in the United States and western Europe. According to numerous sources, the Sicilian mafia and Naples Camorra concluded an alliance which then drew in Turkish mafia families for a dramatic expansion of trafficking of opium products out of the Middle East Golden Crescent into the West. The start-up capital for this venture came out of an expansion of cigarette smuggling. One useful description of this is contained in the book *The Mafia* by Claire Sterling. Unfortunately, this book purports to document that the Sicilian mafia itself is the global mastermind of organized crime. The role of the United States government in releasing Meyer Lansky

associate Charles "Lucky" Luciano from a U.S. jail and sending him back to Italy to coordinate the mafia, reestablished under supervision of U.S. Army forces at the end of World War II, is only briefly addressed, and then dismissed by Sterling in a short footnote. Sterling, a close associate of U.S. intelligence consultant Michael Ledeen, also neglects to identify the direct role of Philip Morris.

## The Stasi entrepreneur: Schalck-Golodkowski

Alexander Schalck-Golodkowski, a major general in the former East German communist secret service, the Stasi, ran a special unit of the government called Commercial Coordination (KoKo). From this post, he directed a network of 148 business fronts worldwide, and was responsible for all manner of sensitive dealings with the West.

Known as "Big Alex"—and not only because of his 220-pound weight—Schalck-Golodkowski's main economic function was to gather as much hard currency as possible, for use by the Stasi in subversion operations worldwide. For example, the KoKo supervised the East German company IMES, which regularly supplied weapons to U.S. National Security Council staffer Lt. Col. Oliver North for the Contras, as well as to the warring parties in the Iran-Iraq war. The KoKo's multibillion-dollar arms-smuggling empire also worked with British, Swedish, Belgian, Italian, West German, and other western firms (see *EIR*, April 16, 1993, "Dieter Bock: Front Man for the Stasi," for Schalck's ties with Lonhro's Tiny Rowland). According to German media reports, narcotics traffic was one of Schalck's specialties.

As a reward for services rendered to the communist regime, "Big Alex" was awarded the Order of Karl Marx in 1982 by dictator Erich Honecker, and the Great Star of the People's Friendship in 1984.

Several years before the fall of communism in East Germany in 1989, Schalck and other communist bigwigs saw the writing on the wall, and began setting up secret bank accounts in Switzerland, Gibraltar, Luxembourg, and elsewhere, preparing for a new life under capitalism.

Schalck-Golodkowski now resides in a small lakeside villa in Bavaria, running new "business activities." He is currently the target of a subcommittee of the German parliament investigating the crimes of the former communist government.

In December 1991, the Italian government was of a different opinion. Under the direction of then Finance Minister Formica, the government banned the legal sales of Philip Morris in Italy, charging that the company was complicit with the smuggling networks who controlled the illegal black market, dominated by Philip Morris's Marlboro brand. Based on documentation developed by Italy's Guardia di Finanza (financial police), it was also charged that the cigarette-smuggling network was one and the same as that running the Balkan route heroin traffic. As was clear with the famous "Bulgarian Connection," the eastern intelligence services, under the KGB umbrella, played a major role in facilitating this traffic.

Sofia, Bulgaria was one of the centers for the cigarette-heroin traffic. Philip Morris had a licensed production facility in Bulgaria which was also supplying smugglers. Journalist Egmont Koch describes in the book *Grenzlose Geschäfte* the 1979 case wherein Philip Morris sold cigarettes to the Swiss-based Algrado AG, owned by Werner Denz, a man cited in 1992 in Italian press articles as a link between Philip Morris and the Camorra. The cigarettes were shipped from Antwerp, Belgium to Lisbon, Portugal, loaded onto a Greek freighter for shipment to Burgas, on the Bulgarian Black Sea coast, and delivered to Despred Zoll, a Sofia-based state trading company. Greek officials, realizing that Bulgaria had no need for importing Marlboros, since Philip Morris had a factory there, presumed that the cigarettes were in fact to be diverted for the Italian black market, and seized the ship while docked in a Greek harbor. Albania was also involved in such smuggling schemes, with Marlboro the choice brand and Philip Morris's New York City and Lausanne, Switzerland offices in touch with Werner Denz as the middleman. Cyprus ports also play a role as a centralizing and breakdown point for ship containers of cigarettes. Nicosia, Cyprus is also a major offshore banking center, including for the Serbian banks channeling dirty money for the war effort.

Like Bulgaria's Kintex state trading company, East Germany's state companies were implicated in diverting Marlboros into the Italian black market. The Schalck-Golodkowski "KoKo" apparatus funneled western-produced cigarettes, using false documentation, to the Italian black market. One East German company, Asimex, routinely handled cigarette-smuggling responsibilities. In a 1980 case prosecuted in Darmstadt, West Germany, a smuggling ring shipped 100 million cigarettes into East Germany, where they were re-documented and falsely declared, the trucks sealed in violation of the TIR international freight treaty by East German customs, and sent back into the West without paying the appropriate taxes. The cigarettes had been produced in Switzerland, shipped through West Germany to East Germany, from East Germany back into West Germany, and then through Austria to Italy. Much of the material on the East bloc role in drugs and cigarette smuggling surfaced due to the investigations of Judge Germain Sengelin of Mulhouse, France.

The French Military Mission in Berlin identified Asimex in a 1982 report on cigarette smuggling. An article in the Oct. 5, 1992 issue of the Berlin newspaper *Tageszeitung* reported that there were indications that numerous western intelligence agencies had their own people in high places in the KoKo apparatus in cooperation with the Stasi, and that many of the criminal activities in which KoKo was involved were probably joint projects. Judge Sengelin personally went after the number two official in French customs, Roger St. Jean, for protecting the joint East-West criminal activities. German police agencies are reviewing the documents of the Schalck-Golodkowski-supervised trading apparatus to confirm suspicions that figures identified in the current cigarette black market syndicates might have a Stasi background.

### **Marlboros on the German black market**

German Customs and police officials are now seizing large quantities of black market Marlboros, the prime brand on the market, every day. They expected to seize 300 million cigarettes by the end of 1992, with estimates ranging from 3-5 billion black market cigarettes retailed in Germany per annum. There are three prime sources of supply for the cigarettes: 1) free trade zone warehouses in Antwerp, Hamburg, or other ports; 2) Philip Morris's licensed plant in Poland; and 3) Red Army bases in eastern Germany. Philip Morris uses the Padhoek company warehouse in Antwerp for its U.S.-produced cigarettes. Mention of this warehouse surfaced in many of the Italian investigations into the Swiss middlemen who handled putting Marlboros in the hands of the Camorra and the mafia.

There are multiple routes for getting cigarettes into the German black market. One operation involves a company in Poland or the CIS states placing an order, which is documented for duty-free transit through Germany, but which is diverted into the black market by prior arrangement. In August 1992, Brandenburg customs officials seized 9.4 million black market cigarettes. The head of the operation was a Polish businessman from Hamburg who purchased the cigarettes from a producer in Germany and declared them duty free for export by truck transport to Lithuania. The truck was seized at the point of unloading the shipment in a forest southeast of Berlin.

Similarly, a May 1992 case in Brandenburg also involved a Polish group which ordered 100 truckloads of the British brand "Golden American" from Zevenaar, Holland. Seized documents showed the alleged destinations on the freight papers as Lithuania, Poland, CIS, and Czechoslovakia. One of these shipments, handled by a Czech trucking company, was unloaded in Glau, Brandenburg, and the empty truck driven on to the Frankfurt/Oder border crossing to Poland. The purchaser of the cigarettes was a Russian who ran a Vietnamese group of street peddlers.

The British-American Tobacco Co. (BAT), Germany's third largest tobacco producer, via its Hamburg factory, also turns up in the black market. In 1991, BAT registered a 60%



*Trucks sealed under the TIR international customs agreement do not have to be inspected at border crossings until they reach their final destination. They are used for long-haul shipping throughout eastern Europe, and are infamous as carriers of contraband.*

increase in foreign business, largely due to sales in eastern Europe and the new eastern German states. BAT is a product of a global monopoly structure set up in the 1920s by the financial interests behind the various British and American tobacco companies.

The licensed production of Philip Morris in Poland makes access to the German black market relatively easy: The smuggler can purchase cigarettes for alleged domestic consumption and then smuggle them off to Germany with falsified cargo declarations, or declare the cigarettes for duty-free transit through Germany and then divert them. Because domestic cigarette taxes in Poland are still low compared to Germany, the price spread is high enough to guarantee a smuggling profit, even if one legally purchases and pays taxes on the Polish Marlboros.

British and American customs and police agencies are currently helping to protect Philip Morris's supply system to eastern European smugglers. According to a report of the International Maritime Bureau in London, a group of con-artists, with inside knowledge of Philip Morris's black market cigarette trade, approached East European and Southeast Asian smuggling customers with favorable offers for delivery of Marlboros. The smugglers, thinking the con-artists to be a part of Philip Morris's "parallel" trading structure, took on consignments. The perpetrators presented forged freight documents that the shipments were on the way by ship, and the smugglers transferred payment. In fact, the cigarettes



*Pornography at the Frankfurt International Airport. Frankfurt has emerged in the last 20 years as one of the centers of organized crime, prostitution, and narcotics trafficking in Germany.*

never arrived and the con-artists disappeared. Few such victims ever approach the police for help. But Philip Morris is concerned that petty crooks might bring their black market sales structure into disrepute. Law enforcement cooperation with Philip Morris is not unlike that of J. Edgar Hoover's FBI with the "Murder, Inc." of Meyer Lansky and "Lucky" Luciano.

The Russian Army-based supply line is interesting and the subject of many investigations, including from Moscow. The Red Army Western Group in eastern Germany is allowed, like NATO foreign units in western Germany, to import goods for the troops, customs- and tax-free. Requisition officers began placing massive orders for cigarettes for the Western Group, again Marlboros being the main choice, and stockpiling the cigarettes at military bases. From the bases, or via prior diversion, street peddlers, often Vietnamese, run the retail sales, the lowest link in the chain. In January 1993, customs surveilled a Polish-licensed truck which drove onto a Russian military base in Schönnow, north of Berlin. Shortly thereafter, several small vans loaded with cigarettes were seized after they left the base.

### **Red Army bases used**

While the smuggling conducted from Russian Army bases is often attributed to individual officers and soldiers trying to earn hard currency before being shipped back to economic misery in Russia, it is more likely that criminal capabilities are

being developed for "stay behind" purposes, and are under the control of those KGB or GRU channels which participated in the pre-1990 East-West joint criminal ventures. From the standpoint of a Russian military command interested in maintaining military discipline, this involvement of the Moscow elite in chartering the interface with the Anglo-American "free trade" policy, with all of its criminal possibilities, brings with it serious challenges. By August 1994, the Western Group is to complete its withdrawal from Germany, and it already faces serious morale problems which are made worse when individual soldiers, who have little to do with the bulk cigarette smuggling, view and consider the sums of deutschemarks ferreted off into unknown accounts.

In a February 1993 press conference in Berlin, the commander of the Western Group, General Burlakov, denied that there were ties to a "Russian mafia" operating around and out of the bases. He noted that the Western Group doesn't control the purchasing and provisioning trade, which is largely directed out of Moscow. There is a grain of truth to this statement, because the creation of the black market in Germany ran simultaneously with Philip Morris's Moscow arrangements, which opened the flood of cigarettes into the then U.S.S.R. Large quantities of American cigarettes donated to Russia were probably the first cigarettes shipped to the Western Group, which began with a billion U.S. cigarettes sent from the U.S.S.R.

In the meantime, orders are also placed with the port-

based free trade zones. From the top, a wide network of wholesale-retail logistical capabilities were brought into play, of which the Western Group bases are merely one. According to German customs experts, manuals have been seized in raids which were given to criminals recruited to the smuggling business. The manuals were "how-to" instructions for all aspects of smuggling, founding trading companies, etc. The start-up capital to launch the business was also provided by "international financial channels."

An interesting investigation would be to identify the entities in the former Comecon zone involved in creating false invoices used to procure deutschmarks in the "transfer ruble" fraud launched after the July 1990 currency union of East and West Germany. West Germany agreed to honor all East German obligations to Comecon accounts receivable still outstanding. The transfer ruble was the accounting device to balance out trade exchanges between the Comecon countries and currencies. In the upwards of DM 8 billion fraud, state-owned or state-spawned companies all over the East produced falsified transfer ruble claims generated by nonexistent or back-dated trade orders. It is not expected that many of the deutschmarks paid out will ever be recovered. The eastern German business entities cashed in their transfer ruble claims and secretly divided up the money with the entities in the former Comecon countries that were complicit in the fraudulent invoicing. This money was not legitimately accounted for, and had to be laundered; for instance, in the founding of new import-export companies. The timing of the frauds coincided with the beginning phases of the cigarette black market expansion.

### **The 'Russian' mafia**

Ultimately, access to protection offered by secret services and to new "product" lines, like cigarettes and drugs, determines the rate of financial expansion, and thus dominance, of the many syndicates operating in the so-called Russian mafia criminal milieu at home and abroad. One of the cases handled by the Berlin prosecutors investigating the transfer ruble crimes highlights the relationship between Russian exiles in Berlin and the East German Stasi. Four people were arrested when police closed in on the group as it was about to transfer several hundred million deutschmarks to an account in Singapore. Three of the four had been on Stasi payroll lists, and one of them, Elmer Tanner, was a tax adviser to Russian émigrés in West Berlin.

During the early 1980s, thousands of largely Jewish émigrés from the Odessa region of the Soviet Union settled in Berlin. A similar exodus took place into the Brighton Beach area of New York City, home for 45,000 Soviet émigrés; northeast Philadelphia, with 7-8,000; and Los Angeles-West Hollywood. According to the German criminal investigation service BKA, 85% of West Berlin's casino-discotheques were in the hands of Russian émigrés, and were used for laundering the proceeds from weapons, drugs, and counterfeiting operations. The Berlin city prosecutor's office was

working on the "Icon Mafia," then largely dominated by Chechens who also ran prostitution and protection rackets, particularly targeting exile Russian shop owners. The fact that Moscow has undertaken no serious measures against the allegedly rebellious Chechen autonomous republic in the Russian Federation, suggests that the Chechens might have a special arrangement, and, in the criminal division of labor, a role as killers, musclemen, and enforcers.

A series of 1991-92 killings in Berlin and the "Little Odessa" section in Brighton Beach, where professional killers were sent in from Russia, suggests the degree of centralized control being asserted. It would be a bitter irony if the majority of honest Russian émigrés find themselves being terrorized by the modern version of the "Murder, Inc." of the late U.S. crime boss Meyer Lansky (born Suchovlansky), who was himself from pre-Bolshevik Russia. As the widow of Andrei Kuznetsov, killed in Los Angeles in January 1992 by a traveling Russian hit team, stated, "Some people say there's no doubt the mafia, KGB, and paid killers were involved." U.S. police sources state that the proceeds of U.S. Russian émigré fraud and crime schemes play an important role when transferred back into the former Soviet republics, where hard currency gives the crime syndicates an upper hand in the chaos of the economic shock therapy reforms. The cooperatives in Russia, the first of the Gorbachov privatized entities, have to a large degree been brought under the control of the crime syndicates.

Throughout eastern Europe and Germany there is a growing, visible presence of the Russian mafia. Press accounts from 1992 reported that the Russians now dominate organized criminal activities in Prague, where upwards of 3,000 former Soviet citizens live illegally. Even though Red Army units left Czechoslovakia in the summer of 1991, the Russian mafia maintains a presence, their membership divided between the 10-12 gangs active in the former U.S.S.R. Sidewalk shell games, often run by Romanians, Albanians, or Yugoslavs, are controlled by the CIS gangs. Due to the war in former Yugoslavia, the Czech Republic and Slovakia have become transit points for up to 80% of the Balkan route drug traffic into Europe. Prague police report that 120 companies newly founded with the involvement of Russians are believed to have gotten their start-up capital out of drug and weapons dealing. Vienna police, working in collaboration with Budapest, Prague, and Bratislava authorities, reported in 1992 that one-third of the new foundings of limited liability companies are accounted for by the Russian mafia. Other reports indicate that there is cooperation between the Russian and Polish mafias in the theft of luxury class cars, which are then sold in the East and CIS states. A press report about Görlitz, on the German-Polish border, claims that the "Polish markets" on the Poland side of the Neisse River are firmly in the hands of the Russian mafia. In Offenbach, near Frankfurt am Main, it is reported that 100 Russians with criminal backgrounds or proclivities have established themselves.

## Control of prostitution changing

A mafia-run prostitution ring out of Russia and the East is rapidly developing due to the cheaper purchase costs relative to western or Asian prostitutes. This could also lead to new relations and joint ventures with the established German bordellos. It should be kept in mind, for example, that the managers of the Frankfurt Railroad Station red light district, the Beker brothers, themselves came out of the Soviet Union in the 1960s. This district has been, along with Berlin, one of the centers of crime and narcotics trafficking in Germany over the last 20 years, and thus developments here reflect new arrangements in organized crime.

According to the Miami, Florida police, the presence of Colombian and other Ibero-American prostitutes in the Frankfurt am Main area is probably a direct arrangement related to Colombia-to-Frankfurt cocaine trafficking, which uses prostitutes as part of the infrastructure for moving the drugs. Miami is the prime coordination point for the trade in Ibero-American prostitutes globally.

The Bekers and their mentor, Frankfurt real estate magnate Yossef Buchmann, maintain good relations in the old Meyer Lansky bastions of Miami and Las Vegas, and allegedly have invested part of their proceeds in south Florida real estate. Handling street-level muscle for the Bekers is the "Yugo," (actually Serbian) mafia of Rade Caldovitch, which is active from Belgium, Holland, Luxembourg, and Germany, down to Austria. According to the book *Die Verbrecher Holding* by Jürgen Roth and Marc Frey, Caldovitch's crowd was supervised by the Belgrade secret services, which created the exile monarchist organization Ravna Gora as a front, permitting their crime operatives residence in Germany through political refugee applications. Based on federal and state criminal investigation reports and interviews, Roth has also documented on German ZDF TV the role played by this Serbian mafia in setting up a cocaine distribution system in Germany for the Cali, Colombia cartel.

Wiesbaden-based promoter Ebby Thust, convicted blackmailer of the father of tennis star Steffi Graf, was feted in November 1989 at an exclusive Wiesbaden hotel by Dan Reichartz, head of the U.S. gambling consortium Caesar's World International. Thust is reputed to have a share in a Las Vegas casino, and the event was intended to organize gambling junkets to Las Vegas. Thust, who got his start as a pimp in the Bekers' bordellos, is also a close friend of Caldovitch. Belgrade was a center of the Balkans cigarette- and heroin-smuggling business, and thus one can see the intermingling of intelligence services and organized crime that would be important for analyzing current developments. Hersh Beker is currently evading prosecution in Germany for corruption and tax fraud; he escaped to Israel from detention in Frankfurt through the intervention of the Israeli intelligence service Mossad.

A thorough investigation of these criminal manpower pools should turn up a kind of hierarchy whereby those who have performed previous services get assigned the most im-

## Philip Morris, Inc., the cash crop warrior

The Richmond, Virginia-based Philip Morris company is a modern version of the companies of the economically dependent, slaveholding South, which supplied cotton to the Manchester, England textile mills, which in turn exploited the "free markets" policed by the British Empire. The fields once tended by slaves now grow the tobacco sold to Philip Morris and Reynolds.

Tobacco exports have now become one of the major U.S. cash crops. The U.S. trade deficit would be \$5 billion bigger were it not for tobacco exports. As recently retired Philip Morris CEO Hamish Maxwell stated, "Outside the United States, most cigarettes are made and sold by government-owned enterprises; we are competing, for instance, against the elected governments of Japan, Italy, and France." Like the U.S. grain cartels, which are bankrupting domestic and foreign farmers alike in the name of free trade, the U.S. tobacco giants are a tool for the Anglo-American financial "globalization" policy.

Philip Morris carries weight in the world. In 1992, free trade proponent Dame Margaret Thatcher was hired for \$1 million as a "geopolitical consultant" on eastern

portant roles. Meyer Lansky didn't carve out his role, he was assigned his position by the Anglo-American elite who developed criminal syndicates to handle the flow of British and Canadian booze into the United States during Prohibition, and then, after the end of Prohibition, rationalized them. His Murder, Inc. apparatus, which imposed the "rationalization," worked in conjunction with and via the protection of J. Edgar Hoover's FBI. The cigarette-smuggling market is a kind of marker for the mechanics of East-West cooperation in creating a new syndicate-style crime structure in the economically devastated East.

## Financing Serbia's war of aggression

The 1991 commencement of hostilities by the Serbian authorities in Belgrade was only possible with the backing of Moscow and the Bush administration. Lawrence Eagleburger, deputy secretary of state at the time, and a prominent member of Henry Kissinger's consulting firm Kissinger Associates, worked with another Kissinger Associates partner, Lord Carrington, to ensure Serbia a free hand to perpetrate ethnic cleansing and genocide. At the same time, in order to finance the war, mechanisms were put into place to direct large sums of dirty money into Belgrade's hands to cover the costs of importing armaments, oil, and other essential goods. Serbian dictator Slobodan Milosevic was well

Europe. R.J. Reynolds hired former U.S. National Security Adviser Richard Allen for similar purposes. Craig Fuller, former Vice President George Bush's chief of staff, became a senior vice president at Philip Morris after being employed at the Washington, D.C. "fix-it" public relations giant Hill and Knowlton. According to January 1992 ABC News and CBS News televised broadcasts, Hill and Knowlton was responsible for the fake story that Iraqi soldiers had taken incubators from Kuwaiti hospitals, leaving the babies to die. One week later, Fuller was working at Philip Morris.

The company is integrated into the intelligence and covert operations side of Anglo-American strategic policy. In 1983, Philip Morris Public Affairs Director Bill Greener was recruited by career CIA official Walter Raymond, a big-wig in Oliver North's "Project Democracy" apparatus, to design a pro-Contra publicity campaign. In Panama, Philip Morris's representative, Elata Amarán, was the bagman to the Panamanian "opposition," distributing part of the tax payments of U.S. companies in Panama which had been seized and deposited with the U.S. State Department as part of economic warfare against Gen. Manuel Noriega. Elata was arrested in April 1989 in the state of Georgia by local police and the Drug Enforcement Administration, on cocaine-trafficking charges. Given the Balkan route involvement of Philip

Morris, this should come as no surprise. An early-1980s Swiss police source report describes the role of Sofia, Bulgaria in cigarette smuggling and heroin trafficking, and notes the source's identification of a Turk was in contact with Philip Morris. Other names provided to police were part of the network handling attempted papal assassin Mehmet Ali Agca.

### **C. Boyden Gray and Reynolds**

Reynolds tobacco, of Winston-Salem, North Carolina, has similar credentials. The company was primarily in the hands of the Gray family. Gordon Gray was U.S. national security adviser during 1957-60, and was a member of the President's Foreign Intelligence Advisory Board (PFIAB) until 1977. His son, C. Boyden Gray, was legal adviser to George Bush while he was vice president and then President.

Both Philip Morris and Reynolds have taken over major packaged-food producers, becoming Philip Morris/Kraft and RJR Nabisco. Philip Morris is now the third largest food producer in Europe. Both companies have been participants in the junk bond and "leveraged buyout" asset stripping of the U.S. economy in the mid-1980s. Over the last decades, both firms became cash rich, in part by using smugglers to expand markets, and are thus well placed to purchase bigger chunks of a collapsing world economy.

known to Eagleburger. As former head of Beo Banka in Belgrade, Milosevic was involved in business deals directly with Eagleburger around the Yugo car export project and other financial dealings.

Over the last 18 months, private banks and bankers surfaced in Belgrade offering 15% per month interest for hard-currency savings account deposits in their branches, and 200% per month on dinar deposits, in the face of a 25,000% annual inflation rate. With heavy unemployment and many Serbs without any source of income, the interest payments on deposits in these banks amounts to a political payoff to dampen discontent that might otherwise arise due to the economic hardships of the war effort. As one expert stated, "Somebody is financing a hidden welfare system."

Aspects of this came to light after Belgrade's Jezdomir Vasiljevic, the head of Jugoskandic Bank, fled to Israel in March 1993. According to press reports, this bank had upwards of 4 million accounts with some \$2 billion in hard-currency deposits. Where did this money come from? Although prior to the war Yugoslavia had a thriving tourism industry and small-arms export business, prompt payment of the former Yugoslavia's foreign debt of \$14 billion sucked up most revenues. The tourism industry has since collapsed and the arms production needed for the ethnic cleansing effort leaves only limited amounts for export. War booty from

conquered areas has shifted some wealth into the hands of the Serbian government, but again, not enough to make up for shortfalls elsewhere. The Russian support of the Serbian war effort with oil and weapons is generally a pay-as-you-go arrangement. Fuel coming from the West, for instance, Mobil Oil Corp.'s Thessalonika, Greece refinery, comes in at black market price markups reaching toward 400%.

Belgrade's role in the Balkan route heroin traffic gave it an entrée into the international offshore money-laundering system, and points to the source of the cash flow. The increasing activities of the Belgrade-run Serbian mafia active in western Europe is certainly one source of hard currency. A school for burglars is run in Belgrade under obvious protection of the secret services, with "graduates" rotated all over Europe, putting stolen goods from breakins into the hands of preestablished networks of "fences." It is doubtful, however, that this source of hard-currency could have been expanded enough to cover the costs of the war effort even if one takes into account the increased role of Belgrade and the Serbian mafia in the western European narcotics market.

Some naive press accounts have claimed that the schemes of Jugoskandic and its largest "competitor," Dafiment Banka, are in fact similar to any typical investment fraud to collect other people's money by promising regular, high returns on real estate or commodity investments. Such a

pyramid or chain letter fraud functions as long as expanding volumes of money are drawn in, permitting the crook to cover the expanding number of monthly payouts as well as leaving a large sum for his own purposes. The trick is to rake in enough and disappear at the point that new cash dwindles. Allegedly, little Serbia swindled the pros in the international hot money markets.

