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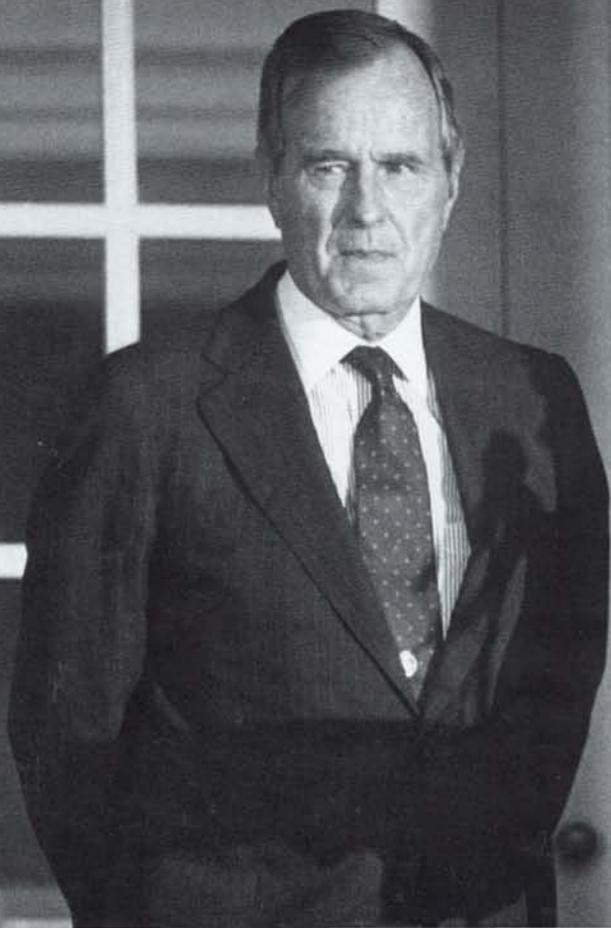
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Interview: Pakistan's Gen. Mirza Aslam Beg

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## From the Editor

**O**ur *Feature* again centers on the growing uproar over the failed U.S. Russia policy. Webster Tarpley reminds readers that the debacle goes back to the decisions of Margaret Thatcher and George Bush, who appear on our cover as they were photographed together in Washington on Aug. 6, 1990—days after the launching of “Desert Shield,” which became “Desert Storm” three years ago this month.

As we said then, and has only become clearer with time, the costly, genocidal war on Iraq was mounted by the Anglo-Americans mainly in order to wreck the chances of continental western Europe to respond to the fall of the Berlin Wall with the necessary massive economic development program which Lyndon LaRouche had envisioned, in his “Productive Triangle” proposal.

Lately, some establishment media in the United States have admitted that shock therapy does not work, but they still say that Russian industry must be dismantled, albeit with a western “safety net.” As Lyndon LaRouche commented on Dec. 29, “These are people who have not yet joined the ranks of sanity, and remember, we have factions which are closely tied to the people who are involved in the great international bubble, which is approaching the collapse point. They are determined to keep the asset-stripping operation going.”

An encouraging element is seen in our interview with former Moscow city councilman Viktor Kuzin. He reports on the founding of the Moscow Bureau for Human Rights Defense Without Borders, which will fill the gap left by what he calls the “moral bankruptcy of the traditional human rights defense organizations.”

Another hopeful sign is reported in the *Economics* lead story by political prisoner Paul Gallagher: the dissenting, anti-zero growth report of the African Academy of Sciences in preparation for next September’s United Nations population conference. Our accompanying coverage of the anti-population lobby’s recent forum in the French Senate, of all places, shows how vitally needed is this kind of ammunition against the all-pervasive malthusian quackery.

We are pleased to present interviews with Gen. Mirza Aslam Beg, the former Chief of Staff of Pakistan, who calls for regional economic development as the only sure path to Islamic unity, and with Istvan Csurka, the co-founder of Hungary’s ruling Democratic Forum and an outstanding foe of International Monetary Fund policies.

*Nora Hamerman*

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## African academy of sciences defends population growth

by Paul Gallagher

The third of the "World Population Conferences" held every 10 years is to occur at Cairo, Egypt in September 1994. Each of these extravaganzas of anti-population frauds and falsehoods parades malthusian "experts" and international financiers, who are committed to stopping and reversing the growth of the endangered human race, representatives of nations, especially Third World nations which are the targets of the anti-population fervor.

Against the 1994 "Third Worldwide Population Conference," there is the possibility of a fight for the principle of the value of human life in God's image, and for the need for continued, *revived* human population growth. To bring about such an honorable battle against the malthusian dominators and overlords of the conference, support must be generated for the dissenting pre-conference report of the African Academy of Sciences. This short report, authored by Prof. J.K. Egunjobi of Nairobi, Kenya, is meek and humble, but blessed and true. It nobly defies the dogma of the World Bank, the International Monetary Fund, the Club of Rome, and the sterilization mafia of Johns Hopkins University. The report's key dissenting statement reads: "For Africa, population remains an important resource for development, without which the continent's national resources will remain latent and unexplored." And, it adds, "*infertility* is a major problem."

### Previous battles

The first "World Population Conference" in 1974 was keynoted by such so-called humanitarians as John D. Rockefeller, III, and Club of Rome chief Aurelio Peccei, who at that time defended cannibalism as ethical in some situations. It was appropriately held in Bucharest, in Ceausescu's Roma-

nia, where even then the birth rate was low and the grim orphanages beckoned many children abandoned after birth. But that conference, unexpectedly, saw a major fight for human life waged by the Vatican and some Third World governments, and spearheaded by Helga Zepp, then a leading associate, now the wife, of U.S. statesman and economist Lyndon LaRouche.

We refer, in brief, to the chronology of that battle leading to the 1994 Cairo World Population Conference. By the time of the Cairo conference, the malthusians will have virtually achieved their catastrophic goals, with the world in economic depression and the suffering populations of Third World and industrial nations alike stagnating, declining, or on the verge of the abyss. Therefore, let the courageous words of the African Academy of Sciences be heard and supported worldwide.

The 1974 Bucharest Conference was the golem of the 1971 "Limits to Growth" report of the Massachusetts Institute of Technology and the Club of Rome, one of the most widely promoted frauds in history. That report (actually a vastly complicated computer model) used the *assumption that no further major technological progress could or would occur*, to forecast that vital resources such as land, water, and energy would be depleted and exhausted by 2025 or so, if human population growth continued. But the hugely popular book *Limits to Growth*, which was based on this study, soft-peddled this "axiom" of zero-technological growth, making it appear that the "worldwide exhaustion of resources" was an inevitable automaton of "nature."

Throughout 1971-73, LaRouche and his political movement fought the "Limits to Growth" report and debated its



Collaborators of Lyndon LaRouche demonstrate at the second U.N. Population Conference in Mexico City in 1984. Against the 1994 "Third Worldwide Population Conference," there is the possibility of a fight for the principle of the value of human life in God's image, and for the need for continued, revived human population growth.

authors and proponents on campuses throughout the United States and elsewhere. In one series of Ivy League lectures, attended by thousands of students and professors, LaRouche's associates' questions and exposés from the floor of the forums stymied and stumped the flustered speakers until they began not showing up to speak.

In 1974, Helga Zepp stunned the Bucharest conference by challenging John D. Rockefeller III over his denial of technological progress to the Third World. She explained, as a crucial example, that *fusion energy* breakthroughs could completely redefine all economic resources by providing inexhaustible nuclear electrical energy. Other delegations took heart, and the Bucharest conference *did not* adopt population reduction goals, as Rockefeller et al. wanted.