In fact, the same people who gave Serbia the green light to start the war also arranged the financing of it. Serbia is not the organizer of this cash flow—it is the beneficiary. This occurred in part by setting up the arrangements by which Belgrade-run domestic and offshore banking channels could be used, at the cost of a commission, to launder a part of the billions in cash from primarily international narcotics trafficking every month. For this “service,” Belgrade got a cut. Standard rates for laundering cash can be from 3-7%, but under conditions of large amounts of cash generated by international illegal drug sales, traffickers can pay over 30% and still not complain. The most expensive step is almost always the first: bringing the cash into the system. Once in the system, electronic fund transfers and the maintenance of shell companies in offshore banking centers are relatively cheap.

### **The Mossad’s role**

Defina Milanovic, the head of Dafiment Bank in Belgrade, shares ownership of the bank with Israel Kelman of Tel Aviv, who holds 25% of the shares. Yugoslav Vasiljevic is currently hiding out in Tel Aviv, suggesting that the Mossad, and the dirty financial channels to which it is appended, have played an important role for the Anglo-American orchestration of the war financing. Sources familiar with Anglo-American policy toward the former “buffer state” Yugoslavia, assert that Israel’s military and the Mossad were assigned a supervisory role vis-à-vis the development of Yugoslavia’s military and intelligence establishment and weapons industry.

Banker Vasiljevic had lived abroad for 15-20 years, primarily in Australia, and had been a “war zone merchant in the Far East,” according to the London *Observer*. Perhaps an old friend of Theodore Schackley’s?

On the financial side, the arrangement would be similar to the method by which American commercial banks, threatened with bankruptcy by the 1982 Ibero-American debt crisis, were saved by the increasing flow of cocaine dollars into debt repayment. This process was managed, and had little to do with the “free market.” As German police have discovered in cases of Serbian mafiosi operating in Germany, Belgrade offers no international law enforcement cooperation and is thus probably a better black hole for laundering illegally earned money than Switzerland. Cyprus, a well-developed offshore money center, is a prime base of operations for the Belgrade bankers. Thorough investigation would probably also reveal that Belgrade’s bankers got a privileged position to invest their hard-currency holdings in the orchestrated

speculative boodoggles of the last 18 months. The geopolitical interest of the Anglo-Americans to fuel this war in Europe, despite significant public outcry, is such that the financial interests behind Eagleburger and Carrington also made black cash flows available on loan to Serbia and its banking apparatus.

The obvious success of financing the war in this way did not depend on secrecy, but on the lack of action by western interests. After six months of watching the complete regularity of the 15% payouts, everybody in Belgrade, including diplomats, knew here was something very special. The Cyprus presence of the banks was also known. Nothing was done, despite the fact that the United Nations sanctions also prohibited financial transfers to Serbia unless for medicine and related humanitarian items. As of early April 1993, the United Nations Sanctions Committee for the former Yugoslavia admitted that they had not approached the Cyprus authorities regarding the Serbian banks. The excuse was, “We didn’t have any concrete information.”

### **The ‘Polish mafia’**

It is interesting to see what companies became the rising stars in the trading and financial world of Poland under conditions of Harvard professor Jeffrey Sachs’s shock therapy reforms.

In 1989, then Finance Minister Leszek Balcerowicz introduced shock therapy by lifting the state monopoly and permitting private firms to conduct import-export trade and currency transfers. One of the big early stars of the shock therapy was the trading company Art B, founded in 1989 by three Polish jazz musicians in their 30s, with financial backing from Australia, Britain, and Israel. Profiting at first from the flood of western consumer products into Poland, Art B soon expanded into acquiring factories and negotiating joint ventures, and simultaneously participated in schemes similar to those of the Belgrade bankers. Art B served as a channel for depositing foreign currencies, allegedly borrowed from foreign financial sources at favorable interest rates, in foreign exchange accounts at Polish banks with higher interest payments on deposits. Bank Leumi in Israel and an Australian billionaire, Jack Libermann, had provided some of this financial backup. Concurrently, Art B received loans from Polish banks at favorable interest rates. With this money, Art B, with inside cooperation from the Polish National Bank and the State Bank, took advantage of the several-day lag in the bank clearing system to deposit and withdraw money such that they collected double interest payments, ultimately at the expense of the state budget.

When the scheme was exposed in August 1991, the three owners fled to Israel. The management of Art B was turned over to a Poznan millionaire, Aleksander Gawronski, and the shares of the three to the Katowice Trade Credit Bank of Ryszard Jamszewski. This bank, a large “creditor” of Art B, has since been kept alive by the Polish National Bank. Ga-

## Dope trade in Russia: 'a real gold mine'

Narcotics production and trafficking in Russia have become "a real gold mine for the criminal world," according to the cover story of the Russian weekly *New Times*, #14 for 1993 (April). There is a 1,000% return on rubles invested in the dope business. In a "chain reaction of evil," narcotics addiction is multiplying rapidly throughout Russia.

*EIR* warned in 1991 that under International Monetary Fund shock therapy, Dope, Inc. was moving into the former Soviet republics (*EIR*, Nov. 22, 1991, "Mafia Millionaires Emerge as Spoilers in the New Russia.")

*New Times* profiled the indigenous dope plantations in the former Soviet Union: the opium poppy fields of Central Asia, and the hemp valleys of the Russian Far East. There, "hundreds of illegal pickers" risk their health and their lives in the fields of Manchurian hemp. "The best and most expensive [hashish] is obtained in a rather exotic way. Having completely undressed, a picker runs through hemp thickets, shaking the pollen off on his sweating body. Then the pollen is removed from the skin, and the drug is ready for use. Running through hemp thickets, inhaling poisonous hemp vapors is a risky affair—many . . . lose consciousness and even die." *New Times* displays a photograph of a female hemp picker in action, on the front cover. Russian anti-dope operations

are hampered by the lack of fuel for police helicopters. The entire anti-hemp effort in the Russian Far East has four people on staff.

Estimates of the size of the narcotics trade in Russia range from the Russian Ministry of the Interior's 60 billion rubles, to the 1 trillion ruble figure given by "independent experts."

"Increasingly more information is obtained, that the western narco-mafia is currently taking a special interest in winning the Russian market," wrote *New Times* economic analyst Nikolai Garkusha. "According to the data by the Ministry of the Interior, late last year Russia was visited by emissaries of the Medellín Cartel," the Colombia-centered cocaine magnates.

Garkusha outlined a hypothesis about Russia's transformation into "a grand international laundry for dirty money," in which the dope trade would intersect privatization in Russia and the dumping of cheap Russian raw materials on international markets. "What can Colombian mafiosi do with devalued rubles? There's no paradox in it. Dollars and deutschemarks have actually become a kind of official alternative currency. Rubles easily exchange for 'greenbacks' in Russia. But there's also another way to launder drug money used by those new mediatory structures which, thanks to corruption reigning supreme in Russia, buy, illegally, oil and nonferrous metals for prices lower than international ones, to export to the West. Independent analyst A. Volobuyev believes that in conditions of chaotic privatization, narco-dollars and narco-rubles can be used for buying real estate."

—Rachel Douglas

wronski is the preferred local representative of several of the Seven Sisters oil cartel companies.

Early in 1992, another bank scandal hit Poland. One David Bogatin, a Russian émigré and fugitive from a 1987 conviction for fraud in New York City, had set up in 1990 the First Commercial Bank in Lublin. The bank, with \$100 million in deposits, had been offering depositors above market interest rates and was dealing in hard currencies. It was one of the first banks to offer shares on the Warsaw Stock Exchange. Bogatin had been convicted in 1987 in federal court in New York City for his involvement in a gasoline excise tax fraud run by Russian émigrés in the "Little Odessa" section of Brighton Beach, in cooperation with the Gambino and Colombo mafia families.

Here the story of Bogatin becomes very suspicious. While out on bail, by agreement with the U.S. Attorney's Office and court, awaiting his sentencing to a five-year prison term, Bogatin fled the United States for Vienna. His whereabouts was no secret, as he was arrested in Vienna several

times by Interpol, but released. The British also had an extradition request against him which was not acted upon. According to Vienna police sources, Bogatin was offering himself as an informant to the British. The same sources also emphasized that there was no great interest from the United States about Bogatin. From Vienna, Bogatin, virtually an asset of U.S. and British services, organized the 1990 founding of the Lublin bank with \$6 million. Polish bank supervisory officials, still largely the old *nomenklatura*, strangely never bothered to check with Vienna on his background when they granted him his bank license, perhaps because the Brighton Beach "Russian mafia" is often considered a joint asset of the KGB and U.S. crime circles.

The "Little Odessa" mafias of Berlin and Brighton Beach have a stranglehold on the smuggling of icons out of the CIS states. The Polish mafia is known for its role in exchanging domestically produced illegal amphetamines for luxury cars stolen in Germany. The Russian mafia procures many of these cars for sale in the CIS, often paying with icons.

## Organized crime makes power bid in Ukraine

*The narcotics mafia has moved into the very highest levels of the government of Ukraine, according to this report by Dmytro Filipchenko in the New Jersey-based Ukrainian Weekly of May 2.*

An *in camera* meeting of law enforcement officials and top-level bureaucrats was held [in Kiev] on April 12. A group of senior regional government administrators met with the head of the Security Service, Gen. Yevhen Marchuk, and the first deputy minister of internal affairs, Gen. Valentyn Nedryhailo, to discuss the problem.

A source close to the parliamentary committee on Defense and National Security suggested that among specific subjects addressed was the penetration of criminal elements into the republic's executive structures [police and administration] at the national and regional levels. Speaking to reporters after the meeting, General Marchuk said it was quite possible that entire branches of the economy and even regions of the country could fall under the complete control of the mob.

Profiting from the after-effects of the collapse of the U.S.S.R., various gaps in the existing legislation and enforcement, and a lack of regulation of economic relations between the enterprises and the state, criminal elements have created so-called "support groups" in the higher echelons

of authority in Ukraine. They have also forged strong links with international organized crime groups, and diversified their activities—primarily in banking and trade.

The principal goals of the Ukrainian mafia today are perceived to be: to obtain illegal easements in export trade; to illegally obtain raw materials; to use foreign investments to fund criminal activities (such as narcotics, production and traffic, and the sale of nuclear materials); and to embezzle humanitarian aid arriving to Ukraine from abroad.

As a result, organized crime in Ukraine is struggling to achieve control over the entire import and export system of the country, and is seeking to guarantee its continued access to hard-currency funds. They are also very interested in the process of privatization of state assets. Some government officials are allegedly forming private companies headed by relatives, through whom formerly public property passes into the hands of the underworld. Another tactic is to undermine the quality of an industrial concern to the point that it can only be sold for a minimal amount, and then purchase it privately.

Indicative of organized crime's pervasive influence, various reports in the print media in Ukraine . . . have alleged that the main reason for the removal of Ihor Yukhnovsky from his post as first deputy to Prime Minister Leonid Kuchma on March 17, was his exposure of hard-currency speculation within the country's Ministry of Health. Others allege that Dr. Yukhnovsky's sacking also forestalled his intended investigation of such practices in all ministries of the government.

## Financial laundering services

According to a German customs source, much of the money that has flowed into the East has gone there purely for laundering purposes. It goes in and comes out. As in the Polish and Serbian case, a certain portion is "parked" there to facilitate acquisitions, usually of an asset-stripping nature, and dirty political operations. According to Valentin Roshchin, head of the Moscow Interregional Drug Enforcement Bureau, "As soon as the money crosses the border of the former Soviet Union, it automatically becomes clean. Commercial shops and banks, state financial institutions all exchange money freely. No one will even ask where you have gotten the cash in the first place."

Roshchin also identified joint ventures as a major area for criminal activities in the new business world. "They present the easiest channel for laundering money if need be," he said, since 25-27% of the drug dealers in Moscow work for cooperatives or joint ventures. He described one of the many techniques which can be used. In a non-existent copper export deal, for example, "your joint venture is approached to

sell a certain amount of copper. You and your foreign partners draw up a contract. You never see the copper itself, but the company that allegedly sold it through your enterprise transfers the 'clean money' to its bank account. Your joint venture gets 15% for mediating." The variations are manifold so long as the Russian and western sides have a joint purpose.

The ruthless, unbroken drive since the early 1970s for international financial liberalization or "globalization," is based on the equation that liberalization equals no government interference, i.e., nothing is to be transparent or traceable. With the creation of exotic derivatives markets and trillion-dollar computerized global funds transfers, the usefulness of offshore banking and tax havens becomes magnified. The decline of the physical economy and parallel ruble inflation has created a situation where that small percentage of the Russian population and/or institutions which could accumulate finances, needs to have access to the mechanisms of flight capital. Like any Third World country constantly driven through currency devaluations by the IMF, it pays to structure your finances and business so that most of it is in

hard currency and preferably abroad, particularly if it comes from black market sources. The late 1991 fit of mutual allegations about shady financial dealings between Boris Yeltsin's circle and the Soviet Communist Party documents how much all factions are being seduced to launder their financial accumulations into the nooks and crannies of the international financial markets, abroad and at home, insofar as they are directly established within Russia. Like going from "soft" to "hard" drugs, once started, the participant in this process becomes increasingly addicted to the short-term monetary highs. Russian industry and mining are currently being stripped clean and dumped on the international markets to accumulate hard currencies to further participate in such schemes.

Essentially, banks in the East risk becoming as useful to the countries hosting them as did the banks in Panama when it became a major offshore banking center. Tens of billions of dollars were allegedly on deposit there, but had no useful effect on the national economy. To the extent that banks in the East function as participants in the international Casino Mondiale, they function to vacuum liquidity out of the host country, leaving behind a bankrupt physical economy and worthless currency.

### **The switch to narcotics**

It is the publicized opinion of most German law enforcement people working on the cigarette-smuggling problem that the real danger is the development of criminal expertise and networks which can easily switch over to narcotics. A primary limitation on the extension into the former Soviet Union of direct trafficking networks is the inconvertibility of the ruble. Traffickers bringing in foreign-produced drugs are confronted with merely accumulating increasingly worthless rubles. Of course, illegal domestic production for domestic sale has a different meaning, but the real issue will be whether the areas of the former Soviet Union become drug producers and exporters. In this case, the status of the ruble plays no role and, in fact, facilitates the lure of an illegal cash crop export item much in the same way that Peru and Bolivia became dependent on cocaine.

According to Russian Drug Enforcement Bureau head Valentin Roshchin, "I'm of the opinion that in a decade the Central Asian region will become for Russia what Colombia is now for the United States." The Central Asian republics, Tajikistan, Uzbekistan, and Kyrgyzstan, with many small opium poppy fields, could become a source for the world market. If global arrangements were put into place, the controllers of various criminal syndicates in the CIS states could invest rubles in opium and heroin refining, and utilize their smuggling capabilities which cover eastern Europe and reach into western Europe. To a certain extent, the U.S.S.R. had already served as a transit route for heroin and hashish coming out of the Golden Crescent of Iran, Pakistan, and Afghanistan.

### **To fight crime, end free market liberalism**

Numerous discussions by the author with law enforcement officials make it clear that the problem of combatting the new crime syndicates being developed in the East cannot be solved unless the countries in question simultaneously adopt sane economic policies that dry out the radical free market in the trade and financial sphere. Otherwise, no police agency will be able to attack the controllers of the emerging syndicates and, at the same time, respect the gray and black economic zone that is synonymous with the radical free market.

This was made extremely clear in the Italian government's December 1991 effort to break Philip Morris's decades-long role in the Italian cigarette black market. The U.S. government, along with Philip Morris, came down hard on Italy. Discussions on organized crime and heroin and cigarette smuggling were to be a purely "internal" affair, the Italians were told, and Philip Morris was not to be touched—and it was not touched. "You can't blame Philip Morris for what third parties do with their cigarettes after they're sold, that obstructs free trade," the argument went. In Germany, officials admit in private that Philip Morris is fully involved in creating the black market, but they still concentrate their enforcement efforts on the street distribution system.

It is the ultimate in hypocrisy that the United States, which loudly demands that other nations criminalize money laundering, is the leading nation, along with Britain, promoting ultra-liberalization of the international financial markets. A discussion with a leading American official at the FOPAC money laundering center at Interpol's Lyon, France international headquarters, made this very clear. This center was founded and in part run by Americans from the Internal Revenue Service. The official had been approached on the question of the role of the mid-1980s junk bond market in the United States in soaking up billions of hot, illegal cash flows, primarily the laundered proceeds of drug trafficking. The official could only comment, "It might be the case, but that's way over our head."

The Anglo-American financial interests are creating a system where criminality is promoted, but in which they retain the right to decide which criminals can participate. The role of private intelligence companies like Kroll Associates, staffed largely with former intelligence and police officials from Britain and the United States, is to help administer which criminal networks are put on the black list and which are not. Official police channels, with limited resources and oft-times politically circumscribed investigating powers, merely put the final nail in the coffin of a blacklisted group.

The involvement of Philip Morris and similar companies in the East, with elements of the KGB, corrupt elements in the Russian Army, and apparitchiks-turned-"Manchester capitalists," must be cleared out of the way if a healthy industrial capitalism is ever to develop for the benefit of the citizens of the states of eastern Europe and the former Soviet Union.

## Clinton State Dept. adopts Bush line on Ibero-America

by Valerie Rush

By wholeheartedly embracing the so-called human rights and demilitarization approach of its predecessor toward Ibero-America, the Clinton administration is signing on to a catastrophic policy course south of the border. Under the noxious influence of the Inter-American Dialogue (IAD)—a sort of Western Hemisphere Trilateral Commission which wrote the Bush policy on Ibero-America—President Bill Clinton has ended up backing the *wrong governments* in Ibero-America, and is promoting policies which are paving the way for narco-terrorist takeovers in that part of the world.

Exemplary are the cases of Venezuela and Peru. In Venezuela, where more than 90% of the population despises its corrupt government, President Carlos Andrés Pérez's sole bulwark of defense is Washington. And yet in Peru, the highly popular government of President Alberto Fujimori, which has dealt devastating blows to the Shining Path narco-terrorist gang, is under the combined siege of Shining Path and corrupted elements of the Peruvian Congress and military, *backed unabashedly by the U.S. State Department*. The resulting destabilization of the continent is paving the way for an explosion of narco-terrorism, and even civil war will spread across the continent unless Clinton reverses course.

### Venezuela: dictatorship by any other name

Venezuelans are anxiously awaiting the results of a Supreme Court decision to be handed down May 20 on whether sufficient evidence exists to try President Pérez for his role in embezzling millions in public funds. A 73-count indictment against Pérez was submitted to the Supreme Court by Attorney General Ramón Escovar Salom, and has already been approved by Chief Justice Gonzalo Rodríguez Corro. Should a majority of the 15 Supreme Court magistrates support

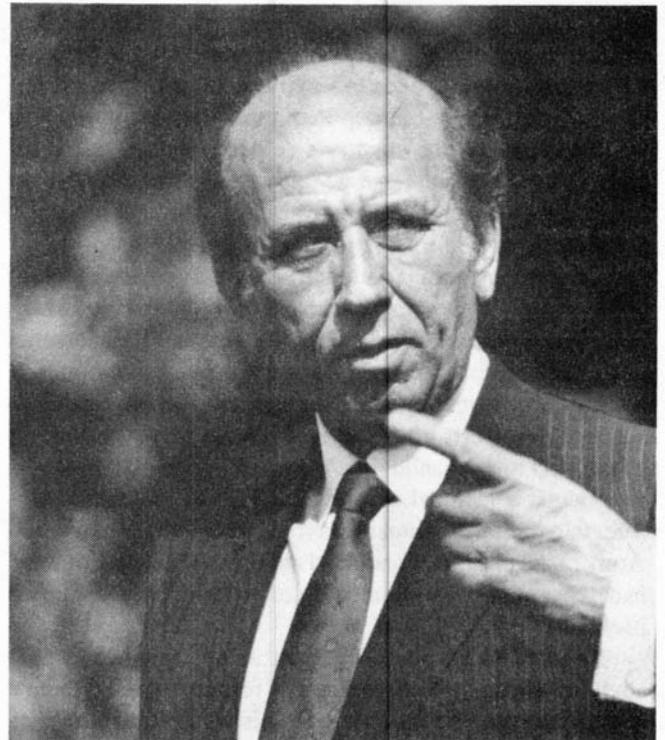
Rodríguez Corro's finding, the case will go to the Congress for a vote on lifting Pérez's immunity, preparatory to a Senate impeachment trial.

Although Pérez had initially indicated that a full Supreme Court decision favoring the indictment would be sufficient to prompt his resignation, he has since reneged. On May 11, he told Spanish television that he would merely seek a leave of absence and appoint a cabinet minister to replace him during the trial. The head of Pérez's Democratic Action party, Humberto Celli, told the press that such an alternative to resignation "would lead to riots in the streets." International wire services such as Britain's Reuters are also reporting that Venezuelans might take to the streets if Pérez is absolved. In fact, there is a very real prospect of civil war if Pérez survives this latest move to pry him out of the presidency.

Pérez is reportedly resorting to police-state maneuvers to help him cling to power. According to Juan Liscano, leader of the opposition Patriotic Front, Pérez and a small coterie of military loyalists are attempting to orchestrate a series of terrorist acts, which would then be used as a pretext for a repressive crackdown, and even engineering a "self-coup" to allow him to remain in the presidency.

It is also feared that the Supreme Court and/or Congress might be pressured and bribed by Pérez to vote in his favor.

Although Pérez's notorious personal corruption is the immediate driving force behind the popular sentiment for his impeachment, the underlying hatred of his government is universally attributed to the devastating effect his neo-liberal economic "reforms," dictated by the International Monetary Fund (IMF), have had on a country once one of the wealthiest on the continent. By slashing the investment budget, keeping interest rates sky-high, and permitting imports to flood the country under his free-market policies, Pérez's government



*The United States is backing the corrupt dictator Carlos Andrés Pérez (right), calling him a “fellow democrat,” while doing everything possible to sabotage Peruvian President Alberto Fujimori (left), who is waging a full military war against the narco-terrorists. This was the Bush policy; why doesn’t Clinton get smart?*

is responsible for devastating the country’s agricultural and industrial sectors, thereby driving up unemployment and prices and pauperizing a large proportion of the country’s middle and working classes. Money that once went into investment is now pouring into speculation, and drug-money laundering is considered the country’s only “boom industry.”

Despite the fact that Pérez has only survived two military coup attempts by the skin of his teeth, has repeatedly employed police-state methods to repress the country’s huge protest movement, and is facing likely impeachment proceedings, the Clinton administration continues to argue the Bush line that “Pérez equals democracy,” and has to be defended at all cost.

In mid-April, the Clinton State Department sent a communiqué to the Venezuelan Military High Command warning that any move by the military to dump Pérez would lead to an immediate U.S. suspension of relations with a successor government—even if new elections were promptly called. According to local press reports, the statement stirred “huge unrest at various levels of the Armed Forces, including the high command, because it represented . . . an intervention into the internal affairs of the country.”

Pérez was a favorite of the Bush administration, and in return for promoting Bush’s “new world order” on the continent—including IMF dictates and repeated public attacks on Ibero-America’s armed forces—received unquali-

fied backing as a “fellow democrat.” President Clinton, who has every reason to shun the corrupt Venezuelan leader as the dictator that he is, has instead accepted the urgings of the Inter-American Dialogue—perhaps at the behest of former Dialogue president Richard Feinberg, who today runs the Latin America desk at the National Security Council—and has thrown his support to the besieged Pérez, thereby alienating an entire nation.

### **Peru: U.S. backs Shining Path**

In Peru, the Clinton administration has again made a disastrous choice. Only here, President Clinton’s preoccupation with defending “human rights” has, under the direction of the Inter-American Dialogue, placed his administration in league with one of the most genocidal subversive movements in the world.

The problem began in April, when Clinton received the credentials of Peru’s new ambassador in Washington, with a brief but politically explosive speech. Breaking protocol, Clinton stated that his administration appreciated Peru’s progress on the human rights front, but demanded further steps in that direction, and full autonomy for Peru’s Congress in pursuing alleged incidents of abuse.

With this international backing, a gaggle of pro-terrorist Peruvian congressmen attempted to use concocted “evidence” of military human rights abuses to indict the institu-

tion of the Peruvian military as a whole. Armed Forces Commander Gen. Nicolás de Bari Hermoza fought back by accusing the congressmen of serving as “allies of the internal enemy,” that is, the Shining Path terrorists, in a systematic effort to discredit the country’s defense forces. He specifically refused demands that he release the names of military intelligence officers, insisting that this would constitute a veritable “hit list” for terrorist assassins.

General Hermoza is nationally credited with the Fujimori government’s successful persecution of Shining Path, which began in earnest in April 1992, after President Fujimori shut down the terrorist-infiltrated Congress which was sabotaging his anti-terrorism efforts. He is considered an important obstacle to the efforts of such Project Democracy mouthpieces as the IAD to dismantle Peru’s Armed Forces and eliminate the country’s national sovereignty. It is no accident, therefore, that military commanders from around the country, and Army ranks in Lima, conducted an impressive show of force in defense of General Hermoza, and of the military institution itself.

Yet the Clinton administration, at the urging of its IAD advisers, abandoned all pretense of respect for the principle of non-intervention and ordered Assistant Secretary of State for Inter-American Affairs Bernard Aronson—a hold-over from the Bush administration—to step into the fray. On April 22, the same day that Army tanks ostentatiously paraded past the U.S. Embassy and Peruvian Congress to defend their war against subversion, Aronson called President Fujimori on the telephone and warned him that “the United States views this show of force as an unacceptable attempt to intimidate the legislature. . . . The Congress has every right to investigate human rights affairs in Peru.” U.S. chargé d’affaires in Lima Charles Bradshaw went even further, publicly warning that the Armed Forces’ defiance “not only endangered democracy, but also puts international aid [for Peru] at risk.”

On April 27, the Washington Office on Latin America, a leftist human rights lobby associated with the Marxist Theology of Liberation networks on the continent, sponsored a seminar on Peru in Washington, D.C. which served as a sounding-board for the anti-military diatribes of Peru’s congressional allies of Shining Path. The seminar boasted of the presence of such Washington luminaries as Luigi Einaudi, former U.S. ambassador to the Organization of American States, Philip MacLean, assistant to Bernard Aronson, and Peter Hakim, the head of the Inter-American Dialogue.