Secretly, that same year, the U.S. National Security Council under Henry Kissinger adopted as U.S. policy National Security Study Memorandum 200 (released to the public only in 1991), *identifying the population growth of 13 large Third World nations as a national security threat to the United States*, to be met by contraception and sterilization programs.

In 1983, LaRouche's movement published the paperback *There Are No Limits to Growth* in English and German, and later in French and other languages. This book *proved* that "natural" resources were fixed *only for stagnating or declining technology*, but were redefined, improved, and vastly expanded by technological progress—the ingenuity of the very human beings the malthusians seek to reduce.

Much later, in 1990, it was acknowledged that the zero-

technological progress axiom of the "Limits to Growth" report made the whole report a fraud, in a (polite but accurate) report by the U.S. National Academy of Sciences. (By that time, *Limits to Growth* had puffed up the Club of Rome into a worldwide hydra of heads of governments, think-tanks, and intellectuals of all stripes.) LaRouche, while not mentioned, was implicitly acknowledged correct about *Limits to Growth*; he had then been a political prisoner for two years.

### A 'Joint Statement'

In 1993, the British Royal Society, along with the same U.S. National Academy of Sciences, revived the very same fraud for the Cairo conference, whose objective is nothing less than *forced population reduction goals as a condition for aid and loans to all nations*.

The vehicle this time was the "Joint Statement on Population by the World's Scientific Academies," heavily publicized worldwide since it was adopted at a New Delhi conference Oct. 24-27, 1993. No longer merely the prestige of financiers, "elder statesmen," and university experts and intellectuals, the imprimatur of science itself is claimed for the iron necessity that what remains of human population growth must end by the first part of the next century.

While presented as the work of 56 national scientific academies, the Joint Statement resulted from an Anglo-American conspiracy. As the statement's preface admits, first the British Royal Society and U.S. NAS met, in London of course. Then, they had a second meeting with the addition of the oligarchical Royal Swedish Academy of Sciences.

Both meetings issued statements full of dignified and measured hysteria about the threat of degradation, poverty, and "irreversible" landslides of catastrophes brought on by human procreation. Then, with the agenda firmly set, a third meeting brought in the Indian Academy of Sciences, to take the job of hosts for the New Delhi general meeting where the "Joint Statement" was signed.

This Joint Statement repeats the *Limits to Growth* fraud of assuming, axiomatically, that no technological breakthroughs—such as fusion energy, laser-industrial and laser-chemical processes, hydroponic agriculture, or space biotechnologies—are available to the human species: "The growth of population over the last half-century was for a time matched by similar worldwide increases in utilizable resources. However, in the last decade food production from both land and sea has declined relative to population growth. The area of agricultural land has shrunk [with] reduced possibilities of irrigation. The availability of water is already a constraint." (Apparently these scientists have discovered that agricultural land "set-aside" decrees of various governments are an act of God.)

Whereas the 1971 *Limits to Growth* forecast prospectively that resource exhaustion would be inevitable, the 1993 Joint Statement claims retrospectively that it *was* inevitable. Both cover up their fraudulent axioms: zero-technological progress; the "inevitability" of enforced policies which block use of land, water, and energy resources, or stop their development. This is the fraud exposed and *acknowledged* to exist in the *Limits to Growth*.

The Joint Statement contains an even greater malthusian fraud: "Poverty and lack of economic opportunities stimulate faster population growth"; an attempt to claim that population reduction will be associated with a better life for the survivors.

## Evidence of history

This flies in the face of the evidence of human history at least since the Greek Classical period: periods of rapid, sustained population growth are always associated with renaissances, periods of scientific and cultural advance; and, they are associated with high and rising living standards. The greatest sustained population increase in human history—the uninterrupted thirteenfold increase in world population from 1450-1970—clearly was caused by the spread of the European Golden Renaissance. Thus today, the areas of highest living standards in the world are the areas of *highest population density*, particularly Europe.

Clearly, the Joint Statement is repeating popular media falsehoods and frauds, to the shame of the scientific academies which lent it their credibility.

The falseness of the claim that population reduction improves living standards, should be obvious by considering where population has actually begun to fall in absolute terms: the immiserated countries of the former Soviet Union, na-

tions in Central and East Africa, and the war-ravaged Balkans.

But a new article from the Johns Hopkins School of Hygiene and Public Health, the world center for programs of voluntary and "conditionality" sterilization, admits that zero population growth is *not* coming from betterment, but immigration. In the December 1993 *Scientific American*, the school's "coordinator of overseas activities," Bryant Robey, writes: "Fertility rates in developing countries have fallen much more rapidly than they did during the European demographic transition. . . . In fact, fertility declined as many developing countries stagnated or lost ground in the 1980s. The findings despite the notion that 'development is the best contraceptive,' a phrase that originated at the 1974 World Population Conference in Bucharest."

## African opposition

Precisely proving the point of Professor Egunjobi and the African Academy of Sciences. Without *greater* population, Africa will not be able to develop. Consider the entire large area below the Sahara Desert as far south as Mozambique and Angola, and stretching across Africa from Djibouti in the east to Dakar in the west. These nations, excepting Nigeria, have population densities in the range of 10-20 persons per square kilometer—one-seventh that of western Europe; 50% less even than that of North America. They lack technological infrastructure such as long-range or high-speed railroads; water control and management projects; electrical power per capita of even one-tenth that of the United States; roads, sanitation systems, and hospitals. In many of these nations—wracked by war, international lenders' usury; drought, and the price collapse of cash crops—population is stagnating and may be falling absolutely. Ten million Africans, says the World Health Organization, are now infected with the AIDS virus—2% of the entire continent's population! The African academy insists that "the contribution of the North to Africa's population predicament must be acknowledged in any suggestions."

These nations need this infrastructure—not population reduction. The African academy's crucial point of opposition to the Joint Statement says: "Whether or not the earth is finite will depend on the extent to which science and technology is able to transform the resources available for humanity. There is only one earth—yes; but the potential for transforming it is not necessarily finite."

The African Academy of Sciences concludes that "a special panel on population and development could be set up by the scientific academies." If this panel were opened to the unique competence of Lyndon LaRouche's writings on potential population density, economic science, and the ecology, the onrushing folly of the 1994 Cairo Population Conference could be reversed. LaRouche was recently elected to Russia's International Ecological Academy, the "Academy 100," for precisely these writings.

# Malthusians hit Paris with drive for depopulation and genocide

by Frédérique Vereycken

On Dec. 6-7, 1993, the first colloquium of "Equilibrium and Population" was held at the French Senate. This association, recently created by a group of doctor-journalists, benefitted from major institutional support for the symposium from the European Community, the International Planned Parenthood Federation (IPPF), the United Nations Population Fund (UNFPA), the Rockefeller Foundation, and Population Action International.

The meeting is part of the buildup to the third United Nations world conference on population, which will be held in Cairo, Egypt in September 1994. As shown in the previous article, the objective of the U.N. conference is to force international acceptance of mandatory population reduction goals, as a condition for aid and loans to all nations—especially the nations of the Third World. This program amounts to outright genocide.

The goal of the Equilibrium and Population association, in the words of its president Mrs. Tesson-Millet, is "sensitizing the public and mobilizing politicians to the problem of demographic growth." It was an occasion for gathering the top malthusian mouthpieces in France, a country still relatively resistant to "zero growth" ideology. The speeches presented a catastrophic vision of the world, a rejection of any reference to economic and political problems, and great reticence about revealing the drift of certain "family planning" programs.

First, some figures were presented. According to the UNFPA, three children are born each second, and world population, which is now about 5.57 billion, will grow to 6.2 billion in the year 2000, and to 11.6 billion by 2200. In the view of all the participants in the conference, such growth bodes future catastrophe. Parviz Khalatbari, a professor at Humboldt University in Berlin, who spoke of "apocalypse," explained his pessimism as follows: "Our Earth is a small planet with limited resources, limited land, limited possibilities. All this is simply not compatible with an unlimited population growth." Prof. Elie Schneour, director of a research institute and member of the Cousteau Society, shamelessly dredged up the discredited theories of the 18th-century British Parson Thomas Malthus: "The rate of

human procreation is geometric and that of foodstocks is arithmetic." We live, say these "researchers," in a reservoir of fixed resources, which has already been depleted, and any population growth could only destroy this "ecosystem." According to UNFPA statistics, under "demographic pressure," 10,000 species allegedly disappear each year as well as 20 million hectares of forest, as the "greenhouse" effect produced by human activity portends climatic disaster.

The population explosion supposedly causes hunger, unemployment, and the rural exodus. Hence, the increase in the number of people is allegedly behind all the evils afflicting what Mr. Mahler, the IPPF chairman, calls the "global village." Dr. Segal of the Population Council presents himself as the "most optimistic." He does not deny that in certain cases, such as India, the standard of living today has improved over the period when world population was only 2 billion. But then he brushes the example aside: "An India where there would be a half-billion inhabitants in the year 2000, which is already enormous, instead of the billion which we must expect, could catalyze a high level of development." In all these cases, human beings are considered as burdens to be borne and not as a source of wealth. For Segal, "It is evident that the quantity of human lives has a negative effect on the quality of life. For a developing country with a growing population, like Alice in Wonderland, you have to run faster to be able to stand still. To achieve national objectives, the best strategy is to balance the number of persons and their needs with the available resources." This concept of equilibrium is precisely what one uses when one studies an ecosystem made up of animals!

Dr. Maurice King makes no bones of his bestial model in his definition of "the demographic trap": "A population is caught in a demographic trap when it has to exceed or is projected to exceed the combination of the following elements: capacity of an ecosystem to support the population, capacity for obtaining products issued from other ecosystems, capacity to migrate toward other ecosystems so as to sustain its standard of living." If you wanted to describe a population of sheep isolated on an island already saturated with sheep, you would use exactly these terms.

## The difference between man and beast

What is the trap in malthusian philosophy? Malthus and his disciples have forgotten one thing: the difference between man and beast. This difference is called human creativity, and it permits, through the invention of new technologies, the defining of new resources and the opening of new degrees of freedom in man's use of nature. From this standpoint the notion of limited resources is false, because they are not defined by themselves, but by human action on the universe. The only condition to be fulfilled for humanity to continue this progress is that of creating the conditions which make possible the process of discovery/development. All such economic and political questions were, of course, discarded by this symposium.

The U.N. Population Fund's objective seems to be exclusively limiting births, according to Dr. Nafis Sadik, its executive director: "There is no need to wait until there is economic development to attain lowered fertility." Any mention of the economic austerity imposed on the Third World is hence ruled out. Dr. Sinding, of the Rockefeller Foundation, represents this new "school" of demographics very well. He claims that demographic transition (passage to a situation where the birth rates and death rates are low) can be effected outside any economic progress and is not linked to the level of development. He recounted, "In the 1960s, the initial family planning policies and the climate of urgency which they reflected revealed the possibility of conflicts between individuals' plans in the realm of procreation and the demographic targets of governments whose goal was to rapidly diminish the birth rate. This potential for conflicts was reinforced by the belief that family planning programs would not be effective without great economic and social transformations. The pessimists developed impressive and persuasive theories on the reasons which prompted poor, uneducated couples to need a lot of children. At present, however, it seems evident that the theories concerning the economic and social causes of high fertility have not enabled us to see the extent of unwanted pregnancies and births in most of the countries concerned. Unfortunately, the weight accorded by the experts to investments designed to reduce poverty have led most of the donor agencies to underinvest in family planning activities during these past 20 years."

## Priority must be accorded development

This new concept of "demographic transition" is an Anglo-Saxon brainchild, and finds little acceptance in France. Even when they share the malthusian notion of limited resources, French demographers bridle at such extremes of irrationality, insisting that there is a link between the number of people, the size of the family, and the living standard. It suffices to study the history of the demographic transition in Europe. Thus, for Jacques Véron of the National Institute for Demographic Studies, "Poverty in Third World countries is not only a result of demographic growth but is also a cause

of it. . . . The experience of the last 40 years shows that it has been possible to radically modify the evolution of fertility by putting into place birth limitation policies: Demographic change is not produced outside a transformation of the economic and social context. For rationalities to be modified and real choices to be exerted, a minimal development is indispensable. Therefore, priority has to be accorded to development." Professor Vinokur of the University of Nanterre (Paris) also explained that demographic transition cannot take place without development. The two French researchers were violently attacked and almost ridiculed for this approach, especially by Sinding.

Why such ferocity for evading any reference to the economic conditions to which developing countries are subjected? Behind the demagogic and feminist diatribes about a purportedly "unsatisfied demand of women for family planning," so dear to Mr. Sinding, the name of the game is to avoid at all costs any questioning of the policy carried out by the big financial institutions (International Monetary Fund, World Bank, etc.) toward the Third World. There is no legitimacy in the crushing debt of these nations, which have been the helpless victims of the dizzying rise in interest rates and plunging raw materials prices.

But to save the world financial system and its insane monetarist logic, the financial "elites" must pursue this policy of looting and prevent any real development. The policy consists of considering the Third World as a mere reservoir of resources and coheres with the malthusian philosophy professed by financial circles. From the malthusian viewpoint, the only appropriate "aid" is to help cut down the number of useless eaters.

## True purposes concealed

How can this depopulation policy have been accepted? First, because the real drift of family planning and the coercive measures are skillfully disguised. Thus, in this symposium, Mechai Viravaidya (president of Population and Community Development, the PDA) came to proudly present the "Thai model." "In Thailand the annual rate of growth went from 3.2% in 1973 to 1.3% in 1993," Mechai said, but he presented nothing on the methods used. The 1990 report of the World Bank gave the details: "Marathons of vasectomies took place on work holidays and on the birthday of the king. In 1983, a team of 40 doctors and 80 nurses carried out a record 1,180 vasectomies during the holiday. The PDA guarantees free, comfortable, and effective vasectomy services in dispensaries and mobile units. From July 1980 to June 1984, some 25,412 vasectomies were thus carried out. Households which use family planning may rent buffalos to work their fields for half the price. They are encouraged to sell their products through the intermediary of the family planning service for prices 90% of those which the ordinary intermediaries offer, and to buy fertilizers and seeds at 30% less than they would pay on the market. Such a program

proposes charging to the villagers who practice contraception lower rates for transporting their products to the markets and free suckling pigs." Given the conditions of life, who could speak of "free choice"?

The case of Brazil was barely mentioned, although according to Rep. Ervin Bonkoski of the French National Assembly, in recent years more than 20 million Brazilian women have been sterilized, among them very poor women who may know nothing of the irreversible nature of the operation or know nothing about it at all.

Dr. Segal, who directed the original team of researchers who produced Norplant (the contraceptive implant which makes a woman sterile for five years), kept mum on the heated polemics which have been touched off by the use of this means of contraception in questionable conditions in the black ghettos of the United States. There was total silence on the conditions in which family planning programs are carried out on the ground, while the broad public is fed speeches on human rights. "The right of individuals and couples to freely determine the number of births and to dispose of the means they want was recognized for the first time in 1968 and this right of the human person has been accepted almost by the entire world," reported one of the UNFPA brochures.