### **Robles spouts lies from U.S. Embassy**

These U.S. threats and pressures notwithstanding, General Hermoza—backed by President Fujimori—refused to capitulate. It was at this point that Gen. Rodolfo Robles Espinoza appeared on the scene. Army General Robles released a letter to the media in Peru on May 5, accusing General Hermoza and presidential adviser Vladimiro Montesinos of running a death squad within the Army that was

responsible for “systematic violations of human rights of Peru’s population.” Robles’s accusations were made from the U.S. Embassy in Lima, where he and his family took refuge. Robles has since flown to Argentina, and has announced plans to travel to Washington, where he hopes to testify before the U.S. Congress and establish a residence.

Robles had been the number-three man in the Peruvian Army until his links to a State Department-backed coup attempt against Fujimori last November were exposed, and he was relieved of his command over Peru’s southern region and demoted.

Robles has demanded that President Fujimori fire General Hermoza and replace him with Gen. José Valdivia, an officer whose loyalty was sharply questioned during the November coup attempt. Valdivia is currently assigned to a post in Washington. Robles went so far as to demand that Fujimori name him Army inspector general, where “I would be in charge of investigating and putting on trial those responsible for human rights violations.” Robles received the public endorsement of imprisoned general Salinas Sedo, who had led the attempted coup against President Fujimori last Nov. 13.

General Hermoza responded to Robles with a May 6 statement noting that Robles has not offered a single shred of evidence to back up his charges. He added that these “tendentious imputations were formulated by an officer who only now publicly maintains that he knew of presumed human rights violations. He had the obligation and moral duty to courageously denounce them when they occurred, according to the principles of military honor and decorum, as solid military behavior dictates.”

On May 9, President Fujimori issued a statement fully supporting General Hermoza, praising his leadership in the anti-subversion effort, and vowing that unless “concrete evidence” of rights violations were presented to him, there would be no changes in the military command. Minister of Defense Gen. Victor Malca accused Robles of “disloyalty” before the Peruvian Congress, and the Supreme Council of Military Justice has since stripped Robles of all rank and has begun proceedings against him for “insubordination, insulting his superiors, affronting the nation and the Armed Forces, desertion, and fraud.”

The surfacing of Robles and his timely accusations against Hermoza are getting wide play in the U.S. press. The May 12 *New York Times* interviewed him, making no mention of his ties to the would-be coup-makers and giving his undocumented charges full credibility. The *Times* article also contains a clear-cut message to the Fujimori government, by quoting an anonymous “senior State Department official,” who insists that no U.S. aid will be given Peru until investigations of these human rights violations have been conducted, and the offenders punished. “From a foreign policy standpoint,” the official said, “human rights is a *sine qua non*. . . . And Peru, I think it is safe to say, is the test case for Latin America.”

# Taiwan is joining Beijing in the destruction of China

by Michael Billington

The memory and the moral leadership of the founder of the Chinese republic, Dr. Sun Yat-sen, were badly damaged in April, as officials from the Republic of China (R.O.C.) in Taiwan and the People's Republic of China (P.R.C.) in Beijing met for the first time since the 1949 Communist revolution. The discussions came in the context of a nearly total capitulation in Taiwan's political and business leadership to the policy of making as much short-term profit as possible through the exploitation of the 200 million desperate, unemployed peasants in the mainland who are being recycled through the free trade zones by the reforms authored by the International Monetary Fund (IMF) and carried out by Deng Xiaoping.

As this new policy has developed, the primary mission which inspired and guided the development of the Republic of China in Taiwan—namely, the commitment to the eventual liberation and development of the mainland—has been effectively abandoned.

The meetings were held in Singapore under the patronage of the longest-standing British asset in the Chinese diaspora, Singapore's senior statesman Lee Kwan Yue, the prime minister of Singapore from 1959-91. The P.R.C.'s Wang Dao-han, head of the Association for Relations across the Taiwan Strait, and the R.O.C.'s Koo Chen-fu, chairman of the Straits Exchange Foundation, held three days of talks April 27-29, marking the first official high-level, face-to-face contact since Chiang Kai-shek's Nationalist Party (Kuomintang) forces were driven off the mainland in 1949. Taiwan's negotiator, Koo Chen-fu, one of the richest men in Taiwan, is a close ally of the Anglo-American financial establishment. His father is infamous as the man who served as the leading Japanese agent during the Japanese occupation of Taiwan, and the son is widely feared to be prepared to sell out Taiwan's interests again today, this time to the Communist Party of China.

A final communiqué announced agreement on several areas of communications, immigration, legal and business relations, while setting up further negotiations on unresolved issues. Direct air links and Taiwanese oil exploration in the mainland are expected to be established over the near term.

But the primary import of the meeting is its symbolic significance. While Beijing has achieved an ideological victory, Taiwan has shown itself to be guided by no greater concern than the ability to protect its expanding investments

in low-technology process industries in the mainland, whose profitability depends entirely upon the average \$35 per month wage of mainland workers—a small fraction of the wage of Chinese workers in Taiwan. Absent entirely is any sign of the extensive and ambitious plans for the transformation of China along the lines of Dr. Sun Yat-sen's 1919 *International Development of China*.

## Sun Yat-sen's legacy betrayed

The collapse of Taiwan's vision for the mainland has been increasingly evident under the presidency of Lee Teng-hui, who assumed the presidency after the death of Chiang Ching-kuo, Chiang Kai-shek's son, in 1987, and who was elected in his own right in March 1990. Lee abolished the core institution responsible for the economic development plans for the mainland, the China Reconstruction Planning Commission. This commission, established in the early 1960s by Chiang Kai-shek, published over the past quarter-century hundreds of books and research papers on every aspect of the necessary transformation of China. The commission's method was based on Dr. Sun's policy, which in turn was derived from the "American System" developed and implemented by Alexander Hamilton and his followers, up to and including Abraham Lincoln. Following Dr. Sun's approach, the Planning Commission rejected the British free trade dogma, insisting on Hamiltonian methods of *government-directed credit* for infrastructure, critical sectors of industry and agriculture, and fundamental education and health standards—methods that had succeeded in transforming the R.O.C., in Taiwan, despite its small size, into one of the leading productive economies in Asia. Planning Commission publications worked out details for transportation, communications, energy development, credit structures, land reform, frontier development, education, etc., as well as policies for local government to facilitate a transformation to republican rule.

Under the growing influence of the U.S. State Department-supported opposition Democratic Progress Party (DPP), and a related faction around President Lee Teng-hui within the ruling Kuomintang, the idea of "Taiwan independence" was sponsored as a thin disguise for ending the *moral responsibility for the future of all of China* which had guided the Republic of China's existence in Taiwan. In its place, the IMF policy toward China was to be adopted, encouraging



*Sun Yat-sen's ambitious program for industrializing China is being thrown out, in favor of coolie labor in free trade zones.*

Deng Xiaoping's near-total disregard for economic or human infrastructure, while ruthlessly squeezing the Chinese peasantry, thus creating the largest mass unemployed labor force in human history—200 million strong—to provide dirt-cheap coolie labor for the free trade zones. Lee Teng-hui's abolition of the China Reconstruction Planning Commission, disbanding the scientists and political economists who were dedicated to Sun Yat-sen's dream of a strong Chinese nation contributing to world development, symbolizes the bankruptcy of Taiwan's current policy toward the mainland.

### **Lee Kwan Yue, British racist agent**

It is not surprising that the sponsor of the meeting was Singapore's ex-prime minister Lee Kwan Yue, a lifelong spokesman for British policy in Asia. Lee has become the leading organizer of a "Greater China" movement to unite the P.R.C., Taiwan, Hong Kong, and Singapore, based on the economic model of the drug-money capital of the world, colonial Hong Kong. Lee openly admires both the British colonial form of dictatorship by the Hongkong and Shanghai Bank in Hong Kong, and also the Maoist variety of dictatorship in the mainland. He enthusiastically supports Deng Xiaoping's combination of the two—enforcing a radical free trade destruction of the economy with Stalinist methods.

To provide an "Asian" gloss to this treachery, Lee Kwan Yue feigned an interest in Confucianism late in life, and concocted a pseudo-Confucian argument that Chinese—and Asians in general—are culturally incapable of a sovereign individual creative identity, but only of a "communitarian" identity. Similarly, human rights are a "western" concept which does not apply to Chinese.

Although such racist views are most welcomed by the An-

glo-American financial elite who appreciate having Deng Xiaoping's tanks preventing any resistance to the "blind flow" of unemployed into the free trade zones, it is a totally false view of Confucianism. The Confucian tradition, as contained in the works of Confucius and Mencius, and as advanced by the Confucian Renaissance in the 11th and 12th centuries under the leadership of Chu Hsi (Zhu Xi), shares with Christian Platonism the idea that *individual man's creative power of reason* is precisely that gift of Heaven which characterizes mankind's identity as a species, as distinct from all lower species, and upon which the successful development of society depends. Lee Kwan Yue's "communitarianism" is more in keeping with the historic enemies of Confucianism, the Taoist and Legalist schools, or with the degenerate "enlightenment" school of pseudo-Confucian pragmatism associated with the 16th-century school of Wang Yang-ming.

In an interview with Lee Kwan Yue published in the Winter 1992 issue of the *New Perspectives Quarterly*, Lee praises the way "Confucian ways have been moderated by the 100-odd years of British rule in Hong Kong." His views on economics are pure British "free trade," based on *management* rather than production. He speaks of power being shifted from Beijing to the provinces—especially to the free trade zones—but does not address the desperate need for vast nuclear and other advanced forms of energy production.

Lee Kwan Yue, like his friend Henry Kissinger, praises Deng Xiaoping's massacre of the 1989 Democracy Movement. "The demonstrators didn't think it through. . . . The tragedy of Tiananmen was that the participants got carried away by the dynamics of mass emotions in a very densely populated city. . . . The whole thing had evolved into an attack on Deng. . . . In my view, that was unwise. There are, after all, no traditions in Chinese history of satirizing the emperor."

Whence derived this just right to rule? Not, says Lee Kwan Yue, from the consent of the governed, nor from the Confucian "Mandate of Heaven" based on the successful advancement of the population's well-being. For Lee, as for Mao Zedong and to the British colonialists, power comes from the barrel of a gun: "Deng . . . will not stand for irreverent doggerels that could destabilize China and throw it into chaos. Who gives him the right? He gave himself the right. *That is part of Chinese culture*. . . . If someone wants to challenge him, they will have to take a gun and organize and fix him! Questions of human rights in China must be viewed in those terms" (emphasis added).

Such a view in Taipei toward the 1.2 billion people in China will inevitably contribute to a new holocaust in the mainland. If there are to be negotiations, they must not be at the expense of the vision of China propounded by Dr. Sun Yat-sen. As the depression in the West intensifies, and as the economic crisis in the P.R.C. intersects the impending death of Deng and the "Gang of Ancients" still ruling China, the tradition of Sun Yat-sen must be kept alive to contribute to the enormous task of developing China.

# South Africa on the way to repression with a 'democratic' face

by Uwe Friesecke

During a visit in London at the beginning of May, the president of the African National Congress (ANC), Nelson Mandela, stated that one early decision of a new South African government would be for reentry of the country into the British Commonwealth. This announcement is the key for appreciating the profound strategic nature of the process of change in South Africa. Three years ago, when Namibia gained independence, Sam Nujoma, the head of the government in Windhoek, proceeded in the same way, and made entering the Commonwealth his first act in office.

The geopolitical goal of having the British flag flying on the Cape is being pushed forward in a new way. A certain historical tragedy was not lacking when Nelson Mandela, to whom the West has assigned the role of the man who will overcome apartheid, stated in London, "We have never forgotten that England is the home of parliamentary democracy, and that is what our efforts are directed toward," and thus paid homage to the very power that has been the incarnation of colonialism for the last 300 years. Has Mandela forgotten that it was the British who in 1909, in the House of Commons, passed the South Africa Act of Union, and thereby created the apartheid system in the first place?

Negotiations at the end of April in London of the South African government with its creditor banks were hardly noticed by the international press. These negotiations concerned the continuation of the third interim agreement between the banks and South Africa that runs out at the end of 1993. In 1985, the South African government declared a moratorium on the repayment of a part of its foreign debt, but has serviced the other part since then with substantial repayments. In 1985, the foreign debt totaled \$27.7 billion. At the end of 1992, it was still approximately \$18 billion. During the last six years, South Africa has annually repaid \$1 billion in debt, more than any other African country. The South African delegation offered at the London meetings, which took place at the Standard Chartered Bank, to repay a further \$5.5 billion through the year 2000, which, with interest payments, would entail approximately \$1 billion per year. The proposal was accepted quite positively, but the banks, and particularly the American banks involved, insisted that the ANC acknowledge the agreement.

From 1994 until the year 2000, according to the ideas of President F. W. De Klerk and also Mandela, there is to be a

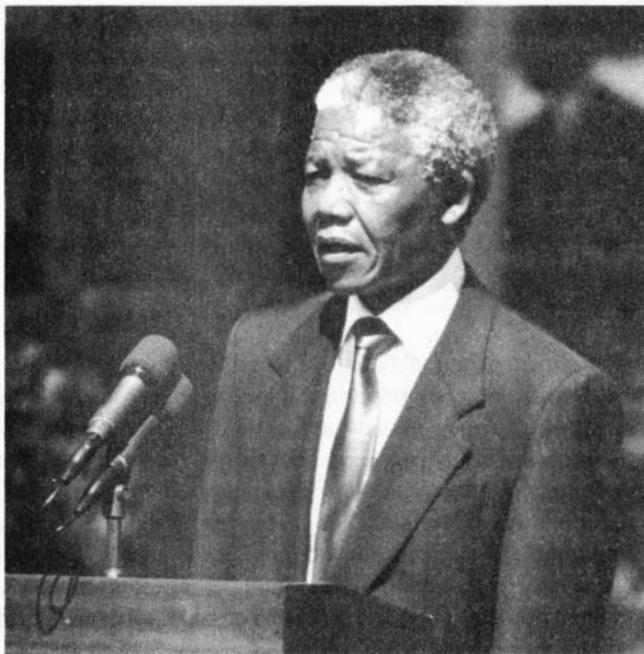
government of national unity. While, therefore, the multiparty discussions are preparing wide-ranging constitutional changes, there are already agreements being made behind the scenes that impose good behavior of the South African government toward the International Monetary Fund (IMF) and the creditor banks. That is also true for the especially important economic area of mining. Consequently, the government is no longer allowed to levy commissions on newly granted mining rights, and at the end of 1993, all payments of commissions cease on rights that have already been granted.

## Mining and apartheid

This is the actual heart of apartheid policy, which has not yet been questioned publicly. For 100 years, the gold, diamond, and strategic metal deposits of Africa were exploited for De Beers, Oppenheimer's Anglo-American Corp., and the London Rhodesia Corp. (Lonrho), among others, by a system of the most brutal repression in the mines of itinerant workers, who were packed together in infamous "dormitories." The geopolitical goal of the Anglo-American establishment is, without doubt, to maintain this control over raw materials in the post-apartheid era and to so influence the process of constitutional change that their interests are not endangered.

The ANC's silence on this crucial fact casts doubt upon its conduct and struggle for power, and puts the leadership of the ANC, which is dominated by the South African Communist Party (SACP), into a blatant contradiction with its publicly represented claim of being the principal spokesman for the anti-apartheid struggle of the black population. Neither Mandela nor the ANC negotiations leader, Cyril Ramaphosa, former chairman of the mine workers union, has questioned the repression of the black population through indebtedness to the IMF and the structure of the mining system.

Even today, 40% of the population is unemployed, the educational system for the black population has largely collapsed, and the direst poverty is everywhere. Yet the ANC is preparing behind the scenes to agree to the demands of the IMF and the Anglo-American establishment to plunge the black population of South Africa into ruin, as is already the case in other countries on the continent, for example, in Nigeria, Zimbabwe, Tanzania, Uganda, and Zambia.



*Nelson Mandela is calling for South Africa's reentry into the British Commonwealth. Doesn't he remember that the British created apartheid in the first place?*

### **The strategy of tension**

The uninterrupted violence that South Africa is experiencing is being fomented to keep the decisive topic, the economic future and foreign policy orientation of the new country, out of the negotiations, and to heat up confrontations between whites and blacks as well as within the population groups.

The murder of ANC leader Chris Hani on April 10, the cold-blooded murder of five white hotel guests in East London on May 1, the professionally set ambush of a police bus in Soweto on May 5, in which four policemen were killed, as well as murders of white farmers in the countryside, are not spontaneous actions, but directed intelligence operations that utilize agent infiltration of all political camps. There are indications that members of the British Special Intelligence Service have played a role, as well as former Soviet Spetsnaz (special forces) members. The De Klerk government has up to now refused to investigate the so-called third force which many believe is implicated in the killings, because it will then have to acknowledge the participation of at least parts of the intelligence apparatus. That means that the same political power groups of the establishment that are seeking, with a great display of propaganda, to guide the constitutional discussions in directions that are not dangerous to them, are ultimately responsible for the escalation of violence in the country.

### **Liberation from the apartheid system**

Great pressure from British circles is now being exerted on the chairman of the Inkatha Freedom Party, Mangosuthu

Buthelezi, to acknowledge the agreements between the National Party (De Klerk) and the ANC (Mandela, Ramaphosa) and thus bring a "democratic constitution" safely to completion. On the conservative side, a committee of former police and Army generals has been formed, in typical Boer fashion, that will seek, appropriate to their historical instinct, to bring together a broad front of Afrikaners to form a separate state for whites. With the deterioration of the economic situation, these developments are moving toward broader confrontations that could very quickly turn into uncontrollable disintegration and bury the future of a new South Africa before it has come into existence.

A new South Africa that is to fulfill the hopes of its black population for freedom, justice, and the realization of such inalienable human rights as equality before the law, cannot be negotiated by means of dubious deals behind the scenes between the ANC and the Anglo-American establishment. The axioms of the apartheid state must be changed. That concerns not only the political constitution, but also the economic order and the general goal of the state.

A new South Africa has a mission for the African continent. Previously, the South African economy had a reservoir of technology, science, and trained specialists (in agriculture, medicine, engineering, etc.) that could be mobilized for the reconstruction of the African countries of the north, which have been ruined by 20 years of IMF policy. The historic mission of a new South Africa consists in challenging the power of the IMF for all of Africa and going over to the side of those who are seeking a way out of the apocalypse of the continent, and therefore are striving for the creation of a new just world economic order. The mission of a new South Africa lies in the rapid buildup of infrastructure, the development of modern agriculture, and the industrialization of Africa.

Only this orientation also offers the perspective for economic growth and the elimination of poverty in South Africa itself, which is the precondition for the success of any change in the constitution. Finally, such an economic development program and a Grand Design for Africa offers the only realistic chance for defining the identity of the new South Africa in such a way that all citizens can again find themselves in it and overcome the existing chasm between white and black and between blacks.

Domestically, the system of itinerant mine workers must be abolished, and the legal preconditions must be created to allow the proceeds from mining to flow into the development of the country. Neither the ANC nor the groups participating in the multiparty negotiations that are in opposition to the ANC, such as the Inkatha or the Conservative Party, have placed these fundamental questions on the agenda. As long as that does not happen, the hopes for freedom and justice for all South Africans bound up with the negotiations will remain disappointed and betrayed, and will lead the way further into chaos.

# Tajikistan and Afghanistan: Have two hotbeds of war merged into one?

by M. Babur

*M. Babur is one of Russia's most eminent orientalists, who has had over five decades experience in Central Asian affairs.*

On the night of April 12, the former President of Tajikistan and long-serving First Secretary of its Communist Party, Rakhmon Nabyev, to whom the Supreme Soviet of Tajikistan had awarded the unprecedented title of colonel-general the year before, died in obscure circumstances.

Two weeks earlier, the political and military leaders of the Popular Front of Tajikistan, Sangak Safarov and Fayzali Saidov, had been killed in a fierce shoot-out near the town of Kurgan-Tyube. March 31 was declared a day of mourning throughout Tajikistan. The Moscow newspaper *Nezavisimaya Gazeta's* headline over a well-informed account of the killings ran: "The Popular Front of Tajikistan Has Been Decapitated."

The clash between the two leaders was preceded in early March by the entry into the Tajik capital of Dushanbe of a large military force belonging to Fayzali Saidov. Having surrounded Tajikistan's Ministry of the Interior with his tanks, Saidov presented Minister Yakub Salimov with an ultimatum demanding "some leading post." He was made leader of the Bokhtar area in Khatlon Region, which had recently been created by merging the two southern border regions of Kurgan-Tyube and Kulyab. At the end of the month, the "Father of the Tajik Nation" and leader of the Popular Front's armed forces, Sangak Safarov, arrived at the same place in order to stake out spheres of influence and implement his demand that Fayzali Saidov's private army be disbanded. The negotiations turned into a massive argument that ended in the deaths of both leaders. The author of the above-mentioned article in the Moscow newspaper was right to subtitle it: "More Bloodshed Now Certain."

In the last two years alone, over 100,000 people have died as a result of the civil war in Tajikistan. Prominent politicians, public figures, and writers are murdered on the streets. At the end of 1992 the public prosecutor of Tajikistan, Nurullo Khuvayduloyev, was assassinated.

Between 1991 and 1993 there has also been a massive

population exodus from Tajikistan: The Russians are fleeing to Russia, and the Kirghiz living in the Leninabad region (now Khodzhent) and the Republic of Badakhshan (part of Tajikistan) are fleeing to Kyrgyzstan. According to the latest reports, there are already about 200,000 refugees from Tajikistan in Uzbekistan, including a large number of Tajiks trying to get to the Samarkand and Bukhara regions, where most of the population are also Tajiks. Only recently, the Tajiks were demanding the return of these economically and culturally important regions to their "historical motherland," i.e., Tajikistan. This was a source of great worry to the Uzbek authorities.

Now Tashkent is worried by the growing influx of Tajik refugees into Uzbekistan itself.

However, the most serious problem is undoubtedly the emigration of about 100,000 Tajiks into neighboring Afghanistan. Most of them have taken refuge in the border provinces of Balkh, Konduz, Samangan, and Takhar, which are close to the southern bank of the Amudar'ya (Oxus) and Pyandzh border rivers, and they are there under duress. Mainly they are Tajiks from Garm and the Pamirs—followers of the Islamic Democratic Opposition trying to escape being killed by the victorious army of the new government of Tajikistan, the forces of the People's Front that were until recently headed by Sangak Safarov, and by the numerous bands of marauders, some of whom got their weapons from Afghanistan.

Power in Dushanbe now belongs to members of the Kulyab-Leninabad clan, whose representatives ruled Tajikistan for decades. They were deposed by the opposition in May 1992, but returned to power in the autumn of the same year with the active matériel and military assistance of Uzbekistan. The clan is headed by the new president of the Supreme Soviet, E. Rakhmonov, who hastened to express his gratitude to I. Karimov, the President of Uzbekistan, by entitling him "Father of All the Tajiks."

## The refugee camps

In the border provinces of northern Afghanistan just mentioned, which are historically known as Southern Turkestan, there are five large Tajik refugee camps. The situation in

these camps varies. In the Balkh and Samangan camps, which are controlled by the National Islam Movement and its leader General Dostum (an Uzbek), the refugees are not treated badly. There is relative order, as each day the inhabitants of Mazar-e Sharif deliver 25,000 loaves of unleavened bread to the refugees, and the U.N. Commission for Refugees has representatives in the town distributing food and financing the construction of medical facilities. The refugees regularly receive information about the situation in Tajikistan and Uzbekistan.

Things are considerably worse in the camps at Konduz and Takhar. These are controlled by field commanders under Dostum's sworn enemy Gulbuddin Hekmatyar, the leader of the "implacables." Hardly any food from the U.N. reaches these camps, and the people living in them receive no information about their homeland.

Moreover, the men in the camps are put through a tough military drill to form detachments of fighters, some of whom are infiltrated into Tajikistan in order to join the Islamic counterattack, and others used to swell the ranks of Hekmatyar's army as he prepares for another spiral in his battle for power in Afghanistan.

### New counteroffensive likely

As for the situation in Tajikistan itself, in March and April 1993 it again became very complicated. The republic's leadership—President of the Supreme Soviet E. Rakhmonov and Prime Minister Abdumalik Abdullojanov—have issued repeated warnings that a massive counteroffensive is being prepared by the "Islamic Democratic" opposition, code-named "Retribution." It is assumed that this will be launched by the detachments of fighters who have survived in the Pamir Mountains and the borderlands, reinforced by "emigré" detachments hastily trained in the Afghan camps at Konduz and Takhar and loyal to Hekmatyar. Fighters are being trained particularly intensively in the Emam Saheb camp in Takhar Province on the southern bank of the Pyandzh. This camp and the whole area are fiercely controlled by Gen. Abdul Latifa, one of Hekmatyar's henchmen. In order to safeguard his military headquarters at Emam Saheb and the airfield next to it from possible artillery and especially air attacks by General Dostum's forces, Gen. Abdul Latifa has grouped some of the refugee camps around them as a human shield.

According to information received from the refugee camps and the U.N. Commission for Refugees office in Mazari-Sharif, small planes often land at Emam Saheb airfield bringing the latest weapons from Saudi Arabia and Iran for Abdul Latifa's soldiers and especially for the detachments of fighters being trained there to be sent into Tajikistan. It is rather revealing that when asked what would happen in Tajikistan if the leadership there did not reach an agreement with the opposition and the fighters the latter was preparing. Abdul Latif replied: "Then the war in Tajikistan will go on

## Tajikistan



forever."

This statement is particularly ominous, given that the compromise agreement reached between the leaders of the nine Mojahed organizations in March 1993 to form a coalition government headed by Hekmatyar and with Burkhannudin Rabbani as President, has broken down. The agreement was confirmed in Mecca and Teheran, but Hekmatyar is categorically opposed to Akhmad Shakh Masud remaining as Minister of Defense, and is demanding the removal of General Dostum.

Insofar as Rabbani and Akhmad Shakh Masud are Tajiks, while Dostum and some of the other commanders in the north of the country are Uzbeks, one can say that the conflict is becoming increasingly ethnic in nature. The religious factor is also coming into play. Hekmatyar is leader of the Pushtuns and the fundamentalists. The latter explains why he is supporting the Islam opposition in Tajikistan and using violent methods in the republic, including deploying Tajik fighters trained in the Emam Saheb camp and others in Konduz and Takhar provinces.

After fighting flared up again in Kabul, the situation on the Afghan-Tajik border also deteriorated sharply. At the end of March and beginning of April, hundreds of fighters tried to cross the Amudar'ya and Pyandzh rivers by night and force their way into Tajikistan. The border posts on the Tajik side of these rivers, which are staffed by Russians, came under artillery bombardment, and several were killed. On April 7, Tajik fighters took ten Russian border guards and officers hostage. They were released only after the commanders of the 201st Russian Division stationed in Dushanbe and the general headquarters of the border troops of the Russian Federation had presented the fighters with an ultimatum. On April 9, after the territory protected by the "Moskovskii" unit of border guards had been shelled from the Afghan side, the

Russian Foreign Ministry sent a strongly worded note to the Afghan government in Kabul.

### **Diplomatic efforts to solve the crisis**

On April 8, Andrei Kozyrev, the foreign minister of the Russian Federation, himself stopped off there en route from the Pakistani capital Islamabad. In March he had visited Teheran. Both in Iran and Pakistan he was trying to negotiate a peaceful settlement of the situation in the region, especially in Afghanistan and Tajikistan. He received the assurances he was after, but it is well-known that the ruling groups in Iran and Pakistan have their own long-term interests in Tajikistan. Early in 1992 sensational reports had appeared in the world press to the effect that the President of Tajikistan at the time, Rahmon Nabiyev, had secretly promised to supply Iran with large quantities of enriched uranium produced in the super-secret town of Chkhalovsk at a hyper-secret factory where enriched uranium was processed from other republics in Central Asia.

This and other, more important, questions were discussed in June 1992 during a visit by Nabiyev to Teheran and Islamabad. An agreement was signed not only for Tajikistan to receive credits from Iran, but also for a direct air link to be established between Teheran and Dushanbe, and for a railway to be built linking Mashhad in northeast Iran to Herat, Mazar-e Sharif, Konduz, and Badakhshan. The plan was to lay a main line from Konduz to Pyandzh in Tajikistan, which is linked by a line to Kurgan-Tyube, and to lay a mountain railway line from Feyzabad, the main town in the Afghan province of Badakhshan, to Khorog, the capital of the Badakhshan Republic in Tajikistan.

### **Badakhshan's strategic importance**

Transport was also high on the agenda during Nabiyev's visit to Islamabad. An agreement was reached to build a highway as soon as possible from Gilgit and Chitral through the so-called Bakhan Strip (Afghanistan) to Khorog, again, in the Badakhshan Republic. The latter, which until recently was known as the Mountainous Badakhshan Autonomous Region of Tajikistan, is strategically extremely important. In the first instance, most of its population are Ismailists, i.e., religiously they are particularly close to Iran. Culturally and ethnically, however, the inhabitants of the Pamirs are extremely close to the inhabitants of Kashmir, and Kashmir, of course, is the main bone of contention between Pakistan and India. Secondly, the inhabitants of the Pamirs and of Garm form the basis of the "Islamic Democratic" opposition which was defeated last year in the struggle for power in Tajikistan. Most of the people in the camps in the Afghan provinces of Konduz and Takhar are Pamirians and Garmians, and it is in these camps that Hekmatyar's men train their fighters to go into Tajikistan and organize attacks on the border posts manned by Russians on the northern banks of the Amudar'ya and Pyandzh. Thirdly, the Badakhshan Republic borders in

the east and northeast with Xinjiang, where the Chinese authorities have recently been extremely worried by the rise of Islamic fundamentalism among the local population. Moreover, some of the Badakhshan-Xinjiang (i.e., Tajik-Chinese) border has not yet been demarcated.

Clearly, then, the defeat of Rakhmon Nabiyev and the "Islamic Democratic" bloc in Tajikistan in 1992 dealt a serious blow to the long-term plans of the fundamentalist leaders in Afghanistan and influential political circles in Iran and Pakistan. The new twist in the power struggle in Afghanistan and the "Operation Retribution" counterattack planned by the "Islamic Democratic" bloc in Tajikistan therefore not only threaten to merge the Tajik and Afghan hotbeds into one, but also to unleash a fundamentalist offensive throughout the Middle East and Central Asia. The neighboring countries understand this, especially Uzbekistan.

### **Uzbekistan President warns of terrorism**

When Uzbekistan President Islam Karimov appeared before journalists of the International Association of Foreign Correspondents accredited to the CIS on March 12, 1992, he said: "When the coup took place in Tajikistan in May of last year, when the civil war broke out, when people were burnt alive, women disemboweled, hands cut off, people decapitated, and over 30,000 people murdered in the most barbaric fashion, no one asked who was aiding and abetting it." Recently, he said, 100 Stinger rockets had blown up in a ravine near Dushanbe, and somewhere else 400 tons of explosive had been discovered, evidently stockpiled for subversive purposes. A number of Mujahedin who were citizens of Afghanistan, Pakistan, and other countries were being charged in Tajikistan in connection with these offenses, said Karimov. He gave his analysis of the situation in Afghanistan in the spring of 1993, and concluded: "Certain people want Afghanistan to be a kind of smoldering fire from which they can pick embers and cast them into the independent states of Central Asia, thus putting pressure on them. It is no secret that certain dark forces harbor those kinds of dreams. . . . Groups of terrorists are being trained in Afghanistan, Pakistan, and Iran to carry out subversive activity in our region."

On March 13, 1993, Karimov wrote to the Secretary General of the United Nations, Boutros Boutros-Ghali, informing him of the situation and stressing that preparations were being made for massive incursions across the Afghan-Tajik border and vicious acts of terrorism in Central Asia generally. He insisted that a special report on the situation be submitted for discussion at a session of the Security Council. As a result of the continuing deterioration in the situation in Afghanistan and Tajikistan, and the attack on Russian forces stationed on the Afghan-Tajik border, at the beginning of April many influential newspapers in Russia published the text of Karimov's letter to the U.N., and echoed his concern that a huge theater of war was being created in Central Asia.

# Helga Zepp-LaRouche announces run for German chancellor post

by Our Wiesbaden Bureau

Helga Zepp-LaRouche, chairman of the new German party "Bürgerrechtsbewegung Solidarität" (BBS), the Solidarity Civil Rights Movement, doesn't want to see the collapse of Italy's political institutions repeated in Germany. But the wave of corruption scandals now sweeping Germany, including the resignation of Social Democratic Party Chairman Björn Engholm, makes the situation look all too similar. For years, Zepp-LaRouche has been warning that the federal government in Bonn would be digging its own grave if it passed up the opportunity which opened up in November 1989, and if it fails to implement the comprehensive Eurasian infrastructure program which her husband Lyndon LaRouche had proposed back then.

That program, which envisaged Europe's reconstruction as emanating from the LaRouche Paris-Berlin-Vienna "Productive Triangle," never even started to be realized. The consequences of that failure are the bloody war in former Yugoslavia and similar threatened developments in the former Soviet Union; mass unemployment, especially in the eastern part of Germany; the collapse of production all over the East; Germany being engulfed by the world depression; and now the unravelling of a German political class, which has utterly failed to meet the challenges facing it.

Helga Zepp-LaRouche has said this many times before. But in March 1993, when the steel crisis re-erupted with the announcement of new factory closings, she made the bold step of announcing her readiness to challenge the Christian Democrat Helmut Kohl as chancellor candidate. So far, the next general elections are scheduled for 1994; but unlike in the United States, the date for elections can be changed by the parliament at any time, and in these turbulent times, anything can be expected.

## A new German party

Helga Zepp-LaRouche's party, the BBS, was founded both as an international movement and as a federal German party on Nov. 22, 1992. More than 500 participants from 25 countries gathered in Germany's Rheingau district for a conference of the international "Peace through Development" coalition. The conference's theme: "A Thirty Years' War, or a New and Just World Economic Order." In the course of two days of discussions about a strategy to halt the worldwide crisis, participants found a workable answer: In

the United States, the civil rights movement and the political movement built by Lyndon LaRouche have taken the historic step of joining together to fight side-by-side for the inalienable rights of all people.

Many well-known figures from the U.S. civil rights movement, such as Rev. James Bevel, Rev. Wade Watts, and Joe Dickson, publisher of the *Birmingham World*, Alabama's biggest and oldest African-American newspaper, made personal appearances at the conference. Dickson commented later that the fact that the American civil rights leaders acted as "midwife" to the birth of the BBS, was of historic importance. Others who expressed personal interest and happiness at this step included the Chinese trade union leader Yue Wu, who had supported the Chinese student movement at Tiananmen Square in 1989 and who is one of the six most wanted men in mainland China; the Franciscan Father Superior Liu from Taiwan; and various representatives from African countries. The BBS's international advisory council also includes many parliamentarians from eastern Europe.

Since its founding, the BBS has established 11 branches in the states of Saxony, Thuringia, Berlin, Bavaria, Baden-Württemberg, Hesse, Rheinland-Palatinate, North Rhine-Westphalia, Lower Saxony, Schleswig-Holstein, and Hamburg. Many local groups have also been formed. In paid newspaper advertisements, leaflets, demonstrations, and meetings, the BBS has been intervening to oppose the Serbian genocide in the Balkans, to counter the growing anti-foreigner hysteria, and to push for a solution to the grave economic crisis.

## An international movement, too

Just as the Indian freedom fighter Mahatma Gandhi and the American civil rights leader Dr. Martin Luther King, Jr. emerged as moral authorities in the struggle to end underdevelopment, apartheid, and racial hatred, and to ensure freedom, equal rights, and inalienable rights for *all people*, so today the names of Helga Zepp-LaRouche, chairman of the BBS, and her husband Lyndon LaRouche are inextricably bound up with the struggle for a new and just world economic order, which could enable all people on this planet to enjoy a life with dignity.

"The name for peace is development!" is the central idea

in all past and present activities of this international movement:

- In the 1970s, Lyndon LaRouche formulated the concept of an International Development Bank, an idea which found great acceptance among the nations of the Non-Aligned Movement. Shortly afterwards, the movement raised the demand for a comprehensive moratorium on international debt, an action which would smooth the way for a new, viable currency system. In the early 1980s, this call was taken up by leading political figures in the Third World.

- Special concern about the life, health, and development potential of the younger generation was at the forefront of the “War on Drugs” against the international cartels which controlled the cultivation, production, and distribution of mind-altering substances. On the same grounds, LaRouche was the first to warn of the catastrophic consequences of the deadly AIDS epidemic, and made efforts to give it serious medical attention, especially in terms of large-scale, international research programs for the development of a cure.

- The movement’s greatest impact on the course of world events over the past decade came as a result of LaRouche’s concept of a beam weapon defense system for repulsing and destroying nuclear missiles, which for the first time would make defense against such missiles less expensive than the missiles themselves. President Ronald Reagan announced this concept on March 23, 1983, calling it the Strategic Defense Initiative (SDI), declaring it to be U.S. policy, and proposing at the same time that Moscow collaborate in constructing such a system. LaRouche, who at the request of the U.S. government had been holding private discussions with the Soviet side for almost a year, beginning in early 1982, emphasized not only the obvious military benefits of the SDI, but also especially the immense spin-off effects which would occur in the civilian economy if these “new physical principles” were applied there. The productivity of the entire world economy could be thereby increased by orders of magnitude.

- LaRouche’s SDI proposal was rejected by the Soviet *nomenklatura*, which responded by launching an unparalleled international defamation campaign against LaRouche, and then demanded that LaRouche be “put out of circulation” as quickly as possible, which later resulted in his politically motivated prosecution, conviction, and imprisonment in January 1989. The Soviet rejection of the SDI in 1983 resulted in the collapse six years later of the entire communist-controlled economic sphere in central and eastern Europe, including the Soviet Union itself. Already back in 1982, LaRouche had forecast that the Soviet side would negate the civilian economic aspects of his proposal, and would move to concentrate exclusively on military SDI research.

- The collapse of the Soviet economy offered a historic opportunity for freedom in central and eastern Europe, along with the reunification of Germany, with Berlin as its capital. In the autumn of 1989, LaRouche, from prison, reacted to

these developments by issuing a program for infrastructural and economic development of the entire Eurasian continent. The development push was to emanate from the Paris-Berlin-Vienna “Productive Triangle,” the area where Europe’s greatest productive potential is concentrated, which could function as a “locomotive” to pull the entire world economy out of the depths of depression.

### **Ready to become chancellor**

For many reasons—a major one being strong and quite destructive Anglo-American and French opposition to any development of eastern Europe under German auspices—the Productive Triangle was not implemented. And no one deplores the resulting mess more than Mrs. Zepp-LaRouche. In the statement she made in March announcing her readiness to take over the Bonn government (since it seems unlikely that these people will ever move to the actual German capital Berlin), she wrote:

“The decision to shut down the steelmaking district of Rheinhausen is the last straw. If there is not a drastic change in the current direction of economic policy, we are headed toward the greatest economic catastrophe in history, not only in Germany, but throughout Europe and the world.

“The decision to junk Rheinhausen, one of the most modern steel works with an ideal location, is not the result of supposed overproduction for the world market, but rather is the expression of the political, economic, and moral bankruptcy of the major parties and institutions in our country. . . .

“Industrial leaders’ decision to transfer production facilities into so-called low-wage countries, betrays the mentality of an accountant who has no sense whatever of actual production. In the short term, you can perhaps shore up profit margins by exploiting Chinese coolie labor at starvation wages; but in reality such a destruction of high-skilled jobs leads to the collapse of the entire economy.

“And if the nations of the East are forced to fulfill the demands of the International Monetary Fund and must service the old communist debt, no one should be surprised when they attempt to sell steel to the West at dumping prices—steel which is cheap because of the starvation wages being paid in the East.

“Looking around the globe, do we have too much industrial and agricultural capacity? On the contrary, we have a pitiful worldwide shortage. . . . For 20 years I have been fighting in Germany and in many other countries for a just world economic order. . . .

“The great moment of 1989, which could have become a *punctum saliens*, a turning point in history, was shamefully missed, because the program I had proposed was rejected. . . . Leading parties and institutions did not grasp the opportunity of 1989, and instead stuck their heads in the sand. . . . That is why I am running for the office of chancellor in the upcoming parliamentary elections planned to be held in 1994.”

# Sweden's Schori wants 'U.N. new order' over Bosnian dead bodies

by Mark Burdman and Ulf Sandmark

Never one to eschew deals made over the dead bodies of others, former Swedish deputy foreign minister Pierre Schori has launched a propaganda campaign to promote the idea that the slaughter in Bosnia could be a good thing, since it could bring about a "new peace order" run by the United Nations, in which Sweden could play a central defining role. Toward this end, Schori, who under the late Olof Palme effectively ran Swedish foreign policy on a day-to-day basis, and is a close collaborator of Henry Kissinger and former British Foreign Secretary Lord Carrington, insists that no military action be taken against Serbia, that a U.N. "protectorate" be established over Bosnia, and that the international "peace movement" be revitalized around the perspective of "strengthening the United Nations."

Such arguments were the substance of an article that Schori wrote for the Swedish social democratic weekly *AiP*, in its April 30 issue. A condensed version of the article was published earlier, in the Swedish daily *Dagens Nyheter* on April 26. Copies of the *AiP* piece were circulated at a May 6 gathering of the Swedish Social Democracy's foreign policy institution, the Olof Palme International Center. The article was entitled "Shooting in Sarajevo: The Revenge of History or the Beginning of a New Peace Order?" The words "shooting in Sarajevo" were clearly understood by Swedes to refer to the assassination of Austria's Archduke Ferdinand in 1914, the which event triggered World War I.

In both his written piece and his public statements, Schori postured as a great sympathizer of the suffering Bosnians, insisting that Bosnia, as "a member of the U.N. family, has the right to be helped, just like Kuwait." He said that Bosnia had "the right to protection from the United Nations" against what he referred to as "Croatian-Serbian" attacks. However, that "right" does not entail lifting the arms embargo on Bosnia or outside intervention against Serbia, since, according to Schori, "it is not possible to solve the situation militarily," and "those who say, 'Bomb the Serbs,' are wrong."

Instead, what should be done, in his view, is create "protected zones" for the Bosnians, which would be defended by a U.N.-sanctioned international force that would include Swedish participation. These "protected zones" would be a transitional measure, on the way to "a true U.N. protectorate over Bosnia-Herzegovina for a period of five years." Schori noted that the "protected zones" concept was, in essence,

modelled on that proposed by British Prime Minister John Major for the Kurds, after the Persian Gulf war against Iraq. (Indeed, during May, the British and French governments have been successfully lobbying within the U.N. Security Council, for the establishment of such "zones" for the Bosnians.)

Schori wrote that "after the end of the Cold War, it may be possible to form a new peace order on the basis of the U.N. statutes." He praised U.N. General Secretary Boutros Boutros-Ghali's "Agenda for Peace," which outlines an expanded global role for the U.N., as "innovative," and claimed that the document was essentially inspired by the original concept of "U.N. peacekeeping forces" developed in the 1950s by U.N. Secretary General Dag Hammarskjold, who was also a Swede. "Sweden, in its foreign policy, should follow the Hammarskjold-Palme line," he stressed.

## **Allegiance to Carrington and the U.N.**

Displaying his allegiances, Schori elaborately praised Peter Lord Carrington, the former European Community chief "mediator" for the Yugoslav crisis, contrasting Carrington's views favorably to those of the Germans, whom Schori accused of having brought about premature international recognition of Croatia and Slovenia. Carrington, Schori wrote, always understood the need for "gradual negotiations" that would lay the basis for a "total solution" of the Yugoslav issue. "The English Lord is still missed by democratic circles living in former Yugoslavia," Schori slobbered.

Schori's fawning over Carrington points to one aspect of the "hidden agenda" in his propagandizing. There are three essential components of the Swedish oligarchy's "hidden agenda" respecting the Bosnia issue.

It is undoubtedly more than coincidence that the first version of Schori's argument, in its abbreviated April 26 *Dagens Nyheter* form, was circulated one day after the conclusion of the April 22-25 annual gathering of the Bilderberg Society, which took place in Vouliagmeni, a suburb south of Athens, in Greece. Carrington presided over this meeting, and the notorious Lord David Owen, who replaced Carrington as EC mediator, also attended. During the proceedings, Carrington loudly argued against the lifting of the arms embargo against the Bosnians and against U.S.-led military action against Serbia. Indeed, it was at the April 22-25 meet-

ing, that the agenda was worked out for the next weekend's May 2-3 Owen-Vance-led "Yugoslav conference" meeting, led by Owen and U.N. envoy Cyrus Vance, who worked out a Neville Chamberlain-modelled appeasement deal with the Serbs. The May 2-3 meeting was held at the same resort hotel in Vouliagmeni where the Bilderberg meeting had just taken place.

Only two prime ministers attended the Bilderberg meeting. One was Greek Prime Minister Constantin Mitsotakis. The other was Carl Bildt, representing Sweden. Although Bildt is from the Moderate Party, for which the Social Democrats are the opposition, his views on Bosnia are identical, in substance, to those of the Social Democrats.

From this standpoint, Schori's propaganda blitz should be seen as building an international Scandinavian flank for Carrington and Vance-Owen, and against a U.S.-led military intervention into Bosnia.

But there is a second level, an "agenda within the agenda" in all this, namely that Sweden, together with other Scandinavian countries, is hoping to have the political influence of a virtual world power, through the agency of a strengthened U.N. That has been the intense preoccupation of the majority faction of the Scandinavian oligarchy, whether social democratic or otherwise, since the end of the Second World War. It is noteworthy that the two first secretaries general of the U.N. were Trygvie Lie of Norway and Dag Hammarskjold of Sweden.

We see this tendency prevailing to the present day. The Scandinavian nations pay a disproportionate share of the overall funding for U.N. operations, including, it is estimated, 80% of the funding for U.N. family planning and population control programs. Leading Swedes have positions at the various "chokepoints" of the U.N. global structure. For example, the new U.N. deputy secretary general responsible for U.N. relief aid operations, is Jan Eliasson. Eliasson is formerly head of the political department of the Swedish Foreign Ministry, and is seen by informed Swedes as a clone of Schori. Eliasson replaced the Sadruddin Aga Khan in this post; whatever the latter's failings, he did oppose the draconian post-Gulf war sanctions regime against Iraq, and has more recently attacked the international community for failing to act against Serbian genocide. Eliasson's view is that the Gulf war was a positive, historical turning point in the building of a U.N.-centered "new world order."

Swedish efforts are also encapsulated in a commission on "global order and strengthening the United Nations system," which is due to issue its findings during 1994. That commission is co-chaired by former Swedish Prime Minister Ingvar Carlsson and former British Commonwealth Secretary General Sir Shridath ("Sonny") Ramphal. In public statements made during the last weeks of 1992, Carlsson called for the U.N. to strengthen its presence in various parts of the world, and asserted that "the U.N. polity must go on the Hammar-skjold-Palme line."



*Pierre Schori: He and his friends in the Swedish oligarchy have a "hidden agenda" in their policy toward the Balkans.*

Since 1994 will also be the year of the U.N.-sponsored conference on "Population and Development" in Cairo, it is obvious where matters are heading, with the U.N. being the coordinating body for global malthusian policies, and the Scandinavians playing a key role therein.

From the Norwegian side, an earlier U.N. commission on "environment and development," which formed the basis for the 1992 "Earth Summit" in Rio, was headed by Norwegian Prime Minister Gro-Harlem Brundtland. Noteworthy too, is that the announced replacement for Cyrus Vance, as the U.N. partner of Britain's Lord Owen in future Balkans diplomacy, is former Norwegian foreign minister Thorvald Stoltenberg.

By such activities, the Swedes and Norwegians can operate as "Trojan horses" for British world-federalist policy, but they also achieve a global influence way out of proportion for countries with a combined population of less than 13 million.

### **To neutralize the LaRouche influence**

A third aspect of the Schori offensive, is that the Swedish elites are frantic to contain the influence of the political movement of Lyndon LaRouche within Sweden. By mid-April, LaRouche associates in Sweden were beginning to get an unusual amount of attention, because of their months of work in mobilizing for solidarity with the Bosnians. On April 20, collaborators of the LaRouche effort were featured on Swedish television, giving interviews on the occasion of Bosnian President Alija Izetbegovic's trip to Stockholm. The reason this happened, is that the LaRouche-associated solidarity organization was the *only* one to come out and demonstrate for

Bosnia when Izetbegovic arrived.

Soon thereafter, letters began to appear in Swedish newspapers—obviously not in a spontaneous way—complaining that “the LaRouche sect” was the only group in Sweden vocally organizing on behalf of Bosnia. These letters warned that the vacuum must be filled by others; otherwise, the LaRouche-associated European Labor Party could achieve considerable political influence, given the fact that many Swedes sympathize with the plight of the Bosnians. From the first week of April, one can date an intense Swedish social democratic campaign to counter, and if possible shut down, efforts of LaRouche associates in favor of solidarity with the Bosnians.

The other side of this coin, is that Schori, in his article and May 6 speech, promoted the idea of a new burst of “peace movement” and Socialist International activity, around the Bosnia issue. This, undoubtedly, was to convey the impression that the vacuum was being filled.

He boasted about his own links to the “Praxis” movement, a movement of self-professed “democratic dissidents” that grew up during the Tito era. “Praxis” operatives have been key in building up the political-psychological climate for war in former Yugoslavia. (See “The Tavistock Psychiatrists Behind the Rape of Bosnia,” *EIR*, Feb. 12, 1993.)

Schori also boasted about his ties to the social democratic movements in both Slovenia (where he traveled during Easter) and Croatia (whose head, Branco Horvath, visited Stockholm recently), claiming that these movements were instrumental in shaping the proposals for U.N.-managed “protected zones” for Bosnia.

He further wrote: “For a couple of years, we have supported the political and trade union resistance against nationalism and war, developed by the Croatian-American socialist Bogdan Denitch.” This is directly germane to the anti-LaRouche operation: Denitch had been a close collaborator for years of the League for Industrial Democracy’s Arch Puddington, the latter the mentor of Dennis King, the number one author of slanders against LaRouche in the United States. Moreover, Schori himself collaborated with the U.S. Anti-Defamation League and communist intelligence services to spread the lies that LaRouche and his Swedish associates were responsible for Olof Palme’s murder in 1986.

Among this complex of allies, Schori cited the international “peace movement.” He and his British and Scandinavian co-thinkers hope to mobilize a new such movement, on the scale of the Vietnam War-era youth and student movements, against any outside military intervention to stop the Serbs, against U.S.-led moves into Bosnia, and for the United Nations. However, it is very doubtful that a mass base can now be emotionally catalyzed around such activity, since real sympathy for the Bosnian people remains strong among Swedes, and the growing Balkan refugee population, and since the U.N. has already been significantly discredited by its Serbia-appeasing policies in former Yugoslavia.