The second "factor of acceptance" of this policy of depopulation of the Third World is cultural pessimism. As a result of it, Malthus's axiom on the limitation of resources is more and more widely accepted, including by those scientists represented at the Senate symposium by Prof. F. Gros (permanent secretary of the Academy of Sciences of France). He reported on a meeting of the world scientific academies which was held this year and which went totally down the malthusian road.

To conclude, let us examine the purpose of this meeting in the French Senate. First, for all these family planning pushers it was the occasion to review 30 years of activities. Dr. Sadik of the UNFPA spoke of "cautious optimism." Sadly, she has something to be smug about. Today women in the Third World have 3.5 children each, as against 6 in 1965. The rate of use of contraceptives (all methods including sterilization) went, during the same timespan, from 8% to 50%. Since 1975, the rate of world population growth has remained unchanged at 1.7%. The "best" results, according to Dr. Segal, have been in Thailand, Indonesia, Mexico, Colombia, Brazil, and Bangladesh.

In September 1994 the third United Nations world conference on population will occur. The "Equilibrium and Population" colloquium in the French Senate is part of the buildup to it. Already, the objectives have been defined. According to the study by the Population Council's Dr. Segal, "If the United Nations estimates that the world population will reach some 6.7 billion people within ten years, a threshold not to be exceeded, we must supply the Third World in the next ten years with 50 billion condoms, 11 billion contraceptive pills,

178 million sterilizations, and 400 million Norplant implants." Moreover, the long-term objective is zero growth, because, according to Segal, "The Third World has already gone halfway toward the level of simple replacement."

To attain this goal, Joseph Speidel, president of Population Action International, pleads for a massive increase in the annual world family planning budget. From \$4.6 billion today, he demands spending \$11 billion per year up to the year 2000. The Third World would supply half this sum, the rest would have to come from developed countries. In its brochure on family planning and donor countries, the PAI regrets "that in certain countries the Catholic Church or the religious beliefs of this or that functionary of the aid bureaucracy has exerted a behind-the-scenes influence which has kept governments from more actively supporting family planning interventions abroad." France is a particular target because it has dedicated only 0.03% of its total aid budget to the Third World to family planning and, according to PAI, "it has practically no population experts in its foreign aid services." France is therefore "invited" by PAI to upgrade its contribution to birth control.

### 'Durable' development

Besides obtaining zero growth, the objective is the adoption of a model of "economic development" called "durable" development. A U.N. document on population and the environment says:

"Once the correlation between the growth and distribution of the population and the degradation of the environment are admitted as factors in the economic equation, the perspectives of future development are profoundly changed. It could be that we have accomplished progress in the past which is costing the future very dearly. Certain analyses call into question the very notion of economic growth detached from the expenditure of available resources. A large part of what has been taken for economic development could prove to be illusory in the long term, obtained at the cost of technological schemes which merely put off the day when we will have to step up to the cashier and pay up the hidden costs."

"Durable" development is what takes into account the so-called limitation of resources and the so-called harmful effects of man on nature. The economic equation is that of Paul Ehrlich (Stanford University):  $I = PAT$ , where  $I$  represents the impact of man on the environment;  $P$  the population (an absolute figure, growth);  $A$  per capita consumption; and  $T$  technology. The goal of "durable" development is that of decreasing  $I$ —therefore, decreasing the number of people, their individual consumption, and the technological level!

The result of such a policy will be genocide under the cover of preserving ecology. Its purpose is the destruction of all physical economy, including that of the developed countries, and the elimination of a part of the world population.

## 'Malthus's ideas have been merely postponed'

*Dr. Maurice King, Professor of Public Health at Leeds University in England, was interviewed by Christine Bierre at the Dec. 7-8 conference in Paris on population growth organized by the association "Equilibrium and Population." A malthusian, King became notorious after authoring an article in the British medical journal The Lancet, which called for an end to vaccination of children in the Third World. In this interview, first published in the French bi-weekly Nouvelle Solidarité, King outlines his concept of "entrapment," which defines a nation having arrived through overpopulation at a point of no return. He once again underlines positively the role epidemics might have in "disentrapping" nations. But for King, AIDS will not be enough to end "entrapment"—the latest insanity coming from demographers is that since only 1 out of 3 or 4 babies born to HIV-positive women actually becomes infected with the virus (not 1 out of 2 as had been expected), the effect of this deadly disease will be "too little" to reduce population growth to zero, i.e., 2.1 children per couple.*

**EIR:** You developed this morning the concept of "entrapment," which seems to worry you a lot. What exactly do you mean?

**King:** It is a population outgrowing its so-called carrying capacity. This is the ability of the land on which it lives to produce the food it requires. So if it outgrows the ability of its land, its ecosystem, to produce food, and at the same time has nothing to exchange for the food from other parts of the world, it's either going to starve or have to be given long-term food aid. So this very unhappy concept, "demographic entrapment," is very anxiety-inducing indeed, so much so that the aid agencies and sadly also, academia, don't really want to discuss it. We don't really want to look at which communities are in this situation, i.e., so many people that their land can't support them and, at the same time, don't really make anything that anyone else wants.

**EIR:** Which are these communities?

**King:** A hell of a lot have been suggested. It looks quite possibly that India, which has now come to the end of the bounty of its Green Revolution, in that its agricultural production is not rising in the way it did several years ago and yet has another billion people coming to it, may be in

this situation. The optimists say, "Oh, there will be breakthroughs in rain-fed agriculture"—not in irrigated agriculture, the Green Revolution, but in ordinary monsoon-fed agriculture—"and agricultural productivity will rise." The pessimists say, "This will be extremely difficult because it requires lots of technical advances which have got to be promoted all over India, taken up by the villagers, and there are all sorts of snags. It may happen, but it may not happen as well." So there is no certainty that India is going to get a second Green Revolution from its rain-fed agriculture. The optimists would also say, "Oh, there is no problem with the exports." But anybody, including ourselves, who is trying to export in competition with China is going to face considerable difficulty.

Kenya, a grain importer, is in a similar situation. Fertility has only just started to decline and it's going to have considerable difficulty in feeding its coming population, and chances to have much to export, including tourism, don't look too good. And, in fact, the situation in much of sub-Saharan Africa could be said to be similar. There is always an optimistic and a pessimistic way of looking at all these problems. Some of the optimists will say, "Oh, science will fix it and we can't have any problems, we shall either have major breakthroughs in agricultural technology, or perhaps we might even have an abundant source of new energy, cold fusion. A really abundant, cheap energy would make a lot of difference." . . .

**EIR:** But you are rather among the pessimists?

**King:** All of us would like to think we are realists. And what I consider my job in this unhappy activity is to remove the taboo from discussing "demographic entrapment." . . .

**EIR:** What do you propose to do vis-à-vis those countries which are entrapped?

**King:** I listed a whole lot of things which ought to be done. The first thing is . . . [to] put a great deal of push behind ordinary family planning. We don't really recognize it, however, and I'm concerned with particular communities, not with overall trends which may be made to look rather rosy. I'm concerned with what is going to happen to country A and to country B, what is going to happen to its population, what is going to happen to its agriculture, what is going to happen to its soil erosion, what are the possibilities or lack of them of irrigated agriculture, where can its population move?