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## Interview: Yves Dubois

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# Alsace-Sarajevo relief convoy forces a breach

*On March 1, the convoy of trucks belonging to the Coordination Alsace-Sarajevo returned with great fanfare in front of the Council of Europe headquarters in Strasbourg, France. The scene was one of joyous reunions of the truckers with their families and friends, who had followed, not without grave concern, this “mad project” of bringing solidarity from the entire region of Alsace into the heart of horror—Sarajevo. What a road was traveled in such a short time!*

*In November 1992, several friends got together in a café to conceive the project. On Dec. 17, 1992, the demonstration of the Coordination Alsace-Sarajevo was joined by personnel from the Council of Europe to denounce the complicity of the United Nations, institutions, and governments with the genocide taking place in Bosnia. On Jan. 17, 1993, Alsatians brought nearly 6 million francs [roughly \$1.13 million] to mayors’ offices throughout Alsace in order to finance the Coordination project. Doubts and difficulties soon followed. But on Feb. 17, the trucks made their rendezvous in front of the Council of Europe, exactly two months after the demonstration—and thence departed for Sarajevo.*

*Catherine Brannan of the Schiller Institute, which supported the launching of the Coordination, met with Yves Dubois, editor-in-chief of the France 3 regional television and president of Coordination Alsace-Sarajevo, and provided the following interview from Strasbourg.*

**Q:** Can you tell us your reflections and feelings on this “mission impossible,” now that it’s completed?

**Dubois:** What we hope to achieve by sending the largest convoy ever organized to Sarajevo rests on a grand idea, without any doubt “utopian” on several levels. I want to insist on the fact that in the first place, we wanted to make a demonstration “on the ground” to say that we, citizens of Europe, do not accept what is going on in Sarajevo. One hundred and forty people traveling in 64 vehicles—we were no longer content to go watch with our hands in our pockets. Therefore, we brought food and medicines, 350 tons in all. But this was only food added to the moral support. The aim

of this operation was to make an impression on the Serbian extremists through this demonstration of a rejection of violence by so many ordinary citizens, and to force Unprofor [the U.N. Protection Forces] not to remain insensitive to such a convoy. The trip of such an important convoy was intended to serve as a dramatization, to show the unacceptable side of this situation, and to force open a breach, the first open road to Sarajevo.

**Q:** Do you think you succeeded?

**Dubois:** We only partially succeeded. As far as the organization of such an important convoy and the direct distribution of packages to the population goes, everything went quite well. In Sarajevo, we also succeeded in saying what we had to say personally to the citizens of the capital, thanks to the press conference organized for us by the town. We explained, and this was transmitted by Bosnian television, that we were there to defend the "spirit of Sarajevo"; the city-symbol of multicultural, multireligious life, and of harmony between different components of this nation that used to live in peace.

On the other hand, we were not successful in intimidating the Serbian militias! Drunken madmen fingering their triggers. They robbed six of our trucks on behalf of the "Serbian Red Cross" as they jokingly liked to call it. On the return route, they explicitly showed their anger over our televised interventions and the fact that we had succeeded in bringing in rolls of newsprint for the only newspaper in town, *Oslobodjenje*. [The U.N. High Commission for Refugees had been refusing to allow paper in, because it was not considered "humanitarian aid"—ed.] As for Unprofor, we did not succeed in convincing it to open the breach with us. We received absolutely no official help from it. It is clear that they had received orders to "do nothing." This has been confirmed again with what we have just seen in Srebrenica.

**Q:** What would be effective in bringing the barbarism in former Yugoslavia to an end, and to the foreseeable consequences it would have on the explosive situation in the countries of the former Soviet Union?

**Dubois:** What should we do? It must be understood that Sarajevo is not in ruins (contrary to what I expected). It is painfully heartbreaking to see the blackened buildings, with the inside stories burned out, but the buildings are standings. Even blackened, peppered with holes, the town is standing. And especially the people are standing in every sense of the word, although they are living on tenuous humanitarian aid. They are fighting to survive—but more than that, they are getting organized for the long term. They are letting it be known that they will not be worn down by a war of attrition. They are forcing the Serbian extremists to act out in the open by their composure. If the Serbians want to take the city, they will be forced to walk over their bodies.

I think, now, we have to act here, wherever we are in

Europe. We have to do some "lobbying." We have to put moral pressure on elected officials, on all those in decisionmaking positions, even on business leaders. At a first pass, we should think through an accounting of each of the sectors, each aspect of daily life in a city. But we have to expect a partnership over the long term. This is not a question of two weeks of emotion and then—*fini*. We must no longer act on the emotional spur of the moment, but rather find out how to work over the long term.

One small example will give you a sense: One member of the convoy, rather than leave his foreign exchange with his host family for the night, decided to buy several shares in the business belonging to the father of that family—we have to be thinking of expanding this type of procedure.

**Q:** How did other members of the convoy respond to their experience?

**Dubois:** There are people who participated in the convoy and who want to go back to Sarajevo with the trucks. What was possible with a large convoy, one time, would not be a second. It is clear that the Serbian extremists will never let us go a second time. As for the possibility of sending smaller convoys, this does not cohere with the original idea of the Coordination Alsace-Sarajevo. We have always said that we did not want to create one more humanitarian association.

Again, I think it's important not to simply act as a function of personal emotions. What is needed is for prestigious groups to take decisions, not of principles but of action. It can be done from Alsace. In the same manner that concrete actions concerning transportation followed the accords passed by our German and Swiss partners, we can envisage common actions with Sarajevo. The efficiency and know-how we showed in building the universal exposition at Seville . . . we should be able to mobilize to establish joint research programs with the universities in Sarajevo. The university students from Sarajevo should be able to come here and any impediment should cause an diplomatic scandal and provoke a major mobilization. The initiative of Strasbourg Mayor Catherine Trautmann makes good sense. She is attempting to mobilize the Euro-cities network in favor of reconstructing Sarajevo. There are already favorable responses and it is possible they could organize a conference of mayors of major European cities in Sarajevo. That would be more important than all the foodstuffs in the world.

**Q:** There is much speculation about a military intervention.

**Dubois:** A military intervention makes no sense unless there is a viable long-term policy which does not rely on the "partition" of Bosnia. The international and moral right of the state of Bosnia-Herzegovina is acknowledged. It is an independent state with its own borders. There can be no solution by means of ethnically based partitioning.

# Eyewitness to terror in Croatia

*The Croatians and Bosnians are maintaining a fighting spirit of hope, in the face of Serbia's systematic policy of terror. Lynne Speed reports.*

*The Schiller Institute's Lynne Speed traveled to Croatia with Rev. James Bevel, Lyndon LaRouche's vice-presidential running mate in 1992, on Feb. 13-17 to get a first-hand look at the devastation both in Croatia and in Bosnia, and to talk with those struggling to bring peace to the region. The following is edited from a verbal report she gave to Schiller Institute members in Leesburg, Virginia on Feb. 26, 1993.*

We spent about four days in Croatia and met with a number of people there, including the Mothers for Peace and leaders of the Catholic Church, and we interviewed a Bosnian woman who had been raped. Despite the real horrors that people have been through, the morale of the population was extremely high, and that was something that was very, very impressive. We were entirely in Croatia, although we did speak with a member of the Bosnian government and a member of the Bosnian relief forces.

Croatia is currently divided so that a third of it is occupied by the Serbians, one-fifth is made up of buffer zones for which the United Nations nominally has oversight: They call these "pink zones" and "gray zones." In the pink zones, the U.N. is supposedly in charge, but in fact, exercises absolutely no authority, and sits by idly while the Chetnik forces [Serbian irregulars] do whatever they please.

When we got there, we took a tour about 90 kilometers or so outside of Zagreb, to two cities—Lipik and Pakrac. Lipik is a town which had about 5,000—a very beautiful rural village. As you drive out, there are houses on either side of the roadway. You notice that *every* house is demolished. As you come closer to the center of town, you see *every single house* on either side of the road—one house right after another—is totally, *totally* destroyed—every house, every church, every school, every kindergarten. The graveyard was overrun by tanks so that every single gravestone was destroyed. Most of this destruction was done *after* the village was evacuated. This is a policy of wanton destruction of cities, so that they can *never* be renewed.

Lipik is where you have the famous white stallions, the Lipizzaners. There also is a very famous hospital, which was a center for women's diseases, and a rehabilitation-convalescent home; it was a resort area, where people who were recovering from serious illnesses could come, and there were

beautiful gardens. We walked around all the grounds, and saw where the indoor hot springs had been. The Serbs had parked tanks across the road and they shelled the place every day for a week, to make sure that all the equipment, all the pools, were destroyed. We met a family of seven who had been living in their basement for six months, because the roof had collapsed. Children were playing in the rubble.

Then we continued on to Pakrac, which was a slightly larger city—about 20,000—which is right on the border between the pink zone and the gray zone. We came up to a little roadblock manned by the Croatian police. The Croatian military is not allowed to be in this area, because the U.N. is supervising it. The Croatian police told us, "You shouldn't go in that area, up that hill." They said, "Do you see those two guys that are walking around? Those are Chetniks, and they've been up there all morning. We don't know whether they've mined the road, or whether they have machine guns, or what they're going to do, so we would advise you to stop." Now, this is an area which is acknowledged to be Croatian territory, which is supposedly under the United Nations mandate, where the Serbian forces are free to run amok.

There was a church, where we had stopped, where the images of Christ, the eyes, had been shot out—for target practice. The eyes, the nose, the mouth; Christ, the Holy Family, the Virgin Mary, the archangels, all the holy images. This is very important, because one of the myths in the press, which many Americans believe, is that this is a religious war, that the Serbs are defending Christianity against the Islamic hordes. A monsignor in Zagreb, who is very involved in relief programs in Slovenia, Croatia, and Bosnia-Herzegovina, showed us how absurd this was. He emphasized that most Serbians are not Christians. In most of Serbia, 70-75% of the Serbians had no religious instruction; in some areas this figure is 95%. They had never been in a church; they had never been baptized. This is in marked contrast to the Croatian Catholics—95% of the population regularly attended church, even under communism, when it was expressly disapproved of. If Christmas came on a Friday, the schools would remain open. The Catholics would organize to have an early morning or late evening mass, and the majority of people, outside of the party hacks, always went to church. The Islamic population as well would regularly attend services. Not true with

the Serbians. The way the atrocities are being carried out is satanic: There are more than 500 Catholic churches that have been bulldozed, again, most of them after the cities have fallen, as have the cemeteries.

We talked at length with a medical doctor, who has conducted a number of social actions throughout Croatia and Bosnia-Herzegovina. When Dubrovnik was under siege, there was an attempt to evacuate all the women and children; he made the point that if they left, then the morale of the fighting forces would go to rock bottom, and they wouldn't be able to resist for very long. So he organized the women and children to stay with their husbands and sons, which allowed the resistance to go for much longer. In Vukovar, which has become a national symbol of resistance, he did something which very much shocked the Serbs, who expected Vukovar to fall very rapidly, rather than the long period of resistance. Many of the people of Vukovar lived for the last three or four months in their basements. Right after the heavy shelling, during which people had been unable to come out of their basements for a week or two, he would go to the center of town and organize concerts of Mozart, blaring out as a message to the Serbs, that the will of the population had not been broken. He did this in Dubrovnik as well.

### Targeted terror

He said we have to be very clear on what's going on: The Serbians don't have a policy of rape as a sexual assault. What the Serbs have perfected is the maximum amount of psychological terror. If they go to a town of 50,000 people, they don't shoot everyone, because there would be an international reaction. What they did, is they went in with targeted terror operations, beginning with the men, not with the women. One of the first things they did in villages in Croatia and Bosnia was to line up all the men between the ages of 18 and 40—anybody that was able to have a family—and they would have Serbian women cut off the genitals of these men. Many of these men were then killed.

In Büko, in eastern Bosnia, there were 34,000 people, primarily Muslim. The Serbian forces went in, they took every single man between the age of 18 and 35, they inflicted these mutilations, and then they killed them. Then they put the older men into concentration camps. All the girls between the ages of 15 and 40—of childbearing age—were put into bordellos, where they were systematically raped for two to three months. The older women and younger children were put into concentration camps, as well. After two or three months, they would let the raped women out and the refugee agencies then come in and take the women away.

So, the policy was to destroy an area, leave everybody homeless, leave everybody without any type of family structure, but without killing everyone. And then the relief agencies, the United Nations and so on, are acting in collusion with the ethnic cleansing, because they come in and clear the area. They don't say that these people have the right to be

back in their homes; they're moving people someplace else. There are 2 million refugees throughout Europe; 800,000 are in Croatia and Slovenia. One of the towns that we visited, which has 20,000 people, also has 20,000 refugees. In Zagreb, a city of 1 million, approximately 600,000 refugees are there or passing through there.

The rapes are really uncountable. There was one report that gave the number of 10,000 Croatian Catholic women who had been raped, the youngest one being 7 and the oldest woman being 70. And there are no areas which are really safe: If you look at the two-thirds of the map that is supposedly controlled by Croatia, it is all within 30 miles of Serbian-occupied territory. We had had a plan to go to Karlovac, which had been peaceful for about a year, where we had wanted to see how the rebuilding was going. However, we learned that the Serbians had started heavily shelling Karlovac again. When we got to the maternity hospital on our second day in Zagreb, the doctor told us that their newest case of rape had been a 13-year-old girl in Karlovac, who couldn't even walk, because the Serbs had broken her pelvis.

### Geopolitical perfidy

There's a real recognition that the United States has played a key role in manipulating and allowing this to happen. Virtually everybody that we met with brought up the reference to James Baker's trip there in June 1991, when he said the important thing is a unified Yugoslavia. The monsignor told us a story: When he had been at a bishops' conference and then went to an interview with the State Department in November 1991, and Cardinal Kuharic from Zagreb met with Ralph Johnson, who was the State Department expert on the Balkans. The cardinal told him, "All we want is recognition." And Johnson got very nasty, and said, "No! We never intend to recognize Croatia because there are legitimate complaints and problems with suppression of ethnic minorities." Later in the conversation, the monsignor asked Johnson about Sanjak in southern Serbia, which is 80% Muslim, where it is well-known that the Muslims were very poorly treated. Johnson had never heard of Sanjak!

Quite independently of what Lyndon and Helga LaRouche have been emphasizing, people who are not familiar with their analysis stressed how it is crucial for people to know that this is a geopolitical war. People we talked to emphasized that the cause of the war does not come from within the Balkans, and the fact that it continues is not coming from this area.

The woman whom I interviewed, who had been raped, was originally from Gorazde, which has been in the press because it's been under siege, and she fled to Zagreb when she discovered she was pregnant. She and her husband were managers of a small business, together with two of their Serbian neighbors. She said that she had lived with them for 20 years as "brothers"; that's how she regarded them. These two Serbian neighbors—maybe under compulsion, it's hard to say—who

had joined the Serbian militias a bit earlier came with 10 men to rape her. They raped her for several hours, and she finally escaped by saying that she had to go to the bathroom and jumping out of the second story window and running through the woods in the middle of the night. She finally arrived at the village where her mother-in-law lived, and had never told her mother-in-law or any family members what had occurred. According to her understanding of Muslim law, once she was defiled, she could never have her husband look on her again. She said she realized her marriage was over the moment she was raped, and only hoped to be able to see her 10-year-old daughter again, one day. So you think about how this systematic policy totally destroys the family.

Many of the women who escape from these rape camps reported that the Serbian soldiers who came in to rape them, said, "I don't want to do this, but if I don't do this, I'll be killed." So you're not just talking about some madmen, but you have a policy of total terror.

I wanted to stress again the optimism that people have,

and particularly among people from the church, the relief agencies, and the Bosnian government. Rebuilding is going on with virtually no resources. In Osijek, in eastern Croatia only a kilometer from Chetnik outposts, the center of the city, which was 50% destroyed by shelling, has been almost entirely rebuilt in nine months. They were very hopeful and encouraged by the fact that we were there. Reverend Bevel made a proposal about some social actions that we might be able to take in the area to one of the church officials, and at first, he said, "This is all wonderful, but it's too late. I'm happy for your concern, but you should have come here a year ago." Then, at a certain point, his eyes started twinkling, and he said, "Well, you have really great faith to think that something can be done. And *maybe* God has sent this Jim Bevel here, with these wild proposals to salvage this situation." There was that degree of optimism that we found everywhere: That is what the enemy is trying to wipe out, any vestige of Christian civilization, human civilization from the area.

## Victim of geopolitics tells her story

*Rev. James Bevel was given the following written account by a 16-year-old Bosnian during his trip with Lynne Speed to Croatia.*

After the attack to my village, I was the eyewitness of the massacre of civilians, which was the biggest tragedy I have ever seen before. I did not know that something even worse than death awaited me. My sister bore a baby in a basement where we were hiding during the mortar shell attack to the village. After the fall of [my village], and when Chetniks entered the village, I saw dead children lying near the house, aged between 3 and 8. I saw a destroyed mosque, and men taken away.

Some renowned persons were abducted from a column, and then killed with a gunshot in the head. They fell on the ground, and their bodies lay all around in grotesque poses. Everywhere, only chaos, panic, and death. They accused my grandfather of killing one Serbian, and then they killed him in front of my eyes in the doorway. A number of women and children remained in the village. We were hiding in basements of the destroyed houses. My house was untouched. A group of Chetniks arrived that day. They were looking for precious things, and information about men who were hiding in woods. One among them, about 30 years old, ordered me to follow him in a

house. I had to go. I was terribly frightened, and I did not expect the thing that would happen later. I knew that my resistance would have endangered the lives of my family.

When we entered the house, he asked for money, jewels, and other precious things. Everything in the house was at his disposition. He asked me where the men were. I did not answer. He ordered my to take off my clothes. I was terribly frightened; I took off my clothes in silence. I felt like I was dying. I closed my eyes. I could not watch him. He punched me, and I fell down. He lay on me; then he did it. I was crying, screaming, bleeding—I was a virgin. He ordered me to stand up. I wanted to gather my clothes to cover my nakedness and my desecrated body, but I was not even allowed to touch it. He ordered me to stand and wait. He warned me to be careful of what I was doing, because the destiny of my family depended on me. He left the house and invited two other Chetniks to enter the house. I cried. These two men did the same thing as he had done before. I did not feel anything, anymore. I did not notice when they left the house and for how long I lay on the floor alone.

My mother arrived and found me lying on the floor. She entered the house, and when she saw me in such humiliating condition, it was the worst thing. She supposed what had happened to me, and she felt it like the biggest sadness of our life. We cried and screamed together. She dressed me, and we went together to the basement. . . . My mother helped me a lot. I would like to become a mother some day. But how? Men represent to me now, violence and pain. I know that all men are not like this, but this feeling is stronger than me.

# Colombians told of political persecution of LaRouche



*John Ascher is a leader of the political movement of Lyndon LaRouche in Baltimore, Maryland. His wife, Rochelle (Shelley) Ascher, is a political prisoner in Virginia, sentenced to 10 years in prison as part of the witchhunt against the LaRouche movement. The following interview was conducted on May 12 by Marianna Wertz.*

**EIR:** You recently traveled to Colombia to discuss your wife's imprisonment and the human rights issues connected with the LaRouche cases. What was your impression?

**Ascher:** I traveled to Colombia for approximately a week. I found within that country tremendous concern about the human rights issues in the United States, and I found that there is an intense debate in Colombia right now concerning basic issues of law in the context of a new constitution that has been recently adopted. I believe that Colombia as a nation is looking very seriously at human rights issues in the United States. I believe my trip there was very effective in showing people something which they had no idea existed within the United States.

**EIR:** Can you tell our readers something about your wife's case?

**Ascher:** As I stressed when I was in Colombia, in my wife's case, and in the other cases of associates of Mr. LaRouche, what we've seen in the U.S. legal system is the application of the Thornburgh Doctrine to the United States internally. In other words, the philosophy that might makes right, the philosophy that law is based on achieving political objectives, is what has been applied in the legal cases involving my wife, Mr. LaRouche, Michael Billington, and everyone else.

Shelley was charged specifically with violations of the Virginia securities statutes, both with failure to register as a securities broker and with intent to defraud individuals who were supporters of our organizations, making loans to these organizations in political support of our goals.

In my wife's case and the 15 others charged in the state of Virginia, they indeed were not even charged, in the sense that the "crime" did not exist until *after* they were arrested. This was the application of a law intended for an entirely different purpose—for stock brokers and securities brokers. If this law were applied to every politician nationally, many of them would be in prison. Of course, in this case, as we've

seen in other legal applications against our movement, new laws, new applications were created in order to serve a political pretext.

**EIR:** Can you be more specific as to what the response was to your presentation of the human rights violations in these cases?

**Ascher:** People were generally stunned. There's not that much familiarity with U.S. legal procedures, and the idea that you can have such corruption amongst the government, the prosecutors, and the judges within the United States was shocking to the people I spoke with in Colombia.

**EIR:** Isn't it true that they look to the United States as a model justice system?

**Ascher:** They do, but on the other hand, many people in Colombia, for example in the Congress—I spoke with congressmen who were very angry with the United States in general about the application of force against Colombia. One senator I spoke to, for example, specifically said that he considered the violence in Colombia to be not only internally created, but that one element of the violence within Colombia comes directly from the United States. He felt the government of Colombia and the Congress of Colombia are under tremendous pressure from the United States.

Others that I spoke with, patriotic people, are very angry at the attacks against the military institutions throughout Ibero-America, and of course, in Colombia, in particular, coming from so-called non-governmental organizations [NGOs]. The people in Colombia often have a hard time distinguishing the non-governmental organizations from the United States government itself.

**EIR:** Not for no reason!

**Ascher:** Yes, exactly. And there's a big question also about what the new administration is going to do. Is the Clinton administration going to continue with these policies which people in Colombia detest, or is there going to be a change? And to be blunt about it, I think at this point, people see very little change coming from the new administration. What I explained to people there is that we believe the new administration has not entirely developed their policy, and that one important element in their effort to stop the human rights violations in our cases is the demand from Ibero-America,

## Rochelle Ascher to 'Friends in Colombia'

*This message was sent by Rochelle Ascher to Colombia, to be read at a conference on "The Fraud of the U.S. Model of Justice" keynoted by John Ascher on May 6.*

I am honored that my husband has been invited by those in your country who place such a high value on freedom to discuss the barbaric jailing of Mr. LaRouche and his associates. . . .

My husband will be able to give you the details of this atrocious travesty of justice. My ostensible crime was "conspiracy with intent to commit securities fraud." The law characterizing the raising of political loans as the sale of unregistered securities was not passed until several weeks *after* we were indicted for this so-called crime.

But of course, our jailing had nothing to do with so-called securities fraud. As my husband will document for you, Mr. LaRouche was railroaded to jail as part of a deal demanded by [Mikhail] Gorbachov, to which George Bush fully agreed. This is the price Mr. LaRouche has paid as the leading economist committed to Christian economics in the world. This is the price he has paid as the leading opponent of the malthusian genocide of the International Monetary Fund.

I know that many courageous people in your country have been similarly persecuted and even killed for standing up for these same principles. History is made by those who are willing, like Lyndon LaRouche, to risk everything, even their mortal lives, for the sovereign rights of nations and the sanctity of man made in the image of God. . . .

from Colombia, that there has to be a change in the administration's policies.

**EIR:** I understand that you spoke publicly before associations of attorneys. Could you say something about that?

**Ascher:** I addressed the two primary legal organizations in the country, one of which is essentially the bar association, which is called the National Confederation of Attorneys (Conalbos), and the other is called the National Association of Trial Lawyers (ANDAL). We were able to get support from both these organizations. Some officials of Conalbos had already supported our appeal to President Clinton to free

Lyndon LaRouche, my wife, and the others.

I spoke at a meeting at which they were discussing the impact of the new constitution on the legal profession, and they were very concerned about how the United States was now more of a model for Colombia, and the dangers inherent in that, given the difficulties within the U.S. legal system. So when I addressed them concerning our cases, people were very shocked, and quite a number of the people at this meeting endorsed the petition to President Clinton.

**EIR:** Did you gain any other notable endorsements?

**Ascher:** In total, we were able to organize 20 new signatures, and others are considering signing. This included elected members of Colombia's Senate, attorneys, and others.

**EIR:** How would you evaluate the benefit of the trip vis-à-vis gaining freedom for Shelley and the others?

**Ascher:** I think that in Colombia, as we've seen in other nations of Ibero-America and around the world, there is a growing, aggressive mood of acting to insist that the United States change policies which people in these countries identify as being dangerous to the world. This specifically includes policies of infringement upon national sovereignty. I think that, under these circumstances, many people see the LaRouche case as very critical to changing what are wrong policies.

Also, we have many friends in Colombia who pretty much understand the urgent necessity of LaRouche being free, because his policies are critical. I had many discussions about Mr. LaRouche's policies attacking neo-liberalism, for example, with people in the Catholic Church, who understand very well that Mr. LaRouche's ideas play a critical role in going after certain neo-liberal tendencies which are taking over the economic policy planning and thinking throughout Ibero-America.

So, the view of many people who understand the LaRouche case is not only that there are human rights abuses, but that LaRouche and his freedom, and freedom for his associates, is critical in terms of dealing with the crisis in the world at this juncture. And I think that my trip there helped galvanize support for LaRouche's freedom and gave people who may not be so familiar with the LaRouche cases a first-hand sense of what is going on there, and the urgent need for Mr. LaRouche to be free.

**EIR:** I understand that Shelley sent a message to be read by you to a conference while you were in Colombia (see box). Did she have anything further to say on your return?

**Ascher:** My wife is very happy that I'm able to represent her and our political movement, and to be able to travel and get this kind of support. She's confident, as I am, that under the current political circumstances, if we continue, and given the very open political situation that I've seen, we can do something to change both the legal attacks and also to get our policies implemented.

## Will Brazil take the Fujimori route?

*As society sinks deeper into misery, military and civilian leaders are considering the Peruvian solution.*

**T**he main topic of conversation in the nation's capital of Brasilia today is whether Brazil will follow the example of Peruvian President Alberto Fujimori. In April of last year, with the backing of the Armed Forces, Fujimori took a series of drastic measures, including the closing of Congress, to forestall the disintegration of his country.

Discussions of such an option are spreading through Brazilian political and military circles in response to the perceived imminence of a social convulsion, due mainly to the dramatic collapse in living standards, which the economic measures announced at the end of April by President Itamar Franco have done nothing to alleviate.

Indicative of the mood, on April 28, the president of the influential Military Club, Gen. Nilton Cerqueira, sent a letter to Senate President Humberto Lucena denouncing their decision to raise their own wages by 367%. "It is lamentable," wrote General Cerqueira, "that in a period in which the legal order and social conditions are going through a grave crisis, the senators, from whom one expects the virtues of moderation and prudence, approve a measure that makes things worse in such fashion."

An organization of retired officers called Guararapes published an ad in the national press entitled "The Brazilian Nation Demands," calling for the resignation of the chairman of the Chamber of Deputies because of charges of irregularities in the managing of administrative expenditures by the chamber.

Newspaper commentators are

now frequently reporting rumors of meetings of military men to evaluate the pace of national deterioration—the levels of hunger, unemployment, and inflation that are fast approaching the extreme limits of misery.

Making the loudest warning of a possible repetition in Brazil of the Fujimori model have been the representatives of the liberal oligarchy of São Paulo. *O Estado de São Paulo*, the leading newspaper of the city, carried an editorial on May 3 which made no attempt to hide the fear this circle feels. Prior to his economic measures speech in April, the editorial said, Itamar Franco "received much advice, including proposals for nationalization of the banking system, freezing prices and closing the National Congress. These came from some of the 27,000 letters he receives every month." Franco has now floated the idea "that the people who are writing him want a dictatorship," the editorial added.

Similar indications of how Brazilians view things were suggested by the April 21 plebiscite on whether the country wanted to continue with a presidential system, switch to a parliamentary one, or restore a monarchy. Thousands of citizens voided their ballots by writing in their own choices, such as "dictatorship," or "strong government."

*O Estado de São Paulo* columnist Marcio Moreira Alves, a leading propagandist of the Marxist "Theology of Liberation" ideology, and an apologist for Anglo-American plans to dismantle the Brazilian Armed Forces, wrote an article recently, "Searching for Fujimori," in which he revealed

that a booklet produced by the Peruvian government and entitled "Peru, the Path of National Reconstruction with a Democracy Capable of Defending Itself," was circulating widely among Brazil's civilian and military intellectuals. This booklet states the reasons that led Fujimori to adopt his extraordinary measures, and how they have fared since.

Continuing, Moreira Alves nervously states that the ideas contained in the booklet have already made an impression among top military men and civilians alike. "It is a fact that, in the last few weeks, the number of politicians, businessmen and reserve officers who have entreated top active duty officers to design a solution à la Fujimori has grown. . . . What was unthinkable just a few months ago is now beginning to be discussed."

The situation is further complicated by the decision of Franco and some of his ministers to set themselves on a collision course with the Armed Forces. In an interview with the Mexican daily *Excelsior*, Franco absurdly blamed the nation's extremely high debt solely on the military, making no mention of either the International Monetary Fund or the international banks. Also, Justice Minister Mauricio Correa is seeking to indemnify the relatives of political prisoners "disappeared" during the 1970s when the country faced a threat from communist guerrillas.

All of this unnecessarily opens a wound, since the matter was resolved a decade ago with an amnesty for both sides. By insisting on reviving the issue, the ministry is opening the door for measures such as those implemented by Argentine President Raúl Alfonsín when he began trials against top officers of the Armed Forces, accusing them of violating human rights, an action which merely served to divide the nation.

# International Intelligence

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## *Interior Minister Deri resigns in Israel*

Israel's Interior Minister Aryen Deri, who heads the Shas party, resigned May 9, apparently because Prime Minister Yitzhak Rabin failed to meet the demand of Deri's ultra-religious party. Shas had demanded the removal of the supposedly secular Education Minister Shulamit Aloni, whose remarks Shas had found to be offensive to the religion. This move now has put the Rabin coalition in the minority in parliament.

Most of the western press is speculating that Rabin might be forced to seek the help of five members of the Knesset (parliament) who represent Arab parties, so the government will be able to withstand a no-confidence vote. But since the majority of Israelis are opposed to the Arab-Israeli peace talks, the intention behind this artificial crisis might be to tell the Arabs that they should be grateful for what Rabin is offering them. The fascist Likud party is accusing Rabin, of all people, of selling out Israel in the peace talks.

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## *Central banker takes reins in Italy*

Interpreting the result of the April 18 referendum as a plebiscite against "political parties," President Oscar Luigi Scalfaro has appointed central banker Carlo Azeglio Ciampi to form the next Italian government, bowing to the demands of the international financial elites to impose a technocratic austerity government. The next Italian government is requested to immediately find roughly \$8 billion to plug holes in the 1992 budget, by accelerating the privatization of the public industry and introducing new taxes, and to plan a \$50 billion austerity package to be implemented in the autumn.

The Christian Democracy, the main party in the coalition which is supposed to support Ciampi, has moved to keep the Health Ministry, which will presumably be saved from budget cuts. The Socialist Party has kept the Defense Ministry. The new foreign minister is Beniamino Andreatta, an ultra-liberal economist who was budget minister

in the previous cabinet. Giuseppe Guarino, the former industry minister who fought against privatizations, is out.

According to press reports, Ciampi's proposed list of ministers was discussed by the Italian delegation at the International Monetary Fund meeting in Washington on April 28, before he made it known in Italy. The nomination of Ciampi came after a delegation from Moody's, the American rating agency, met in Rome with all candidates for prime minister, including House and Senate leaders Giorgio Napolitano and Giovanni Spadolini, Mario Segni and Ciampi.

Ciampi has already promised that his government will last only until October, and disband after taking care of the economic situation and electoral reform.

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## *Malaysian premier invited to visit North Korea*

North Korean President Kim Il-Sung has invited Malaysia's Prime Minister, Dr. Mahathir Mohamad, to visit North Korea. The invitation was extended in early May when a six-member delegation from the North Korean Information Committee called on Dr. Mahathir and Deputy Prime Minister Ghafar Baba in Kuala Lumpur. Among other things, there was discussion about information exchange between the two countries, including the exchange of television programs. Malaysian Information Minister Datuk Mohamed Rahmat is quoted by Bernama news agency saying that news exchange between the two countries is particularly important since reports about North Korea and Malaysia are mostly by foreign wire services and "inaccurate at times."

Speaking in Malaysia on May 3, North Korean Information Minister Kim Ki-yong named the conditions that must be met if it is to rejoin the Nuclear Non-Proliferation Treaty (NPT), according to Japan's Kyodo news service. North Korea wants 1) a neutral International Atomic Energy Agency delegation and assurances that its military sites will remain closed to foreign checks; and 2) the U.S. to guarantee it will not use nuclear force against North Korea, and to withdraw nuclear weapons and facilities from South Korea. Kim said North Korea

will allow IAEA inspection of a nuclear power plant in Yongbyon, but not at a nearby military base which is exempted under the treaty.

There are indications that Malaysia may be attempting to play a mediation role with respect to North Korea: Three weeks ago, Mahathir was in Iran, a country with which North Korea has strong links. Under what auspices Malaysia might be acting as mediator is not known.

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## *ADL spreading more prejudice in Germany*

The April issue of *ADL on the Frontline*, the publication of the Anti-Defamation League of B'nai B'rith, boasts the headline, "ADL to Fight Prejudice in Germany: A World of Difference Program to Begin in Berlin." According to the article, the openings were made by a January trip to Germany of an ADL delegation led by National Chairman Melvin Salberg, who once again met with Chancellor Helmut Kohl and other government officials.

The ADL's World of Difference was used to infiltrate U.S. law enforcement agencies, and was funded with \$1 million from convicted junk bond swindler Michael Milken. Some police officers, who showed "promise" under the program and who have since come under investigation in the spreading spy scandal, were rewarded with junkets to Israel.

During Salberg's January trip, the ADL contracted with the Office of the Commissioner for Foreigners' Affairs of the Berlin Senate Administration for Social Affairs to conduct a World of Difference workshop for senior officials of the Commissioner's Office, which deals with foreign asylum-seekers. In Rostock, where skinhead violence against foreigners erupted in riots with the police last year, city officials have expressed the desire to set up a pilot project for a World of Difference in public schools.

San Francisco authorities investigating the ADL spy scandal report that ADL/FBI informant Roy Bullock had traveled to Germany, where he twice met with law enforcement authorities over skinhead violence and wrote the ADL profile of Germany's skin-

heads for which his boss, ADL Fact-Finding chief Irwin Suall, has often taken credit. Bullock's informants are known to have infiltrated U.S. neo-Nazi groups, on the ADL's behalf. *EIR* has exposed these groups as being active in recruitment, training, and incitement of skinheads against foreigners in Germany.

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## **Pope urges Iraq's Christians to remain**

Pope John Paul II has urged Iraqi Christians not to emigrate, in a message earlier this month conveyed by papal envoy Cardinal Achille Silvestrini, Prefect of Oriental Congregations, who was in Baghdad and planned to meet with President Saddam Hussein. The message was delivered to the Chaldean Patriarch, Raphael I Bidawid, who read the pope's appeal at a mass.

"I share the hope that they stay in this country to perpetuate the heritage fed by their ancestors," John Paul said, according to an Arabic translation of a message he addressed specifically to Iraqi Christians. The pope continued that he hoped that "current painful conditions will change into prosperity for Iraq" and its Christians would be able to stay "to carry out [Christ's] message. . . . I am aware of the hard conditions which Iraqi citizens are forced to live under. For their sake I have frequently raised my voice in different ways for an end of their pain," Pope John Paul said. The hardships caused by the U.N. are among the reasons Christians choose to emigrate, Reuters acknowledges in its coverage.

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## **Khmer Rouge attacks U.N., Chinese troops**

Two more United Nations positions came under attack from the Cambodian Khmer Rouge on May 4, according to a BBC report, after a Japanese policeman, and later that night a Polish installation and a Chinese engineering base, were attacked. The Chinese soliders returned fire. Japanese Prime Minister Miyazawa held a ministerial meeting on May 5 to review the growing conflict in

Cambodia. In addition to the dead policeman, three other Japanese and five Dutch commandos were wounded. There is increasing pressure in Japan to withdraw from Cambodia, cabinet secretary Yohei Kono said. U.N. head in Cambodia Yasushi Akashi travelled to Beijing, to meet with nominal Cambodian head of state Prince Norodom Sihanouk, who has been there since late last year.

In Beijing, a Foreign Ministry spokesman "strongly condemned" the attack. Without actually naming the Khmer Rouge, however, the spokesman expressed "our deep regret over the shelling of the Chinese engineering battalion in Cambodia." The Chinese, formerly the primary patrons of the Khmer Rouge, officially "distanced" themselves at the end of 1990.

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## **Brazilian separatists plan southern secession**

*Folha de São Paulo* reported on May 10 that on May 23, separatist Irton Marx will declare the creation of the "Pampa Gaucho Republic" in southern Brazil. Marx emphasizes that the fact of declaring the new republic's existence doesn't mean that it will separate yet from the federal union. That will occur, he predicts, following a plebiscite to be carried out by the assemblies in three southern states. No date is yet set for that plebiscite, however.

Continuing reports of separatist movements in the south have provoked strong statements of concern. Bishop Dom Aloisio Sinesio Bohn, of Santa Cruz del Sul, in the southern state of Rio Grande do Sul, warned a week earlier that "there is a risk of civil war if we don't deal with this." He charged that international separatist interests are behind these efforts in Brazil and that, among other things, this is a reflection of profound racism. "This is an idea which can be disseminated in times of crisis, such as these," he said. Dom Luciano Mendes de Almeida, president of the Catholic Bishops Conference, condemned the propagation of separatist ideas and said that egotism and racism could lead to the disintegration of the country.

● **GÜNTER KRAUSE**, Germany's transportation minister, resigned on May 6. He was immediately replaced by Matthias Wissmann, who recently took over the research ministry and wants to scrap space research, nuclear research and the development of maglev train technology and instead to increase state funding of solar energy and biogenetics.

● **KENYAN** "democratic" opposition leader Jolly Joe Mugalla, secretary of the Organization of Trade Unions, threatened at a major May 1 meeting in Nairobi, that any strike-breaker or any employer who attempts to disrupt strike actions, will "be dealt with by the necklace," according to the *Frankfurter Allgemeine Zeitung*. "Necklacing" involves putting a gasoline-filled tire around a person's neck and setting it on fire.

● **BETTINO CRAXI**, Italy's former prime minister, won a vote in the Chamber of Deputies to keep his parliamentary immunity on April 30, which protects him from prosecution. Judges in Milan are seeking to charge him in a sweeping political "corruption" scandal aimed at making Italy ungovernable.

● **CAMBODIA'S U.N.** embassy is still led by Thiounn Prasith, who was the Khmer Rouge ambassador to the U.N. for seven years. The official ambassador from Cambodia is Prince Norodom Sihanouk, son of Prince Sihanouk, who prefers not to reside in New York.

● **PAKISTAN**, under heavy threats from the U.S. that it will be declared a "terrorist state," is now helping Egyptian intelligence compile lists of alleged extremists still based in Peshawar, and at least 180 foreign "fundamentalists" have been arrested, according to the *Sunday Times* of London for May 9. Eleven of those arrested were extradited, including supporters of Sheikh Omar Abdel-Rahman, whose followers were arrested for the World Trade Center bombing.

# Paris and London undercut Clinton's policy on Bosnia

by Edward Spannaus

The Anglo-American "special relationship" that has dominated United States postwar strategic policy is on increasingly shaky ground, as the Clinton administration considers moving toward asserting an independent policy toward Bosnia. Yet the U.S. President is encountering enormous resistance and outright sabotage of his proposals from Britain and France, which are determined to prevent any U.S. intervention that could tip the balance in the former Yugoslavia against the Serbs.

President Clinton clearly favors a strategy which is based on providing arms and light weapons to the Bosnian Army, while using air strikes to hold off the Serbs while the Bosnians are brought up to a more equal fighting strength. Notably, the administration's preferred policy would not involve U.S. ground troops.

However, the Europeans, with much of the U.S. news media in tow, are determined to force Clinton to back down from this policy commitment, and are loudly proclaiming that he has already done so. As well, many of the media pundits are advising Clinton to focus on domestic policy, and not to get bogged down in a "quagmire" in Bosnia.

For Clinton to follow such advice would be fatal for his presidency. The Bosnia issue is the predominant test for the President at this time, one on which he has staked out a position which commits the United States to a course of action which is morally correct against the treachery and venality of the British-French alliance. He has strong bipartisan support for taking forceful action in Bosnia, with leading Republican spokesmen such as Senators Robert Dole (Kan.) and Richard Lugar (Ind.) fully supporting him.

The people of both Europe and America are looking for bold leadership from the President. Despite all the backbiting and sabotage from London, the British would have no choice but to grudgingly follow along if Clinton embarked on a

course of decisive action. The danger of an open break, in which the United States carries out a course of action independent of the British, is something that London will not risk.

## Owen lectures the 'colonies'

When Secretary of State Warren Christopher returned from his six days of meetings with the European allies and the Russians, he briefed President Clinton on the European resistance to lifting the U.N.-imposed arms embargo against Bosnia, and told the President that the Europeans, and especially the Russians, wanted to wait until after the May 15-16 referendum of the Bosnian Serbs before agreeing to any action. At this point, the administration apparently decided to put any final decisionmaking on hold for a week. This was decided *before* the May 10 European Community (EC) foreign ministers meeting.

Meanwhile, EC "peace negotiator" Lord David Owen continued his haughty lectures to the American colonies, demanding that the United States give up its "silly" ideas of air strikes and lifting the arms embargo, and instead put troops on the ground in Bosnia in support of U.N. "peacekeeping" and the Vance-Owen plan.

Appearing on NBC's "Meet the Press" on May 9, Owen advised Washington that "to go rushing into military action tomorrow or the next day would be, in my view, extremely foolish. . . . I don't think this is a time to lose our nerve or give up." Owen continued, "We've got to be very careful against having Europeans thinking of the Americans as cowboys and Americans thinking of the Europeans as wimps."

Owen's transparent strategy is to increase the number of ground troops in Bosnia, as insurance to protect his friends the Serbs against western air strikes, and as a policy alternative to allowing the Bosnians to obtain arms to defend themselves. The Vance-Owen plan is premised on the elimination

of Bosnia as a multi-ethnic sovereign nation, by breaking it up into ethnic enclaves. Since the fall of the town of Srebrenica, the plans to destroy Bosnia have gone even further, with the U.N. Security Council declaring five towns plus the city of Sarajevo to be "safe havens" for the Muslim population. The "safe haven" scheme, as pushed by the British and the French, would simply create bantustan-type "homelands" in Bosnia policed by U.N. forces.

It is from this standpoint that Owen demands that the U.S. send ground troops. "If you want to up your profile on Bosnia," Owen said on NBC, "the best thing the Americans could do would [be to] put 2,000 or so U.N. troops into these safe areas. . . . The absence of your ground forces is a real problem."

### **Bosnians tell the U.N. to get out**

While Owen was declaring that the absence of U.S. ground forces as U.N. peacekeepers is a "real problem," the Bosnian government was declaring the opposite: that the *presence* of the U.N. peacekeeping forces is the major obstacle to taking the necessary next steps.

On May 11, the government of Bosnia-Herzegovina formally asked the U.N. Security Council to withdraw all U.N. personnel from Bosnian territory, as a first step toward lifting the international arms embargo. "We find that the U.N. presence on the ground has become an impediment to critical decisions by the international community," Foreign Minister Haris Silajdzic said in a letter to the Security Council. He said that the lifting of the arms embargo would give the "democratic, multi-ethnic republic . . . the means to defend itself."

Silajdzic singled out President Clinton as one who understands the Bosnians' "commitment and desperate plight" by his seeking support for lifting of the arms embargo. "We beseech the Security Council to cease an arms embargo that has, in practice, constituted an international intervention against our legitimate rights as a member of the United Nations."

### **Biden blasts 'bigotry'**

While Bosnia was delivering its demand to the U.N., Sen. Joseph Biden (D-Del.) blasted the Europeans for their "timidity" and "hypocrisy" over Bosnia, in a speech which sent shock waves across the Atlantic. Addressing Secretary of State Christopher during Senate hearings, Biden expressed sympathy for Christopher's having encountered "a discouraging mosaic of indifference, timidity, self-delusion, and hypocrisy" among the European allies.

"Frankly, I've been hopeful that the allies would recognize several realities," Biden continued. "First, that the Vance-Owen map-drawing approach to this question is profoundly flawed and has been from the outset. By starting with the premise that Bosnia will be carved up into ethnic enclaves, this so-called peace plan, in my view, has only incited violence rather than discouraging it. And secondly, I would hope that they would understand that we face not a religious civil war, but a blatant act of Serbian expansionism and aggression which in turn has unleashed Croatian appe-

tites as well. This is no more a civil war than Germany and Austria and Czechoslovakia had civil wars in the 1930s. This, as then, in my view, is fascist thuggery on the march, where religion is not a cause of violence but, I believe, the excuse for violence.

"And the third thing I'd hope that they'd realize is that the world community, by maintaining an arms embargo against a multi-ethnic Bosnian democracy, has committed an act of moral rape. . . .

"I can't even begin to express my anger for a European policy that's now asking us to participate in what amounts to the codification of a Serbian victory. Let's not mince words. European policy is based on cultural and religious indifference, if not bigotry. And I think it's fair to say that this would be an entirely different situation if the Muslims were doing what the Serbs have done, if this was Muslim aggression instead of Serbian aggression. The truth is not lost on the Islamic world, which is filled with a rising anger that we have not yet begun to understand, and I predict we will pay a large price for it, as will the Europeans."

Biden's remarks received front-page coverage in Britain over the next days, with Britain's Foreign Secretary Douglas Hurd fuming that "it doesn't serve any purpose to start exchanging accusations across the Atlantic." The London *Daily Telegraph* in an editorial accused Biden of hypocrisy and cynicism, and complained that "accusations of inaction against [British Prime Minister] Mr. Major come especially ill from a nation that has done nothing to date except indulge in a near-farcical crowd-pleasing exercise, to parachute relief supplies from the air over Bosnia."

The day after his Senate remarks, Biden was asked in a CNN interview what he thinks the Europeans should do. "What they should do is what the Bosnian government wants them to do," Biden replied. "The Bosnian government officially asked the United Nations to leave so they could have the embargo lifted. If they believe—and there's a legitimate reason for it—that their troops delivering food are in jeopardy if the arms embargo is lifted, then do what the Bosnian government suggests and what I suggest—*leave*."

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## **Documentation**

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*Speaking to this news service on May 11, Gen. Paul Albert Scherer, former head of German military intelligence (MAD), said:*

On March 10, 1993, I spoke at the National Press Club in Washington, D.C. Then I urged the United States government to intervene militarily against Serbian aggression in Bosnia in view of Europe's incapacity to act. I urged the Clinton administration to proceed with the lifting of the arms embargo against Bosnia and Croatia and with American air

assaults against Serbian artillery positions and supply lines. I strongly disapproved against any deployment of American ground forces in Bosnia.

I'm very glad that the Clinton administration has apparently in principle adopted a policy of lifting the arms embargo and air attacks against Serbia. I am outraged at the arrogant obstructionism by Great Britain and France against that U.S. policy. I strongly urge President Clinton to proceed with his correct policy no matter what diplomatic trickery may be put forward by this renovated Entente Cordiale. Obviously this new Entente Cordiale is determined to block any breakout of the United States out of the geopolitical "Procrustean Bed" of Versailles/Trianon/Yalta.

Never was the strategic factor of time so important as now. Action or non-action in the next two weeks can have the most dramatic consequences. I think within the next two weeks the United States must proceed with a military intervention against Serbia. Were there no U.S. intervention, which I sincerely hope will not happen, the military situation for the Bosnia forces would likely be such that there is no chance of ever rolling back Serbian conquests in Bosnia.

Equally important is that we must assume that already in the month of June the political and economic crisis in Russia is going to dramatically escalate again. Under these circumstances a U.S. military intervention in Bosnia would become increasingly difficult, if not impossible. In addition, with the Russian crisis worsening further, world public opinion is likely to turn away from Bosnia.

It must be understood that if there is no U.S. military intervention against Serbia in the time frame indicated, a "Pandora's Box" of armed conflicts all over the globe will open up in the near-term. Inaction of the West will signify internationally that war of aggression and seizing of territory by force is again an acceptable instrument of international relations. In many parts of the world, there are latent conflicts which so far have been constrained by the perception that the West, and in particular the United States, will not tolerate wars of aggression. Inaction against Serbia would signify that the West's proclaimed principles of international law are not to be taken seriously any more. The West, and in particular the United States, would appear to be a "paper tiger."

I'm especially concerned about the long-range effect of western inaction in Bosnia in the Islamic world. Were the West to tolerate the destruction of the Bosnian state and the mass slaughter and rape of its citizenry, this is likely to become the trigger of a new wave of Islamic anti-western feeling that goes well beyond anything we have seen so far. It would not be a cheap piece of anti-western propaganda, but it would address the truth of western complicity in the slaughter of an Islamic people on the European continent.

All of these factors necessitate that the United States act now. And as a European, I say that the United States should act unilaterally and ignore European obstructionism, cowardice, and diplomatic trickery.

## Suall a target of California spy probe

by Jeffrey Steinberg

Irwin Suall, the director of the Fact-Finding Division of the Anti-Defamation League of B'nai B'rith (ADL), is a prime target of the San Francisco District Attorney's Office, whose investigators are probing a nationwide spy ring that stole classified government data and passed it to the governments of South Africa and Israel.

A source close to the six-month-old investigation of the ADL, which has turned up evidence of ADL illegal surveillance and data gathering on over 950 political groups and at least 20,000 American citizens, told the San Francisco *Examiner* on May 11: "Look at the top, at the organizational setup, at the fact finders." The source named Suall as a leading target of the probe, which is expected to be concluded with indictments by mid-June.

In fact, on April 30, Suall hired Bay Area lawyer Charles Breyer to represent him. The move came immediately after police released an inventory of documents seized in their April 8, 1993 raids on the San Francisco and Los Angeles ADL offices. Among those seized records were numerous memos to and from Suall and the ADL's local San Francisco spy, Roy Bullock, as well as extensive financial records dealing with ADL "fact-finding" expenses.

The San Francisco spy scandal is not the first time that Suall has been caught up in illegal intrigues. In March 1986, Suall led an ADL effort to blame American political figure Lyndon LaRouche for the Feb. 28, 1986 assassination of Sweden's Prime Minister Olof Palme. Working with NBC producer Patricia Lynch, Suall stirred up media smears against LaRouche and tried to fuel a Swedish police probe of a nonexistent "LaRouche angle" on the Palme killing.

Years later, a former top official of the East German secret police agency, the Stasi, revealed that the "LaRouche killed Palme" story had been hatched in East Berlin and been foisted on gullible police and media by East German agents of influence in the West. Although Suall was never named by the former East German spy, it was the ADL Fact-Finding Division that joined wholeheartedly with the Stasi and with top Soviet KGB officials in perpetrating the fraud and cover-up of the Palme assassination, which to this day remains unsolved.

### Gerard returns to face indictment

On May 6, in a surprise development, former San Francisco police officer Tom Gerard, a central player in the early

phase of the district attorney's probe, returned from the Philippines, where he had taken refuge last November following an FBI interrogation about the passing of FBI and police files to the South African government.

Initially, the San Francisco police investigation had centered around Gerard's relationship to Roy Bullock, a 40-year ADL undercover operator who infiltrated Arab-American groups, homosexual activist circles, and radical right-wing groups for the ADL. Bullock and Gerard received \$16,000 from South Africa for spying on anti-apartheid groups in the United States, and Bullock frequently called upon Gerard to illegally snatch documents from police and other government data bases. As Assistant District Attorney John Dwyer delved deeper into the scandal, he refocused his probe at the ADL, which he now says is at the center of a nationwide illegal spy network. District Attorney Arlo Smith told reporters last month that Bullock is one of at least half a dozen full-time ADL spies working in different parts of the country, illegally obtaining information from police and spying on activists believed to oppose the policies of the Israeli and South African regimes.

Gerard, who had worked for three years for the CIA in the early 1980s, told police and reporters after his May 6 return to San Francisco that he feared for his life in the Philippines. He was arrested at the San Francisco International Airport and released the next day on \$20,000 bail. On May 12, he was arraigned and charged with five California state felony counts relating to the theft of classified government data.

In the indictment, Bullock is also cited for possession of 1,300 California Department of Motor Vehicle records. Bullock is expected to be indicted along with other ADL officials in June.