Nepal is in a bad state. The top of the suitable land for agriculture is really finished or it's all used, the population is sort of climbing up the mountains, cutting down the trees and cultivating on steep slopes, which is highly unsuitable. It's stuck there with a population of about 20 million and, in fact, its people are pouring down into India. It's a pretty miserable opportunity to go down into India which is already overpopulated. So, there is a great reluctance to look at

particular countries and get down to business. We've only barely started in Nepal.

**EIR:** What is your aim in these countries?

**King:** It has got to be the absolute maximum use of ordinary family planning. It has to be, where possible, one-child families. Now because measures are so difficult, there is a great reluctance to look at them. China has had quite a measure of success, but it is usually said that other countries find [such measures] quite impractical. I sometimes wonder whether they are quite so impractical; and the reality of the situation has to be brought home to people, and it presently isn't being brought home.

**EIR:** Are you favorable to the Brazilian experience where there were massive numbers of sterilizations?

**King:** No, I'm not at all. Sterilization must certainly have its place when you have finished your family—have your tubes tied. What went wrong in Brazil was that the balance of the methods applied wasn't as suitable as was possible. All communities should in fact have a choice of whatever is suitable at different stages in the reproductive period, and different methods may be suitable. Tubal ligation certainly has a place.

**EIR:** It is obvious that population keeps growing massively in the South, as opposed to in the North. Aren't you afraid of being accused of being against the colored people of the South?

**King:** If entrapment has convinced me of anything, it is that I'm absolutely horrified by our northern lifestyles: the way we use our energy, the unnecessary use of our cars, the way we throw everything away, the way we feed so much of our grain to animals and then eat the cream and the butter which they produce. This is a very inefficient way of feeding people; we ought to become much more vegetarian. The diet wants a new term, and I mentioned a light-efficient, photon-efficient, a diet which feeds the most people from the least land. Here are we in the North, burning vast quantities of fossil fuel, increasing the world's carbon dioxide much more than the developing world, and we are contributing to the warming of the whole earth and to the change in the climate. So, this is absolutely urgent. And here we are, even centrally heating our buildings—we expect them to be centrally heated so we can wear our summer clothes in the winter.

**EIR:** So, you favor reducing the living standards in the North. You do realize, however, that we are in a crisis. In Europe, many people have lost their jobs; living standards have already dropped considerably.

**King:** I think we ought to rearrange very drastically the way in which our community and our economy functions. There is less employment anyway in conventional terms,

and there is a lot of unemployment. It seems to me that in a family, there need only be one bread-winner at one time—at one time it might be the wife, at another time the husband. And when we consider that so many children don't get enough care from either parent, it's such a pity that both should be working. We ought to go toward the norm of one parent working, and the way we would do this is by suitable tax incentives.

**EIR:** In 1974, Henry Kissinger ordered a study from the National Security Council on population trends (NSSM-200) which treats the growing population of the South as a security threat to the United States. What do you say to those who would accuse you of serving the interests of those policies?

**King:** I'm very well aware that the discussion of "entrapment" creates great tensions. We already mentioned this morning the migration issue in this fortress Europe, and I think we ought to improve conditions in the South by all possible means so as to reduce the pressure for emigration. I can't see the South being much of military threat. It can be threats in other ways.

**EIR:** Perhaps in terms of raw materials.

**King:** The interesting thing is that apart from such raw materials, there seems to be plenty of everything else, with the exception of food and water.

**EIR:** You come from the country of Thomas Malthus. Don't you think you're the living heritage of Malthus?

**King:** It is very unpopular to be a neo-malthusian. . . .

**EIR:** It is because his theories have been proven wrong.

**King:** In fact, they have been merely postponed. There are all sorts of things that he did not foresee. He didn't foresee huge increases in agricultural production. Well, they can't go on forever. He didn't foresee the demographic transition whereby people are really very wealthy—they prefer to have foreign holidays rather than children. He didn't foresee all sorts of other things. But, he also didn't foresee ecological destruction, nor did he really foresee lack of water, which is a great problem. His vision, needless to say, was only partial, but that doesn't necessarily mean that it's not going to come down to what he expected.

**EIR:** We are now moving toward an era of epidemics, with AIDS, tuberculosis, hepatitis. Would you say this might have a positive effect in curbing population?

**King:** Any substantial epidemic may happen at any time. A droplet infection with a high mortality, such as a high-mortality variety of influenza, might "disentrap us" at any time. . . . What the effect of AIDS is going to be . . . is somewhat arguable. It seems . . . to be likely to slow population growth but not totally negatively. It's possible that in various places it might do this. . . .

# GATT debate in Indian Parliament puts government on defensive

by Susan B. Maitra and Ramtanu Maitra

The 11-hour debate in the wake of India's signing of the General Agreement on Tariffs and Trade (GATT) accord has rejuvenated the opposition and put the government of Prime Minister P. V. Narasimha Rao on the defensive. Despite repeated claims by Union Commerce Minister Pranab Mukherjee, as well as the prime minister's remarks, that India has done the best it could, there is a realization that under pressure the government made concessions which it should have shunned.

Flush with recent successes in the state assembly elections, the Rao government ran into immediate difficulties when a combined opposition staged a noisy demonstration inside the Parliament protesting against India's signing of the Dunkel Draft Text and charging that the government had gained nothing in the Uruguay Round of the GATT negotiations, which was successfully concluded Dec. 15 and is to be implemented by 1995. On Dec. 15 and 16, both houses of Parliament were rocked by protests over the government's decision to approve the Dunkel Draft report and sign the GATT accord. On both days, after raising slogans of "sellout," opposition members staged walkouts and forced the Parliament to adjourn for two successive days. Demanding a fresh debate, the opposition leader urged the prime minister to justify the Indian government's position. But Rao chose to keep away from the debate, and Union Commerce Minister Mukherjee was left to defend the Indian position alone, with some tepid support from the ruling Congress party parliamentarians.

## Government doublespeak

Besides the obvious tilt of the GATT Treaty toward the North, there are other valid reasons for the fury unleashed by the opposition leaders in the Parliament. To begin with, the Indian ambassador to GATT, Balkrishnan Zutshi, had gone on record stating in Geneva recently that there exists "a deep imbalance in the exchange of concessions in the areas of textiles and agriculture." Zutshi pointed out that the developing countries are making larger offers in catering to the interests of developed countries, when "it should work the other way around." He also said that in tariff-cutting offers made by the developed countries in textiles and farm produce, "we can't see as much liberalization as we would want to see." He added that there is a general mood of frustration, and that the developing countries are making large concessions to the interests of the developed countries.

Zutshi's statements triggered apprehensions which

should have been expressed by the opposition earlier. In November, GATT Director General Peter Sutherland was in New Delhi urging India to sign the Dunkel Draft on the dotted line. Sutherland brazenly told Indian officials that they could negotiate with the developed nations bilaterally later. From what Sutherland said, it was difficult to figure out whether the GATT director general represents the body that promotes multilateral trading, or is a spokesman for the Group of Seven (G-7) advanced countries, which are demanding that India concede multilaterally, with the "promise" that the G-7 will reciprocate bilaterally. Surprisingly, as with the discussion on the Dunkel Draft generally, which is now over a year old, Sutherland's strong-arming escaped the opposition's notice.