Gerard is also being investigated by the FBI for his possession of classified CIA documents dealing with agency activities in Central America during the height of the Contra efforts.

### **The Pollard angle**

Another angle on the spy probe is the Jonathan Jay Pollard affair, which could be reopened on the basis of the West Coast investigation. According to an article in the May 11 *Village Voice* by Robert Friedman, Jonathan Pollard, the convicted Israeli-Soviet spy, has written recently to friends that a prominent official of the ADL was key to his spy activities. One likely suspect is Mira Lansky Boland, Irwin Suall's Washington, D.C. "fact finder." A former graduate school classmate and friend of Pollard's, Lansky Boland worked for the CIA and the Pentagon's Office of Net Assessments before going to work for the ADL in late 1982.

In May 1991, Lansky Boland escorted a group of 11 police officers to Israel on an eight-day all-expenses-paid junket. Gerard was one of those who traveled with her, in what another participant described as a "payback for services already rendered" to the ADL.

## **The psychiatric shock troops behind Waco**

by Scott Thompson and Bruce Director

At her April 19 press conference held hours after the incineration of 86 members of the Branch Davidians, through the actions of the FBI Hostage Rescue Team, Attorney General Janet Reno repeatedly stressed that the choice of timing and the method behind the raid had all been worked out in consultation with "experts." In testimony before the House Judiciary Committee, FBI Director William Sessions reported that the two most important "experts" were long-time Bureau consultants, forensic psychiatrist Dr. Park Elliot Dietz and psycholinguist Dr. Murray Miron.

These two "experts" work with the FBI's National Center for the Analysis of Violent Crime (NCAVC) at Quantico, Virginia, especially the NCAVC's Behavioral Sciences Unit (BSU) headed by FBI Special Agent John E. Douglas and a field action arm spun off the BSU known as the Investigative Support Unit. The FBI also drew upon an array of lesser cult "experts," including notably the "kidnap-for-hire" Cult Awareness Network, which was created out of the CIA "mind control" experiments under the influence of MK-Ultra participant Dr. Louis Jolyon West.

### **Dr. Dietz protests**

According to FBI Director William Sessions's testimony, the most important "expert" upon whom the Bureau relied was Dr. Park Elliot Dietz. Dr. Dietz told an interviewer that he arrived at the command center near the Branch Davidian compound only 24 hours behind the FBI, and that he remained there for two days to help set up the negotiations between the Branch Davidians and personnel from the NCAVC's Special Operations and Research Unit. San Antonio Special Agent in Charge Jeff Jamarr, who had responsibility for the command center, testified that Dietz had particularly pushed the allegation that there was "child abuse," and that every passing day increased the risk to the children. This allegation especially played on susceptibilities of Attorney General Janet Reno.

Dietz has ceased giving interviews on his role to the press, because he maintains that the April 25 *Sunday Times* of London distorted what he told them. Dietz refuses even to clarify what the distortions were. His colleague, Dr. Murray Miron, who was also interviewed for the *Times* article, be-

lieves there is nothing wrong with it.

So, what is Dietz hiding?

The *Times* article, among other things, said:

"FBI chiefs ordered the attack on the cult's compound after being told by its psychiatric experts that [Branch Davidian leader David] Koresh was not the sort of man who would commit suicide. They were also told that unless the Bureau acted decisively, the siege could last two years and Koresh would starve women and children rather than surrender.

"After weeks of negotiations, the agency decided to commission two of America's top psychiatrists to build an 'offender profile' of Koresh. Hours after their conclusions were sent to FBI headquarters in Washington, the decision was made to use tanks and tear gas. . . .

"Crucially, one report ruled out the likelihood that Koresh would kill himself. Murray Miron told the agency that the cult leader would not risk physical pain. . . . His conclusions, contained in a secret memorandum, were based on a study of five letters written by Koresh during the 51-day siege. Miron also warned that Koresh had no intention of surrendering and that the FBI should take 'positive action sooner rather than later. Further delays would increase rather than reduce the danger.'

"A second psychiatric profile sent to FBI chiefs in Washington also warned that further delays would endanger the lives of cult members. Park Dietz, an FBI consultant psychiatrist, advised that the cult leader was prepared to sacrifice the lives of his followers rather than surrender.

"Dietz said in a confidential memorandum: 'The likelihood of there being a successful surrender of healthy women and children is remote.' He warned that when food and water ran out, Koresh would rather see his followers go hungry than give up. . . .

"The timing of the memorandums was crucial in influencing the FBI's decision to raid the compound. Miron and Dietz told the *Sunday Times* that they were asked to submit their conclusions on the Saturday before the raid. Later that day Janet Reno, the attorney general, approved the decision to send in the tanks. In seeking Clinton's support the next day, Reno cited the advice of the psychiatric experts."

Perhaps Dietz is just protesting that the article identifies him as one of the two psychiatric shock troops most responsible for the Branch Davidian conflagration.

### **Psycholinguist Dr. Murray Miron**

The other expert cited by Justice Department officials is Dr. Murray Miron, a psycholinguist from Syracuse University who has been on a continuous retainer with the FBI for 15 years. Over the years, Miron has developed a computer program which he claims can produce a psychological assessment of a subject by analyzing written and oral speech. He claims to have worked on every major case the FBI has investigated, including the Patricia Hearst-Symbionese Lib-

eration Army case, Jonestown, and the Johnny Walker espionage case.

On the basis of this assessment, Miron told the FBI to disregard Koresh's religious beliefs and instead deal with Koresh as a manipulative criminal psychopath. Miron is not disturbed that his assessment led to such disastrous results in Waco. He continues to believe that the use of force was necessary.

Miron said in his final report to Attorney General Reno before the April 19 assault: "I have no certain predictions of what will happen if any kind of assault is mounted. I said it in the negative. I said I am not convinced that Koresh is suicidal; however, what I did say was that my confidence in any kind of conclusion wanes as this situation goes on, particularly in view of the fact that there are no negotiations, that we are at an impasse, that the methods we are using are entirely ineffective, and further, have the character of either weakness or mean-spiritedness. I was specifically referring to playing sounds of rabbits being killed and Tibetan chants. Further, it was transparent that Koresh was in entire control of this situation. We had to try to assert our authority and our control of the situation. It was entirely out of hand."

On the basis of his analysis of five of Koresh's messages, Miron told the FBI that there was little chance Koresh would commit suicide.

### **Psychiatry and the Waco children**

Dr. Bruce Perry, who is a staff member of the Baylor College of Medicine's Department of Psychiatry in Houston, was chosen by the Texas Child Protection Service (CPS) to be the team leader for treating the 21 children released from the Branch Davidian compound after the initial raid by the Bureau of Alcohol Tobacco and Firearms (ATF) in February. From the very beginning, Dr. Perry tried to depict a scenario of "abuse and neglect," that had caused some of the children to develop a syndrome seen in many combat veterans known as post-traumatic stress disorder. Perry said that the syndrome had caused potentially irreversible brain damage to the children, so Dr. Perry was clearly one of those "experts" informing Attorney General Reno about "child abuse."

However, Dr. Perry was forced to admit in a May 5 press conference that, after extensive debriefing of the children, he could not find any signs of sexual or other kinds of child abuse that would meet the standards of legal evidence employed by the CPS to have taken the children away from their Branch Davidian parents. But, despite the ruling of authorities from Child Protective Services, Perry insisted that the children had suffered intense beatings as early as eight months old, had suffered emotional abuse, and, although he himself found no evidence, he still insisted: "I think that corroborates earlier reports that David Koresh had wives as young as 12."

Dr. Perry's eighth report includes almost every allega-

tion made by Branch Davidian defectors who had been brainwashed by the Cult Awareness Network, showing that his debriefings of the children had been biased by this “kidnap-for-hire” group.

Perry also stated that his psychiatric team had set up a law enforcement liaison group, which turned his reports over to the Texas Rangers and the FBI. In several reports Perry alleged as fact the whispered mythology of the children, that this was the apocalyptic final battle and that there would be “fiery explosions.” Afterward the children believed that David Koresh would return from the dead to slay the evil outsiders. According to Dr. Perry, this was evidence of some kind of suicide pact among the Branch Davidians.

### **MK-Ultra’s Louis Jolyon West**

Dr. Louis Jolyon West had been a pioneer in the CIA-funded experiments using LSD and other forms of menticide (electro-shock, isolation deprivation, and the group dynamic, behavior modification techniques created at the Tavistock Clinic) as part of the notorious MK-Ultra program in the 1950s and ’60s. He is a founding influence and advisory board member of the Cult Awareness Network, which gave him its Leo J. Ryan Award in 1990 (see *EIR*, May 14, “Kidnapping ‘Experts’ Bid to Take over Justice Department”).

Asked about the lessons of the decision to bring the standoff with the Branch Davidians to a head, West said that the work of the FBI planners at Quantico was “terrific, outstanding,” but that the Bureau should have waited, because, “When you have a psychopath in a trap, you can’t predict what will happen.” Although West appears not to have been consulted as an “expert” by the Bureau on the Branch Davidians, this was not the case with CAN. As *EIR* has previously reported, it was defectors brainwashed by CAN from Australia, whose delusions provided the basis for the affidavit in the Feb. 28 ATF raid. And, a spokesman for FBI Special Agent Jeff Jamarr told *EIR* that CAN members were calling the command post in Waco throughout the siege with reports that sought to incite the Bureau’s hostage negotiators.

West sees the events at Waco as an opportunity to use the excuse of the First Amendment’s separation of church and state to crack down on the very rights the First Amendment protects. West said that it is necessary to protect children from “dangerous, ruthless, manipulative, screwing” cults that take the guise of religion. He called for lowering the threshold of what constitutes a legal definition of child abuse, so the state can separate children from parents in so-called cults. West complained that cults that call themselves churches are given wide latitude for criminal behavior. These religious cults must be made open to scrutiny by federal law enforcement, and their finances must not be protected. “Freedom of belief should not be a refuge for scoundrels” like David Koresh, West claimed.

## **Farrakhan dispels media image**

by Debra Hanania-Freeman

On May 3, three hundred political, religious, and community leaders enjoyed a rare opportunity to hear the Honorable Louis Farrakhan, leader of the Nation of Islam, present for consideration to President Clinton and the U.S. Congress his analysis of the crises confronting America.

The National Press Club event was hosted by the Capital Press Club, the nation’s oldest black media organization, which was founded over 50 years ago when black journalists were banned from membership in the National Press Club. Although Minister Farrakhan is no stranger to the public podium—an address he delivered in Atlanta this past October drew an audience of over 50,000—it was his first appearance at the National Press Club.

Farrakhan used the opportunity to release a statement entitled “A Torchlight For America,” whose text was excerpted from his forthcoming book of the same title, to be released sometime in May.

Farrakhan’s remarks examined the status of the nation’s health care system, welfare reform, taxation, prison reform, the national debt, and the economy. Although the speech was packed with facts and statistics, and was bitingly accurate in its critique of the state of the U.S. economy, what was most striking about the presentation was not Minister Farrakhan’s acumen as an economist, but his personal vision of God, his good humor, and the kind of passionate defense of African-Americans that could only be delivered by one who has fully internalized his own responsibility to provide leadership for his people.

“I have to stand and speak for the voiceless, whose leadership has often been quiet or weak in the face of an open enemy. Although I have been misrepresented by the media in the past, this is a new opportunity to receive my message and judge it against the criterion of truth. Tonight, I hope to speak to you and be received without bias and prejudice,” he said. The Nation of Islam leader said he had been tarred as an anti-Semite, as a hater, in an effort calculated to cut off his spreading influence in the black community, to make clergymen and political and civic leaders fear that they would be similarly slandered if they associated with him. His words were taken out of context and misrepresented. When he attacked Israel for persecuting Palestinians, he was branded a “Hitler.”

## **‘Portray me as I am’**

Farrakhan challenged the media present to portray him as he is, to confront his ideas directly. “If anything that I have said or written is proved to be wrong or a lie, then I will retract my words and apologize before the world. But we cannot solve any problems by bowing down to falsehood,” he said.

Farrakhan insisted that unless America’s leaders are prepared to deal honestly and forthrightly with the nation’s problems and tell the American people the truth about the gravity of those problems, the nation has no hope of recovery. He went on to say that “when people disagree, the intelligent and rational thing to do is to have a dialogue. Perhaps through dialogue, differences can be reconciled.”

He asserted that the most profound crisis the nation faces is a numbing of the people’s moral conscience. “The root of the problem in America is spiritual, necessitating a spiritual solution. Therefore, I am calling for a convening of the spiritual leadership to spearhead a moral rejuvenation among the American people. Representatives of all races and all faiths should be brought here to Washington, D.C. to hold conferences with President Clinton and our government leaders with the aim of developing programs for building the values and moral backbone of America. Without a moral backbone,” Farrakhan asked, “how can a nation stand upright? We must take the first step toward building the country’s moral backbone by convening such a group.” The minister suggested that the central problem that should be focused on is the basic value and sanctity of human life; that was the foundation upon which we could build the structure for America’s future.

## **The importance of Classical music**

During a question-and-answer period following his prepared remarks, the audience had the opportunity to see a side of Louis Farrakhan never presented in the media, when *EIR* representative Lawrence Freeman asked him to comment on his recent performance of Felix Mendelssohn’s Violin Concerto, and the personal meaning that this Classical music holds for him.

Farrakhan, who seemed delighted by the question, willingly shared his experiences as a child, when he studied the violin, nourished by a mother who demanded violin practice before other activities. He talked about how he came to love the instrument and dedicate hours to practice during his teen years. Recognized for his talent, he once appeared on Ted Mack’s televised talent show. But when he went to college in Winston-Salem, North Carolina, he was forced to put his instrument aside. There was no place for a black Classical violinist in the racist South; there wasn’t even a teacher he could study with.

Later, when he accepted Islam as his faith, Farrakhan said that he wanted to focus his full attention on learning and teaching the work of Elijah Muhammad, and he gave up his

pursuit of music.

Farrakhan explained that two years ago, at age 58, he was searching for a way more profound than mere words to convey his message to the community—for a tool to initiate dialogue among the groups that have differences and misunderstanding about himself and the Nation of Islam. “I wondered what gift I could give to the community, and I thought that I should give the gift of music.” He began to play again, and said that he now devotes three hours a day to his musical studies.

Apparently, Farrakhan was initially unaware that Mendelssohn came from a famous family of Jewish intellectuals, and that his music had been banned by Hitler; but, he said, that was all the more reason why he wanted to perform work by the composer he had loved since childhood. Farrakhan said that when he hears the works of Mendelssohn, or of any great composer, what he hears is not that composer, but God. “When you can see and hear God manifested in human beings, you are fully able to respect their humanity,” he said.

In celebration of his 60th birthday, Farrakhan invited the citizens of Chicago to a first-ever concert on May 17, featuring musicians of the major faiths—Christianity, Judaism, and Islam—at the Christ Universal Temple Church. The invitation read, “On this, my 60 birthday, I desire for us to use the universal language of music to help us rise above the fray that has been created. . . . Hopefully, the music will lift us above divisiveness and produce a bridge upon which we can meet to form the basis of a New Beginning.”

## **‘I am no hater’**

“Is this a new Louis Farrakhan?” he was asked. Minister Farrakhan laughed good-naturedly, replying that he certainly hoped he had grown and developed over time, and would continue to do so. But Farrakhan also made clear that it is not his responsibility to try to reconcile who he is, with the image of him portrayed in the media. “I am no hater. I never was. I will not lie about this,” he stated simply. “I do not lie to God, why should I lie to man?”

Hearing Farrakhan in person for the first time was clearly startling to many of those gathered who had only read news accounts of him circulated by his enemies. But Farrakhan’s wit, vitality, and most importantly, his humanity, were irrefragable. Farrakhan is, without question, a far different man than the sound-byte target that the Anti-Defamation League (ADL) of B’nai B’rith has constructed. Indeed, he thanked Lyndon LaRouche’s associates for their work and insights exposing the ADL, saying he was shocked when he saw the ADL’s “Farrakhan dossier” portraying him and those associated with him as criminals. Clearly, Farrakhan came to Washington to deliver a message and to offer his help to a troubled nation. He is a national asset whose voice should be heard.

# Battle intensifies over masonic statue

by Marianna Wertz

With the publication of the latest issue (fourth quarter 1992) of *Phylaxis*, a magazine of the (African-American) Prince Hall Masons, the battle launched by the political movement of Lyndon LaRouche and this news service to remove the statue of Confederate Gen. Albert Pike, the founder of the Ku Klux Klan and a leading Scottish Rite Freemason, from Judiciary Square in Washington, D.C. has greatly escalated. Devoted virtually entirely to this one issue, *Phylaxis* makes a fierce attack on the federally maintained Pike statue and, by implication, on those who are trying to keep it up.

In his preface to the issue, Editor Joseph Walkes, Jr., who is also president of the Phylaxis Society, describes his research into the links between white freemasonry and the KKK. "Caucasian Masonic friends . . . told [me] that during its heyday . . . almost everyone had joined the Klan and that I should not take it as a big deal. Perhaps it wasn't a big deal to Whites, but to African-Americans who were on the receiving end of their hostilities, it was indeed a big deal! . . .

## 'None have been more hostile'

"None has been more hostile to us than the White Supreme Council of the Southern Jurisdiction located in Washington, D.C. and calls itself the Mother Supreme Council of the World, they were indeed a great evil. We will never forget or forgive the things they printed about us in the *New Age* [Scottish Rite] magazine. For instance, in their May, 1949 issue, page 266, saying that our blood was not human blood but animal blood. Nor the other antagonistic comments in . . . 1947 . . . 1948 . . . 1949 . . . 1950 . . .

"At the end of my research I published my paper, 'The Ku Klux Klan and Regular Freemasonry,' in the third quarter 1982 issue of the *Phylaxis*. I republished it in the *News Quarterly* in its Spring 1992 edition . . . where it was discovered by supporters of Lyndon LaRouche, who demanded that the statue of Pike in Washington, D.C. be removed. . . .

"I have reproduced [here] my original article and have permission from historian Anton Chaitkin to reproduce his article, all for the information of our readers which will allow you to judge the merit of the debate and also stimulate a more educated discussion within the Masonic community of White

and African America."

The magazine, distributed to black Masons throughout the country, is published by the Phylaxis Society, "A Society for Prince Hall Freemasons," though neither the society nor its magazine are official spokesmen for Prince Hall Freemasonry.

The pressure on the black Masons not to join this fight is made clear in a formal disclaimer by Walkes also in this *Phylaxis* issue: "I just received a call from a very dear and trusted friend from Virginia, who felt that Freemasonry would be harmed if the statue is removed. He asked that I make a statement that he could publish. I did not; as I needed to pray on the matter. . . . [However, if] the removal of the statue would in any way harm Freemasonry, then I say let it stay in place."

But the polemical style of Walkes's preface, and the fact that he also included in the issue extended coverage of the statue fight and of Pike's history taken from this news service and the *Capital Spotlight* speak mountains about where they really stand.

## Park historian is chief of 'Aryan' society

Another important development in the battle over the Pike statue is the finding, made public on May 3 by Chaitkin, that Gary Scott, the National Park Service's principal historian for the Washington, D.C. area, who was responsible for researching the Pike statue for the U.S. Congress in response to pressure to remove it, is a key coordinator for the campus-based affiliate of the Ku Klux Klan, the "Kappa Alpha Order."

Scott's reports to the Congress and to the public on Pike have whitewashed Pike's KKK career, stating, despite solid, well-known evidence to the contrary, that the "evidence is inconclusive."

Scott had been subpoenaed to testify at the trial of Rev. James Bevel and Anton Chaitkin for the "crime" of "statue climbing" (see *EIR* April 30, 1993, p. 58), but his subpoena was quashed by federal Judge Royce Lamberth, himself a former member of the "Albert Pike" chapter of the Scottish Rite's youth group in Texas.

As Chaitkin revealed in early May, the Kappa Alpha Order, founded in southern universities during the late 1860s and still active nationwide today, is devoted to the perpetuation of white supremacy. Their catalogue states, "Aryan in blood, we exclude the African from membership. . . . The 'prescripts,' 'creed' and 'oaths' of the Klan were remarkably similar to the principles and obligation of the K.A.—so much so that our brother, Thomas Dixon, author of *The Clansman*, claims a participation of K.A.'s in organizing the Klan."

Gary Scott is the current Kappa Alpha Chief Alumnus, responsible for the activities of thousands of men nationwide in this white brotherhood. Little wonder that he wanted to hide the truth about Albert Pike from Congress!

# George Bush's legacy of mismanagement in East Europe policy

by Aaron Trepav

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## **At the Highest Levels: The Inside Story of the End of the Cold War**

by Michael R. Beschloss and Strobe Talbott  
Little, Brown and Co., Boston, 1993  
498 pages, hardbound, \$24.95

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Soon after I finished reading this book, I learned of a welcome development involving one of its authors. Strobe Talbott, now U.S. Special Ambassador to the nations of the former Soviet Union and overall "tsar" for U.S. policy towards them, visited Ukraine on May 9 and 10 to reverse the crazy anti-Ukraine policy which the Clinton administration had inherited from George Bush's "chicken Kiev" speech of Aug. 1, 1991. Talbott retracted the earlier U.S. threats that there could be no good relations between the two countries until Ukraine first rid itself of all nuclear weapons. "It is important not to be a one-note Johnny," he said. "What we want to do is engage the Ukrainian government in a dialogue about the relationship in all of its aspects, rather than just dwelling on one subject [nuclear weapons], important as that subject may be." Talbott also said that Washington "wants to develop a relationship with Ukraine in its own right," separate from that with Russia—yet another problem inherited from Bush.

The new administration's anti-Ukraine policy had gone so far, that President Clinton had recently delivered a well-publicized snub to Ukrainian President Leonid Kravchuk—in effect telling him not to bother to visit the United States, because Clinton might not receive him here. Now that has all been abruptly thrown out the window, as it deserved to be.

## **The urgency for change**

What is important, and what was missing throughout the Bush period, is the courage to cast out false, failed ideas in favor of better ones—and especially so in Strobe Talbott's area. What must be grasped very quickly is that, not only with reference to Ukraine, but top to bottom, the entire Bush-Thatcher policy towards post-communist Europe has been an utter failure. If that is not understood soon, it will be too late to correct it.

Readers would wish that *At the Highest Levels* displayed that quality of Strobe Talbott which Ukrainians saw on May 9-10. Instead, 80% of the book simply rehashes, in effect, the contents of the news and analysis stories of the *New York Times* and *Washington Post* during the period of the Bush presidency. And when the authors let Bush and Gorbachov, their two major subjects, get away for a moment from the reporters' notebooks, the two Presidents' private thoughts and communications most frequently revolve around the effort to get better headlines for themselves in the *Washington Post* and the *New York Times*. Alas!

But there are some disclosures which contradict the version of history peddled by the liberal press during the four Bush years, when it was covering up for Bush and Thatcher's total mismanagement of East-West relations. The quality of Reagan's principled commitment to the Strategic Defense Initiative (SDI), and of Gorbachov's fearful obsession by it, are clarified on pages 113-118. Former secretary of state George Shultz has recently made the same points as well, in his book, *Turmoil and Triumph*. Neither book properly credits Lyndon LaRouche with originating the SDI policy which Reagan later adopted, as they should, nor do Beschloss and Talbott inform their readers that it was the Soviet attempt to match the SDI which crippled their economy and thus doomed their system, as Russian representatives recently detailed at a seminar at Princeton University.

Pages 13-14 and 240 make it clear that Henry Kissinger's 1988 proposal for negotiations with Moscow over eastern Europe, both in its original Kissinger form and in the different form in which Bush and Baker adopted it, sought to block Russian-German cooperation.

## **What Sachs has wrought**

Thus, in place of the East-West Europe economic cooperation that LaRouche detailed in his successive SDI, "Food for Peace," and European "Productive Triangle" proposals, Russia and East Europe have been encouraged to apply the formulas of the International Monetary Fund and Harvard's crazed Jeffrey Sachs. As a result, it is reliably estimated that the industrial output of the former Soviet satellites has fallen to 30% of its 1989 levels. Russia itself is in a condition which the ballerina Nataliya Makarova, for example, compares to the devastation immediately following World War II—except that that was a period of reconstruction, full of hope despite the horrible material deprivations. Not so today. It seems that Harvard's witless Jeffrey Sachs has hurt Russia more in 18 months, than Hitler, the Reichswehr, and the SS could do in four years!

It was in this way, principally, that Thatcher and Bush threw away the greatest opportunity for peace since World War II, during the period 1989-91. If they are not reversed soon, by this administration, these policy-legacies of Thatcher and Bush will have sown a long, bitter hatred of Russia towards the West, and our children will pay dearly for it.

# Music Views and Reviews by Kathy Wolfe

## Eve Queler presents a bel canto gem

"*Anna Bolena*," by Gaetano Donizetti; Opera Orchestra of New York, Eve Queler, Music Director

Kudos are due to conductor Eve Queler for breathing new life into Gaetano Donizetti's masterpiece drama of the Tudor Renaissance, *Anna Bolena*, at Carnegie Hall on April 7. While the opera is being generally revived in concert productions in several cities, this particular New York performance should make it clear that the Metropolitan Opera and other companies are missing the boat by not staging it regularly.

Carol Vaness in the title role of Henry VIII's second wife Anne Boleyn (*Anna Bolena*) contributed much to its success, her magnificent Italianate soprano rounded from the lowest notes to the highest coloratura. Dramatic mezzosoprano Melanie Sonnenberg in the "pants" role of the page Smeton also sang gloriously.

One could not, however, help mentally recapitulating the performance later, after the master class on lowering the pitch back to Verdi's A-432 by tenor Carlo Bergonzi, held next door in Carnegie Hall's Weill Recital Hall on April 8. Bergonzi demonstrated, for example, that a mezzosoprano who sounds like a soprano at "standard New York pitch" of A-442, can blossom to a distinct mezzo color at A-432, the pitch of Donizetti, Rossini, and Verdi.