The issue has been under constant scrutiny and discussion for some time. The report submitted by the Parliamentary Standing Committee on Commerce on the impact of the Dunkel Draft on India made it clear that India's interests in agriculture and the services' sector, particularly banking and insurance, must be protected at all costs in the Uruguay Round of talks in Geneva. In the report tabled in the Rajya Sabha (the upper house of the Parliament) on Dec. 14, the committee expressed the view that the Dunkel proposals would discriminate against Indian agriculture, since subsidies have to be limited to an upper bound of 10% of the value of the output for developing countries. The report also warned that by including agriculture, the Dunkel Draft proposals could help the developed countries to capture the food markets in developing countries and also to control the gene sequences, microbial resources, and genetic engineering. The committee also expressed concern about the applicability of the provisions regarding minimum access (3% of the agricultural output) for imports to India.

As the parliamentary committee report woke the opposition from its deep slumber, the government went on mobilizing forces to knock the bottom out of the committee's report. Taking a stern position, the commerce minister told the Parliament, amidst chaos and sloganeering, that none of the apprehensions are valid. While at least some opposition leaders demanded India quit GATT, Mukherjee went on playing a pacifier's role without stating anything substantial. "If we are to opt out of the new agreement, the possibility of our major trading partners insisting upon a much earlier introduction of product patents on the threat of imposition of restrictions on the export of our goods into their markets, cannot

## Nobel economist hits GATT once again

French economist Maurice Allais again denounced the GATT accord in the Paris daily *Le Figaro* on Dec. 28. He specifically refuted the arguments of two GATT "economists," Richard Blackhurst and Alice Enders, in *Le Figaro* on Nov. 30. He called their arguments absolutely unfounded, and gave several examples of their incompetence and bad faith. One example of this, Allais said, is that no one at GATT wants to consider the effects of monetary fluctuations on trade.

Allais wrote: "The same men at the World Bank, the OECD, and GATT, who hold out the prospect of an increase in wealth of \$213 billion per year . . . by the year 2002, remain absolutely silent about the financial flows

amounting on the average to \$1.1 trillion *per day*, which is 40 times more than the amount of flow corresponding to trade payments. These financial flows *destabilize exchange markets totally* and make it impossible to apply trade agreements in any reasonable way. The fact that experts from leading international institutions practice such disinformation, consciously or unconsciously, is beyond comprehension."

Allais attacked the so-called profession of economists. The two GATT economists had written that "the large majority of their fellow economists agree with their conclusions." Allais responded: "Here, the GATT 'economists' confuse *scientific truth* and *majority truth*. How could it be reasonably maintained that scientific truth can be decided upon by a majority vote? For centuries, that majority was convinced the Earth was flat, at other times, that the Earth was at the center of the world. Today we know that this was a matter of 'collective deception.' "

be ruled out," Mukherjee said. But he assiduously avoided comment on what happens if India signs on a trade agreement which is patently biased and which may even infringe on India's sovereignty.

### Opposition on the offensive

While Mukherjee's weak defense and Prime Minister Rao's disinclination to join the debate did little to calm the critics' nerves, what fired up the opposition was a news report that the Parliamentary Standing Committee's report on the Dunkel Draft Text had already been thrown into the dustbin and that the government had given the green light to sign the GATT accord. Opposition leaders challenged the government's authority to ignore the Standing Committee report without any discussion in the Parliament.

Pushed to the corner, the government announced the signing of the GATT accord. Union Commerce Minister Mukherjee coupled the announcement with an upbeat report that India had thwarted an eleventh-hour effort by the developed nations to force open its textile market. "We took a position that the multi-fiber agreement was a derogation from GATT, and the integration of the textiles trade into GATT was not something that required any contribution from us. We sustained our position in spite of concerted demands on us," Mukherjee proclaimed.

However, it is a matter of conjecture how much India "retained its position" against the developed nations' onslaught even in negotiating the textile trade. What came out a day after Mukherjee's speech, raises some questions. It seems that hours before the new GATT accord was concluded in Geneva on Dec. 15, India undertook to cut import duties on 17 textile products from their current average level of 85%, to 40% over a 10-year period. This was a trade-off to

fend off the U.S. demand for an extension of the period for phasing out textile import quotas from 10 years to 15 years. These tariff concessions, agreed upon by India, may not be significant, but they are the first instance of India conceding to undertake tariff binding on consumer goods. During the trade negotiations, India had committed itself to fixing tariffs at 40% for capital goods, intermediates, and raw materials, but it had specifically excluded all consumer goods and agricultural products.

The opposition's effort to make GATT and the Dunkel Draft signing a major political issue at this point has not gone unnoticed at the highest level. Prime Minister Rao stated that India got the best out of the deal and that he will not allow any further discussion on the issue in the Parliament.

There are reasons for such defensive moves by the government. Despite repeated assurances by Union Commerce Minister Mukherjee to the effect that India's trade would go up by \$2-3 billion because of the new treaty, the OECD study "Trade Liberalization: Global Economic Implications," which projects that world trade by the year 2002 will go up by \$213 billion due to the new global liberalization, has already been exposed as a blatant fraud. The study, based on the RUNS model developed by the World Bank, among other axiomatics assumes "perfect competition" among all countries in the world. Even the economic adviser to the GATT director general and a virulent free-trader himself, Prof. Jagdish Bhagwati, had to state recently: "Nobody really knows. The \$200 billion figure you keep hearing relates to the extent of incremental trade, which we expect to get, according to some models. But I have been in this game long enough to know that it is almost astrology to forecast specific numbers." However, it is the specific number that has been touted by the commerce minister repeatedly to justify signing the Dunkel Draft.

## Key points of the treaty

The key points of the new GATT treaty include:

- Industrial countries will reduce tariffs on most manufactured goods by more than one-third to an average of 3%.
- There will be a reduction in the volume of subsidized agricultural exports.
- Trade in services such as banking and insurance, and export of skilled manpower, are brought under GATT.
- The multi-fiber agreement is to be phased out over a period of 10 years, because textiles will come under GATT.
- There will be a 20-year protection for patents, trademarks, and copyrights, but developing countries get a 10-year phase-in period.

Indian government spokesmen point out that to pull out of GATT is simply impossible, because it would force the country to deal with trading countries bilaterally—a proposition much dreaded by the developing countries' negotiators. It will also mean that India will not be given Most Favored Nation trade status, meaning that duties on Indian exports are not more than those of any other nation's, which may most certainly affect India's trade. On the issue of India's bargaining position during the negotiations, New Delhi has often pointed out that India's overall trade is less than 0.5% of world trade, and hence India has little bargaining leverage.

Neither of these points can be ignored, but it is also important to note what signing the treaty really means. The Indian Drug Manufacturers Association (IDMA) has voiced serious concerns over the government's acceptance of the Dunkel Draft proposals, and said that the biggest error that India made was to allow the trade-related intellectual property rights (TRIPS) to be part of the negotiations. The president of the IDMA accused the Indian government of succumbing to U.S. pressure, and pointed out that if TRIPS, as formulated by Dunkel, were accepted, the prices of drugs and medicines would go up several times, exports would go down, and imports would increase. It would also allow the multinationals to have a monopoly over the market and this would result in price and supply distortions. Threatening to move the issue to the courts, the IDMA president said that in a poor country like India, the enhanced price of drugs and medicines will create chaos.

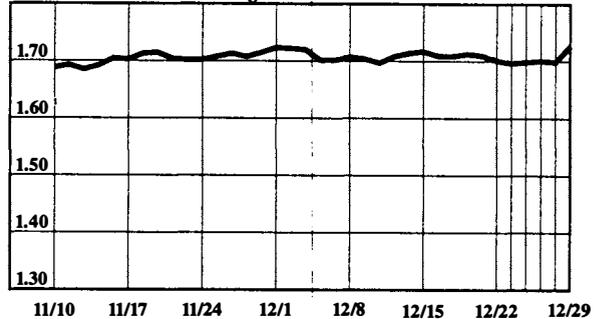
Besides textiles, food, and pharmaceuticals, concerns have been expressed about patenting life as part of TRIPS. Beginning with micro-organisms, it forces monopoly intellectual property rights regimes in the form of patents or breeders' rights in the areas of seeds and plant material. This gives license to the violation of farmers' rights to biodiversity and their collective IPRS. It also creates a regime for intellectual piracy under the pretext of IPR protection.