Young Italian mezzo Gloria Scalchi, singing the fiendishly difficult role of Anne's friend and rival Lady Jane Seymour, would have benefitted greatly by Donizetti's original pitch, for she often sounded simply like another soprano next to Miss Vaness.

This presents a dramatic problem, because Donizetti intended two distinct voice types in order to show us two different moral qualities.

## Classical drama

*Anna Bolena* was Donizetti's first success in 1830. The New York performance made clear that a great opera has found a little public, to paraphrase Schiller. This fine work has been wildly underappreciated by both illiterate producers and audiences since the turn of the century. *Anna Bolena* was very popular from 1830 to 1870, when audiences were better educated.

To reduce it, as commentators do, to the sad story of Queen Anne Boleyn, jilted by the venal English King Henry VIII for her distracted friend Lady Jane Seymour, shows a brain shriveled by too much TV soap opera. Donizetti, as Verdi after him, was engaged in deep study of the German republican and dramatist Friedrich Schiller and his theory of Universal History. Donizetti here shows us all the reigns of the Tudor monarchs.

Had Donizetti shown us this literally, *Anna Bolena* and his subsequent, related Schiller operas *Maria Stuarda* (1833) and *Roberto Devereux* (1837) would have been merely didactic. Instead, Donizetti constructed the drama classically, so as to force us, the audience, to come to these conclusions in our own minds.

The point is not that Anne Boleyn is a wronged heroine: Anne herself is grandly corrupt. She used sex to cause the destruction of Henry's first wife, Queen Catherine of Aragon, and not out of any love for Henry as a man, but out of lust for the throne. That is Donizetti's reason for presenting Anne's real lover, Percy: not for ro-

mantic subplot, but to reveal Anne's inner venality.

## Compassion awakens Christian love

After Anne, we see the members of the court, each more venal and selfish than the next. The pageboy Smeton and his puerile infatuation for the queen, which ruins her, are metaphor for the whole court, each of them a selfish child. Lady Jane Seymour tells us plainly that, while she's upset about hurting her friend Anne, what she really wants is "love and glory," i.e., Henry as a sex object and his throne. Percy is swayed by each passing emotion, with no self-control. Next to these, the murderous Henry looks at home.

What makes Anne Boleyn a heroine is that she alone *changes*, and becomes a better person, by realizing that all are doing wrong, and by repenting.

Anne's shift occurs at the point she feels Christian charity, first awakened by love for her friend Jane, as Anne realizes with horror that Jane will suffer the same fate as she, when Henry's eye roves again. As Jane descends lower and lower into her passions, and urges Anne to lie to save her skin, Anne recalls how she herself had stolen the husband of Catherine of Aragon. She realizes that so long as people act this way, there is nothing to prevent the vicious cycle from repeating.

We see, through her eyes, a vision of England past, present, and future: the cycle of sin which must be broken by Christian charity, as Anne tells us at the end; but since she has realized it only after setting England on the road to destruction, she must die.

## Committee rejects patent for Confederate insignia

The Senate Judiciary Committee rejected on May 6 a request to renew the design patent for the insignia of the United Daughters of the Confederacy.

The UDC's design patent has come up for reauthorization every 14 years since the organizations's founding in 1894, and had been approved unanimously by Congress each time. This time, however, freshman Sen. Carol Moseley-Braun (D-Ill.) found the symbol, which features the flag of the Confederacy, a glorification of the fight for slavery.

Moseley-Braun told the committee that the patent was not necessary and that the descendants of slaves held as human chattel under the flag of the Confederacy have to honor their ancestors by asking if the logo is appropriate. "The Ku Klux Klan understands the meaning of the symbols of the Confederacy when they raise the Confederate banner at their marches and rallies," she said.

## Texas victory could boost Senate GOPers

The special election in Texas on June 5 to determine the successor to Sen. Lloyd Bentsen, who was appointed Treasury Secretary by President Clinton, could boost the clout of Senate Republicans, who plan to filibuster all proposals by the Clinton administration not to their liking.

Texas Gov. Ann Richardson had appointed Democrat Bob Krueger to Bentsen's seat until a special election could be arranged. But he has apparently failed to mobilize the support needed to maintain his seat. In the first phase of the special election, GOP state Treasurer Kay Bailey Hutchison received 497 more votes than Krueger,

er, earning her a spot in the runoff. Hutchison and Krueger each received 29% of the vote.

Two other Republicans, Reps. Joe Barton and Jack Fields, each received 14% of the vote, finishing third and fourth, and it is unlikely that these votes would shift to Krueger. If the Republicans win the Texas seat, Democrats will be reduced to a 56-44 majority in the Senate. A Republican victory would also be touted as indicating dissatisfaction with the Clinton presidency, propaganda which may be heeded by Democratic legislators who are already wary of supporting the President's program on a number of key issues.

## Senate approves EPA as cabinet position

The Senate on May 4 approved an administration-backed bill to make the Environmental Protection Agency (EPA) the 15th cabinet position in the federal government. The bill was approved 79-15 after senators rejected several proposals which would have curbed a number of government regulations.

"Permanent and official cabinet-level status for the EPA moves the issue of environmental protection from the margins of policymaking to the center," said EPA Administrator Carol Browner. In the eyes of the bill's sponsor, Sen. John Glenn (D-Ohio), the cabinet-level position would enhance the role of the United States in global environmental policy. The measure may, however, receive significantly more opposition in the house.

One measure which was voted down would have required an analysis of the impact on the economy and employment of every bill or agency regu-

lation, and directed that anticipated costs of environmental regulations be offset.

In other developments, the environmentalist profile of the Clinton administration was enhanced by the appointment of two key members of the notoriously zero-growth World Resources Institute: Gus Speth, the former WRI president, to be head of the U.N. Development Program, and Jessica Tuchman Mathews, former WRI vice president, to be deputy undersecretary for global affairs.

## Resolution seeks intervention into Sudan

Senate resolution 94, sponsored by Paul Simon (D-Ill.) and discussed in hearings in early May, condemns "egregious human rights abuses by the government of Sudan" and calls on President Clinton to mount the same kind of relief operation that was done in Somalia including airlift operations.

The resolution calls for an increase in funding to non-governmental organizations (NGOs) that supply aid to southern Sudan, for a U.N. Security Council resolution on Sudan, the appointment of a U.N. Special Representative for Sudan, the creation of "internationally monitored zones and resettlement zones in southern Sudan in which government forces, factions of the SPLA, and militia would not be allowed," and for the placement of human rights monitors in areas affected by the fighting and human rights abuses.

Similar legislation is expected to be introduced in the House by Frank Wolf (R-Va.). The resolution is the result of a campaign which has targeted Sudan for "human rights violations," although it is well known that the so-called rebellion in the south,

led by John Garang, has been bankrolled largely from the United States. The increased activity of the NGOs, such as the U.S. Committee on Refugees, has given them more elbow room to agitate throughout the country. They are now demanding the establishment of a U.N. protectorate in the south to protect their relief operations.

As Roger Winter, the director of the U.N. committee, indicated in his testimony on Capitol Hill on May 9, "either all sides must agree to a unified but secular Sudan, or south Sudan, along with several related marginalized areas such as the Nuba mountains, must be partitioned from the balance of Sudan."

In testimony on the same day, Assistant Secretary of State George Moose warned that the Clinton administration is now "reviewing the situation in Sudan closely" in order to "make the determination soon on whether to designate Sudan a state sponsor of terrorism."

Sudan has been a thorn in the side for many international financial institutions since it rejected International Monetary Fund conditionalities and proceeded to achieve self-sufficiency in agricultural production, which has made Sudan a net exporter of food.

## **Gonzalez calls economic crisis a depression**

House Banking Committee chairman Henry Gonzalez (D-Tex.) blasted the notion that there is an economic recovery in progress. "The truth of the matter is, as I have been saying for over a year, we are in a silent, but terrible depression," Gonzalez said, in remarks on the House floor on April 26.

Gonzalez cited the masses of un-

employed as evidence that the country is in a depression. "The percentage of the total working-age population in the labor force, those working or looking for a job, has, unlike previous recessions, failed to rise."

He called government employment statistics "fraudulent," pointing out that they do not reflect workers who have simply dropped out of the labor force because they have been unable to find a job.

The chairman also berated the Republicans for having sabotaged Clinton's "subminimal" stimulus program. "The conditions in these [inner city] areas are often as desperate as they are in many of the poorest parts of the world. It is essential to give full support, at least, to the meager anemic, subminimal programs our President offers, to at least attempt to help these fellow Americans. We need to re-energize our economy. We need to give our people hope that they can have a decent job, a decent future, and a decent life."

## **Brown attacks cuts in Space Station funding**

A "risk-avoidance society" won't build the space station, Rep. George Brown (D-Calif.) told a conference of the American Institute of Aeronautics and Astronautics (AIAA) on May 5. Brown, the chairman of the House Committee on Science, Space, and Technology, scored the cultural shift that has made it almost impossible to do anything bold in space. He said that during his first two years as committee chairman, he got into a lot of fights, but it was "exhilarating." Now, he said, there is "confusion about the future of space programs," and he is in the position of fighting with an administration of his own party.

"I support Space Station Freedom," he stated emphatically, and advised that any "new direction" should "build on what we've done." In the first ten years of the space program, he said, we spent \$180 billion in today's dollars. For Freedom, "the commitment is much less demanding, but harder to fund." He scored the Clinton administration for "the clear intent to fundamentally redirect NASA's priorities away from the Space Station and manned flight, in general."

Poking at the congressional culprits in this mess, Brown said, "we are constantly in a fight over who gets to redesign the Space Station—us or the Appropriations Committee."

Echoing an important feature of the "Woman on Mars" scenario outlined by Lyndon LaRouche in a television broadcast during the 1988 election campaign, Brown stated that the Space Station should be a "learning laboratory," open to the public through satellite communications, and would provide the opportunity for interactive, "hands-on research, sitting at home." The American people have to be able to participate in the program, he stressed.

## **Dooley bill defends pesticide use**

Rep. Calvin Dooley (D-Calif.) introduced the "Public Health Pesticides Protection Act" on April 27, to "ensure that Americans are adequately protected against the threat posed by mosquitoes and other disease-carrying pests."

Dooley said that because of legislation passed by Congress in 1988 requiring the reregistration of pesticides originally registered before 1984, public health officials are in danger of losing access to many of the pesticides that are used for the public good.

# National News

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## 'Independent' blasts deconstructing of U.S.

The May 5 issue of the London *Independent* devotes two articles to attacking the rage for "deconstructionism" and "political correctness" (PC) that has swept the United States. One, by Bryan Appleyard, comments on ideas of Australian-born art critic Robert Hughes, whose book *Culture of Complaint* has attacked both the left-wing "politically correct" movement and its conservative counterpart, for driving the United States toward "cultural suicide."

Appleyard summarizes Hughes's attack on "deconstructionism" as follows: "The present becomes a historical autocracy, dictating standards, interpretations and even facts. We have no need to be humble before the past because we make it up as we go along. Here PC meets the deconstructionist wave that has swept American academia. There are only versions of the world, competing discourses, and since that is all there is, there is no final jury that can indict any single interpretation."

However, in distinction to Hughes, Appleyard maintains that political correctness may well be "the logical outcome of liberalism rather than its perversion."

The second piece, by U.S. correspondent Rupert Cornwell, focuses on "the lunacies of political correctness," as represented by the University of Pennsylvania campaign to discipline Jewish student Eden Lefkowitz for screaming "water buffalo" at black women students who were making too much noise outside his window. Cornwell says that the school's effort to make Lefkowitz undergo a seminar in "racial sensitivity," is reminiscent of "what was once known in the old Soviet Union as 'political re-education.'"

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## FDIC seizes Zenker farm machinery in vendetta

Hettinger County, North Dakota Deputy Sheriff Gilbert Mayer seized machinery from the farm of Vern and Kay Zenker on May 6 on orders from the Federal Deposit

Insurance Corp. (FDIC) officer Dennis Adams in Chicago. The FDIC is the receiver for the defunct First State Bank of Regent, whose president, Paul Richter, has been convicted of fraud and deceit in at least one civil suit. The Zenkers successfully fought efforts to seize their farm earlier by joining with the Food for Peace organization to expose FDIC collusion with unscrupulous international banks to loot family farms.

"The Zenkers are the victims of fraud perpetrated by their former banker," declared a Food for Peace representative. "Richter was making fraudulent loans to farmers, and the Farmers Home Administration (FmHA) was guaranteeing these loans with taxpayers' money."

"Richter was in cahoots with Minneapolis banker Carl Pohlrad . . . [who] bought many of these fraudulent loans knowing they were deliberately programmed to fail. Pohlrad then cashed in the guarantee with the federal government, and got paid off in full, plus interest. In the Zenker case, the FmHA handed about \$258,000 of taxpayers' money over to Rabobank of the Netherlands."

"The courage of the Zenker family in publicly fighting this fraud caused a lot of other farmer-victims to step forward," the representative said. "As a result, two U.S. congressmen called for a moratorium on farm foreclosures and an investigation of guaranteed loan fraud. A resolution calling for a congressional investigation of bank fraud passed the North Dakota House of Representatives, and was co-sponsored by 25 state legislators in South Dakota."

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## Brit backs Kennan on balkanizing United States

The London *Financial Times's* Michael Prowse called George Kennan's new book, *Around the Cragged Hill: A Personal and Political Philosophy*, "wonderfully refreshing," in a review that appeared on May 10. Prowse gave high praise to one of Kennan's main suggestions, which, he says, is "too bold to be taken seriously in Washington." The Kennan plan is for "the division of the U.S. into 12 largely self-governing republics, such as 'New England,' the 'Old South,' the 'Northwest,' and so on. He argues that the U.S., along with the former

Soviet Union, China, India, and Brazil, is a 'monster country,' ungovernable because it is simply too big and diverse to be run from a single capital city. The states, on the other hand, are mostly too small to become viable independent units."

Prowse continued, Kennan "claims the false premise in all domestic debates—be it health care, drugs, abortion, or whatever—is that any one policy either could or should suit all parts of the continent. Virtual dismemberment is the only long-run solution; it would have the advantage, he says, of allowing southern regions to merge into Latin America. (Actually this idea does have some support: In the Pacific Northwest pundits have pondered the feasibility of hiving off a few states and creating a separate country called 'Cascadia'.")"

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## Fireworks over 'gays' in N. Y. Israel Day parade

Question: When can't a rabbi march in the Israel parade? Answer: When she's a lesbian.

The backbiting was ferocious over the May 9 New York City parade for Israel's 45th anniversary. An agreement had been reached by parade organizers to allow homosexuals to march under the banner of the reform Zionists, but only if they kept the agreement secret. Then the lesbian rabbi of Beth Simchat Torah talked about it to the *New York Times*—so the deal was off.

The uncloseted homosexuals were banned from the main event, and had to march in their own parade.

According to the *New York Post*, New York's politicians were in a wild scramble for the most politically advantageous appearances:

Gov: Mario Cuomo, Mayor David Dinkins, City Council President Andrew Stein, and Republican mayoral candidate Rudolph Giuliani marched in the main parade, and also stopped by the homosexual Congregation Beth Simchat Torah to pay their respects.

Democratic mayoral candidate Herman Badillo and Congress of Racial Equality "conservative" Roy Innis marched for Israel, but refused to visit the homosexual synagogue.

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Former Mayor Ed Koch marched only with the gay Zionists, and boycotted the "bigoted" mainstream.

Sen. Alfonse D'Amato (R) couldn't decide what to do, so he used the excuse of Mother's Day to spend the Sunday with his mother.

A Catholic columnist at the *Post* ridiculed Dinkins and Stein for marching for Israel after having boycotted the St. Patrick's parade over the exclusion of a homosexual contingent.

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## Oakland council passes anti-Pike resolution

The Oakland, California City Council unanimously passed a resolution calling for the removal of the Albert Pike statue in Washington, D.C. early this month. Albert Pike, a Confederate general, was a founder of the Ku Klux Klan. The statue commemorating him was erected by the Scottish Rite Freemasons, of which Pike was a leading member, in 1901 and is maintained by the federal government. Its removal has become an international *cause célèbre*, largely due to the efforts of associates of Lyndon LaRouche.

The Oakland resolution, introduced by Nate Miley, read in part:

"Whereas, it is the sense of this Council that a statue which represents one who advocates mass murder, terrorism, kidnapping and torture, designed especially to disenfranchise and re-enslave newly freed African-Americans should not be honored with a memorial. . . .

"Be it resolved: that the City Council of Oakland, California urges the President of the United States to remove the statue of Albert Pike, Grand Dragon of the Ku Klux Klan, as requested in the resolution of D.C. Councilmember William P. Lightfoot. . . ."

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## Walt Disney was FBI agent, Nazi supporter

"Mickey Mouse, a Nazi storm trooper? Donald Duck, an FBI informer?" So begins a May 6 Reuters wire, reporting on a forthcoming biography, *Walt Disney, Holly-*

*wood's Dark Prince*, by Marc Eliot. A similar report on the book appeared the same day in the *New York Times*. Reuters further reported Eliot's charges that Disney was a Nazi sympathizer who attended many Nazi Party meetings and rallies during the 1930s.

According to the *New York Times*, Disney was made a "full Special Agent in Charge contact" of the FBI in 1954—usually a trusted informer who could provide transportation and equipment as well as public relations services for the Bureau. Eliot claims that he found the evidence in 570 pages of heavily censored government documents obtained under the Freedom of Information Act. The *Times* added that its own investigation left "no doubt that the material submitted by Mr. Eliot is authentic."

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## Space command ignorant of Russian SDI offer

At the annual meeting of the American Institute of Aeronautics and Astronautics in early May, Air Force Gen. Charles Horner, the head of the U.S. Space Command, gave an impassioned plea for more emphasis on ballistic missile defense. During the Gulf war, he related, when missiles were shot down, the debris fell back on the defenders. What is necessary, he said, is wide-area defense, which is only obtainable from space. When people object that they don't want weapons in space, Horner said, he tells them that "the weapon in space is the warhead on the ICBM, not the interceptor." "Other countries need ballistic missile defense, too," he stressed, and stated that there had been discussions between Yeltsin and Bush on joint defense; but he didn't know about talks with Clinton. He said that there should be a layered defense for ballistic missiles and denounced efforts to trade off ground and space systems.

When asked by *21st Century Science & Technology* Associate Editor Marsha Freeman for his evaluation of the recent Russian proposal for a joint SDI experiment, Horner said that he had never heard about the offer. However, he stated that he thought there should be close work with the Russians without the worry of technology transfer, since we would not hold each other's nations at risk if there were a joint defense.

## Briefly

● **THE ENERGY DEPT.** issued a list of "accomplishments" for the first 100 days of the new administration. The 22-page document written in "greenspeak," boasts of Secretary Hazel O'Leary's "money jar," into which anyone who uses "bureaucratic acronyms" in her presence must donate a quarter. Also, classes on "diversity" will be added in the workplace curriculum.

● **LEONEL HERRERA** was executed in Texas on May 12. Herrera's *habeas corpus* appeal to the U.S. Supreme Court, based on new evidence proving his innocence, was denied Jan. 25 in a ruling that held that innocent persons who have been convicted of murder may be executed without violating the Constitution.

● **MARIO CUOMO** signed an agreement last month with the Oneida Indians, allowing New York State's first gambling casino to open this summer in New Rome, Oneida County. The agreement comes at a time when the area faces heavy job losses because operations at nearby Griffiss Air Force Base are being reduced. Gambling proponents claim the casino agreement will create more than 2,000 jobs.

● **MARY SUE TERRY**, who is being groomed as Virginia's next governor, is best suited to be a mortician, according to a "career aptitude test" she took in high school, a recent profile in the *Washington Post* reported. She apparently also showed a youthful talent for tobacco spitting and castrating pigs. Unmentioned is the fact that as state attorney general, she presided over so many executions that she was nicknamed "Bloody Mary."

● **THE HEMLOCK** Society in Washington State has started a group called "Compassion in Dying," which provides help to the allegedly terminally ill to kill themselves. Their "help" is based largely on the practice of "Dr. Death" Jack Kevorkian in Michigan.

### *Time to get going on fusion*

The Clinton administration has an opportunity to reverse the policies of the two previous administrations, and allow thermonuclear fusion research to move forward. In 1980, the Congress passed and President Carter signed into law the Magnetic Fusion Energy Engineering Act, legislating that producing vast amounts of energy using components of seawater for fuel merited a level of effort which would allow it to develop new fusion energy technologies. But neither the Reagan nor Bush administration supported a level of funding which would have allowed the fusion program to advance.

Today, the magnetic fusion energy program has a budget which is *one-half* of what it was in 1980, in real dollars. No wonder that fusion scientists as well as congressional representatives feel that the program is not going forward, and are proposing various, sometimes counterproductive, solutions.

One danger is that history will repeat itself yet again, and the new administration will want a new "review" of the fusion program. Such a review is unnecessary, and simply wastes precious time.

Dr. Stephen Dean, president of Fusion Power Associates, stated in an interview which will appear in the Summer issue of *21st Century Science & Technology* magazine, that the Fusion Energy Advisory Committee (FEAC) of the U.S. Department of Energy (DOE) has prepared a series of reports for priorities and budget requirements in the fusion program.

A decade ago, the Tokamak Fusion Test Reactor (TFTR) located at Princeton University was scheduled to complete the task it was designed and built for—to produce up to 10 megawatts of thermonuclear fusion energy, using a donut-shaped tokamak machine, by burning deuterium and tritium fuel (isotopes of hydrogen). The first priority of the program, the FEAC states, is to perform those tests *this year*.

The second priority is to participate in the design of the International Thermonuclear Experimental Reactor project (ITER), which is being planned by the United States, western Europe, Japan, and Russia. This is envisioned to be a very large tokamak device, partly because, as a "consensus" machine to be built with the participation of many nations, it will have to be "many

things to many people."

There is also the need to reinvigorate the national fusion program, the committee says, by designing and building a machine to supersede the TFTR. The proposed successor is the Tokamak Physics Experiment (TPX), which will address scientific and technical questions which could permit the tokamak to be a smaller device than present engineering would permit.

There is also a proposed change in policy, which would reestablish research and development work in concepts other than the mainline tokamak design. Due to budget cuts, the Department of Energy made the decision a couple of years ago to stop work, and in some cases *shut down operating machines*, which were promising, but less advanced, than the experiments using tokamaks.

Dean chaired a panel for the advisory committee which examined these non-tokamak "alternative concepts." The panel recommended that a modest, but inviolable, budgetary commitment be made to concepts which were under development in the past—such as the stellarator and reversed-field pinch—as well as innovative concepts which are more risky but may be promising. It recommended that a specific amount of money be earmarked in the budget each year. This could 5-25% of the budget, Dean explains, but would be set and adhered to.

Less thoughtful proposals have been made by frustrated fusion supporters in the scientific community and Congress. One is to shut down the entire fusion program, except for the research for the ITER project. That way, they say, at least something would finally get done. There is also a proposal for the opposite approach—stop work on the tokamaks and end participation in the ITER, so that money can be put into another approach.

The only program that will produce breakthroughs in fusion is the balanced one that Dean describes. Just as the space program has been faced for years with budgets that do not adequately support both Space Station Freedom and innovative space science experiments, the solution cannot be to support one part of a program by lopping off parts of others.

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Wed., June 9—4:30 p.m.
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files on more than 850 political  
groups, newspapers and labor uni-  
ons and as many as 12,000 people.

## Anti-Defamation League offices raided by police

## Police allege group ran spy network

## Spy data sought in San Francisco

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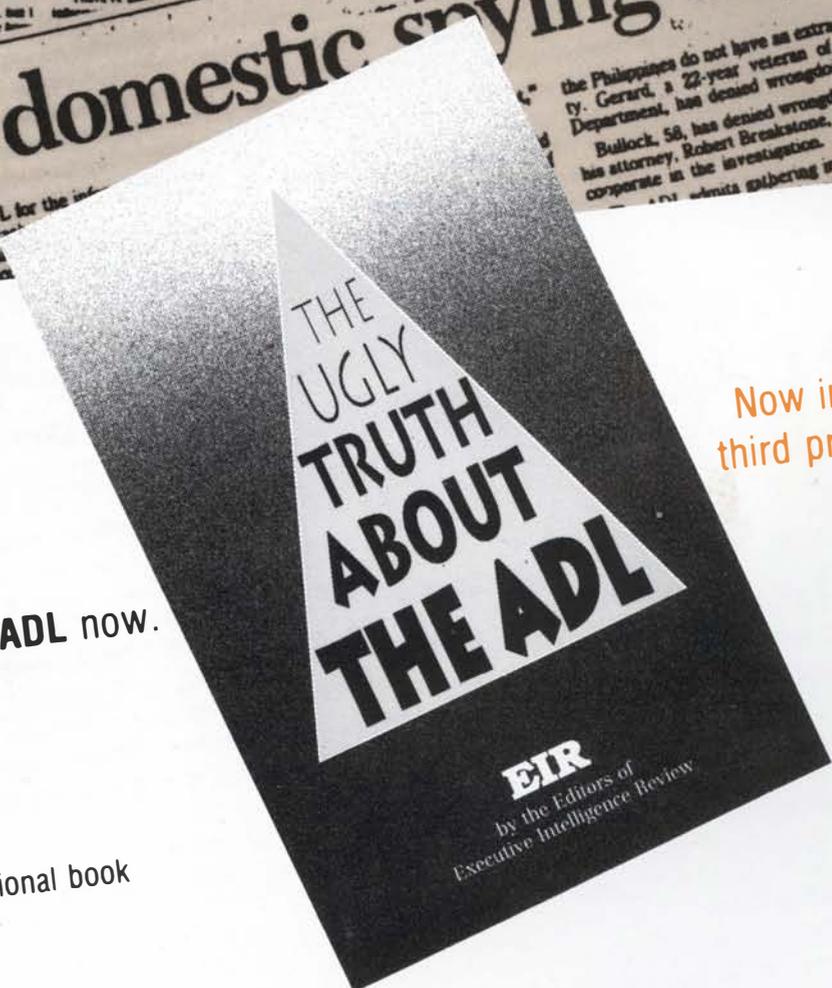
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