One important point to be noted by both the opposition and the Indian government, is that the article on biodiversity will be up for review in 1993, and it will be essential that farmers' rights and intellectual property rights are adequately discussed, and a mechanism to protect these interests worked out in advance.

## Currency Rates

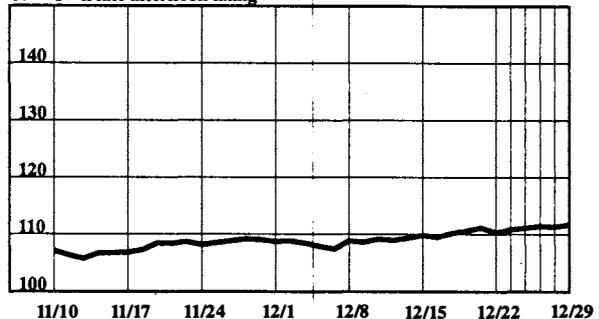
### The dollar in deutschemarks

New York late afternoon fixing



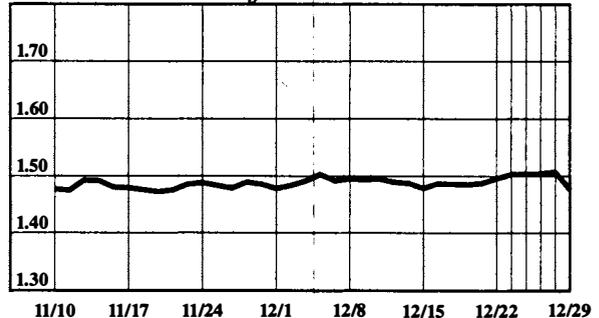
### The dollar in yen

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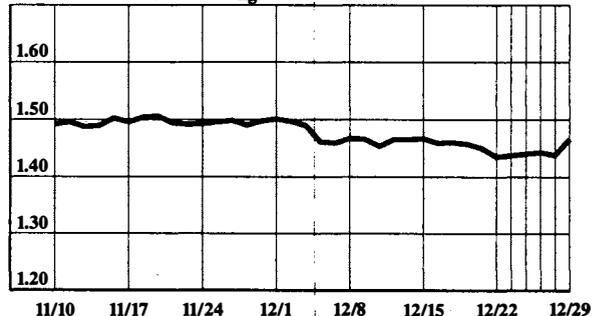
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Mexican government admits economic woes

by Carlos Cota Meza

The newly released report of Mexico's National Statistical Institute (INEGI) on this year's third trimester economic performance caused a commotion when it revealed that the trimesterly Gross National Product fell to a *negative* rate of 1.5%, while the cumulative GNP from January to September barely increased 0.5%. Most interesting is the fact that the report was released on Dec. 4, a full two months later than usual. And so it is not until nearly the end of the year that Mexican businessmen have discovered, statistically speaking, that the national economy is no longer experiencing a "deceleration," but rather an officially confessed "recession." The truth, of course, is that the country is in a full-fledged economic depression.

According to official information, the GNP has gone from the roller-coaster highs and lows of 1992, virtually into free-fall since early 1993. The government projection for this year was for a GNP growth rate of 2.5-3%, but in his Nov. 1 State of the Union address, President Carlos Salinas de Gortari readjusted that to 1.1%. What is now certain is that the GNP growth rate for 1993 will be zero or less, a descent which has not occurred since 1987, known as "the year of hyperinflation."

## Manufacturing decline far worse

The most recent report of the National Accounting System noted that the 12 branches of the manufacturing sector (accounting for 24% of GNP) registered a rate of collapse nearly three times greater than the trimesterly GNP fall of -1.5%. By mid-1992, machinery and equipment began to show constant negative indicators. Textiles have been suffering a "sustained fall" for 18 months. Food, beverages, and tobacco have registered negative figures since mid-1993. Wood and its derivatives, which, in 1992, registered a negative 2% growth rate, were showing a whopping -19.5% by the third trimester of 1993.

The report nonetheless states that "there is an incipient recovery" in agriculture, given that the first nine months of 1993 showed a -1.2% growth rate, after the first trimester was "pronouncedly more negative," (i.e., -3.3%). Those sectors which still show a positive growth rate (trade, construction, electricity, water and gas, basic metals, and non-metallic minerals) have shown severe declines nearing zero.

The latest figures, which the government claims reflect the "effects of modernization," have triggered the usual wish-

ful thinking. Germán Carcova García, president of the Businessmen's Coordinating Council, stated that "the deceleration has ended," and predicted a "less than spectacular" recovery backed by a "great era of stability." What these businessmen hysterically refuse to admit is that government economic projections have been consistent failures, for admitting this would mean abandoning their fanatic belief in free trade.

But to identify the state of affairs in Mexico, it should suffice to examine the contorted arguments of Salinas himself. For example, in his fourth State of the Union address in 1992, Salinas readjusted his economic goals with the argument that "world circumstances have again changed," and that therefore "the dynamism of the domestic economy will not be equal to that of last year." In his fifth report, Salinas said, "The world has not found its direction, the route to progress," which "affects our potential for growth." Salinas also insisted that the economic rate of growth had surpassed the population's growth rate, but immediately after the approval of the North American Free Trade Agreement and the designation of the ruling PRI party's presidential candidate, that lie was officially retracted.

## The unemployment fraud

In his fifth report, Salinas argued that unemployment had disappeared. What Mexico now has, he declared, are "collective contracts which are sufficiently flexible as to replace clauses which block productivity." But a late-1992 INEGI census, whose results were recently revealed, made Salinas's statistical tricks apparent. According to the INEGI census, the economically active population (EAP) is 30.2 million Mexicans, of whom 29.1 million are "busy." Would Salinas have us believe that Mexico has a mere 1.1 million unemployed, and these only because of the "flexibility" of collective contracts?

Under the "busy" category, INEGI places 13 million who work a 40-hour week. Taking these figures at face value, this would be Mexico's true employed. The other categories—"more than 50 hours/week," "self-employed," and "1 to 30 hours/week"—add up to another 14.3 million. Some 50% of Mexico's officially acknowledged EAP is under- or unemployed, but the government considers them "busy."

In his 1992 address, Salinas said of the immense trade deficit: "We should import more in the first stage to improve and expand our productive capacity and to be able to raise our exports in the future." In his 1993 address, he repeated: "In recent years there has been a trade deficit, resulting from the process of technological changes required by imports."

But a recent government study shows that under Salinas, no new export products have been added to those already exported through 1989, while all the major export industries—extractive, food, beverages, tobacco, publishing, plastics, leather, steel, and metals—have shown dramatic declines in exports through September 1993.

## The \$12 trillion asterisk

*The FDIC finally admits the banks' huge "off-balance-sheet derivatives" exposure.*

When a \$12 trillion item suddenly appears on a \$3.6 trillion balance sheet, one can safely assume some highly creative bookkeeping has occurred and that the numbers are not worth the paper upon which they are printed. That is precisely what happened with the Federal Deposit Insurance Corp.'s (FDIC) *Quarterly Banking Profile* for the third quarter, which ended Sept. 30.

According to the FDIC, U.S. commercial banks had \$3.63 trillion in assets as of the third quarter, up slightly from the \$3.57 trillion in the second quarter. These assets consist mainly of loans, securities holdings, buildings, and the like. In theory, the banks' assets, which consist primarily of deposits and debt, equal their liabilities.

However, there is a new entry on the FDIC's aggregate condition and income data table, which shows the entire balance sheet to be a fraud. That entry is "off-balance-sheet derivatives," which stood at \$11.99 trillion for the third quarter, more than three times the \$3.63 trillion listed for assets and liabilities.

Although reporting the numbers for the first time, the FDIC has data on derivatives back to the first quarter of 1990. That data, obtained by *EIR*, shows that U.S. banks' holdings of derivatives have doubled during the period, from \$6.19 trillion on March 31, 1990, to the current \$11.99 trillion.

During 1990 and 1991, the size of the banks' derivatives portfolios increased gradually, ending 1991 at \$7.34 trillion, or a \$1.15 trillion in-

crease over that 21-month period. The banks' derivatives holdings rose sharply in 1992, peaking at \$9.72 trillion in the third quarter and ending the year at \$8.77 trillion.

In the three quarters of 1993, however, the banks' derivatives holdings have skyrocketed, to \$9.77 trillion in the first quarter, to \$10.95 trillion in the second quarter, and to \$11.99 trillion in the third quarter, an increase of 37% in nine months.

These numbers must be taken with a grain of salt, however. Federal Reserve vice chairman David Mullins, for example, put the banks' holdings of derivatives at \$7 trillion for the first quarter of 1993. If Mullins were right, the banks' holdings of derivatives have jumped 71% in just six months.

Whatever set of numbers one chooses to believe—or disbelieve—the growth of the banks' derivatives holdings is phenomenal. The big banks aren't banks any more; they've become speculators, players in a huge international casino which must ultimately collapse.

That is the background against which the FDIC's hyperbole about so-called record profits must be judged.

According to the FDIC, U.S. banks reported "record profits of \$11.45 billion in the third quarter of 1993, surpassing the previous quarterly record of \$10.8 billion, set in the first quarter of this year." For the first nine months of 1993, the banks reported \$32.6 billion in profits, surpassing the record \$32.1 billion earned by banks in all of 1992. With three months yet to report, the banks are

on the way to topping \$43 billion in profits this year.

The FDIC attributed the third-quarter profits to lower loan loss provisions and increased non-interest income.

According to the FDIC, non-current loans and leases stood at \$50.2 billion at the end of the quarter, a 28% decline from one year earlier. Loans and leases 30-89 days past due stood at \$28.7 billion, down 16% in 12 months. The banks' other real estate owned (OREO) stood at \$19.9 billion, down 29% for the same period.

Thanks to this claimed improvement in asset quality, the banks set aside just \$3.9 billion in loan loss provisions for the quarter, the smallest amount since the first quarter of 1989, and \$2.8 billion below the \$6.8 billion in the third quarter 1992. For the first nine months of 1993, the banks have added \$12.9 billion to loan loss reserves, or 35% less than the \$19.7 billion set aside during the same period in 1992.

Even though the banks' aggregate loan loss reserve has dropped 3% during the past year, to \$53.9 billion as of Sept. 30, the rapid drop in non-performing loans has left them with a claimed \$1.07 in reserve for every \$1 of reported non-current loans.

In fact, the FDIC reported, "The combination of high reserve coverage levels and the improving trend in asset quality has resulted in a number of banks taking *negative* loan-loss provisions, i.e., taking funds out of reserves and adding them to operating revenues. In the third quarter, there were 482 commercial banks reporting negative loan-loss provisions totaling \$172 million."

With profits rising and bad loans plummeting, the banks would appear to be safe and sound—as long as nothing happens to that \$12 trillion in off-balance-sheet derivatives.

## 'Hunger Forum' is short on solutions

*At least 20 million Americans are going hungry, and 12 million of them are children, admits the USDA.*

The proceedings of the U.S. Department of Agriculture-sponsored "Hunger Forum: Agenda for the Future," convened June 17 by U.S. Secretary of Agriculture Mike Espy, have finally reached the light of day. Some 135 pages of proceedings were released to the public in mid-December, more than six months after the fact. The tardy release and lack of publicity given to the proceedings shows the reluctance of the administration to commit serious resources to the steadily worsening crisis of poverty and hunger in the United States.

There were 75 panelists from all areas of public food policy, including recipients of government programs, public and private sector program coordinators, policy analysts, personalities, elected and appointed government officials, farm organizations, and consumer agencies. They presented a devastating picture of the extent of poverty and hunger in the United States.

But unfortunately, the solutions offered were of the band-aid variety, with some clearly intended to encourage further the deindustrialization of the U.S. economy and descent into unemployment and chaos. The policymakers who gathered in Washington limited their outlook to increasing funding for low-income food assistance programs such as Food Stamps, the School Lunch Program, the Women's, Infants, and Children (WIC), and to discussing proposals for reforming the welfare system, many of which would further damage the industrial base by encouraging the use of the poor for slave labor.

The problem of the collapse of

production, including food production, was not addressed. The Agriculture Department meanwhile continues its policy of closing down independent family farmers, claiming that too much food is being produced—while all over the world, people are hungry. The forum participants treated hunger not as a problem of the economy, but as one of "inadequate access to food," or lack of purchasing power for an adequate diet.

This is in contrast to the approach taken by physical economist Lyndon LaRouche, who calls for a crash program for development of infrastructure, agriculture, and productive industry, financed by a national bank. LaRouche's program includes parity prices to farmers, to allow them to make a fair profit that will allow for upkeep and modernization of their equipment.

A consensus among the Washington panelists was that a growing, intolerable, and undocumented poverty exists which is causing the reappearance of hunger on a wide scale in the United States. Secretary Espy and others presented statistics of the growing need. "One child in five lives in poverty," he said. The number of Food Stamp recipients has grown to 27.4 million people, and yet many millions more are eligible. At least 35 million people live below the poverty level, and 20 million Americans are hungry.

Larry J. Brown, director of the Center on Hunger, Poverty and Nutrition of Tufts University, said that there has been a 50% increase in hunger since the Harvard-based Physicians Task Force on Hunger in

America reported in 1985 that 20 million people are going hungry. He said, "Earlier this week we released state by state data which revealed that more than 12 million American children experience chronic hunger." This includes bread-basket states. "Minnesota has more hungry children than West Virginia," he said. These figures are larger than the populations of many of the countries of which President Truman spoke in 1949.

As if to underline the growing similarity of parts of the United States to the so-called Third World, one panelist noted that Oxfam, the British International Relief organization, has opened up Oxfam America to bring relief to U.S. rural areas. Yet, last spring, the U.S. Congress eliminated its standing Committee on Hunger, which spotlighted the growing problem.

A repeated theme was on the need for "micro-enterprises," and to permit "self-employment," as part of a welfare reform or anti-poverty effort. As one participant explained, "Credits, waivers, loans, grants, community reinvestment . . . legitimize often thriving marginal economies, and build on them. Let's legitimize and support what's happening in our communities now."

One speaker, John David Arnold, executive director of the PPEP Micro Project, acknowledged that the origins of this idea can be traced to the so-called informal economies of impoverished Third World countries—the home-based cottage industries and the street vendors and drug pushers found in places like Mexico City. Said Arnold, "When we went to start our micro program, we had to go to Mexico to bring in from a Third World country the technology on how to run a micro-business program because there were really no models here in the United States."

# Business Briefs

## Technology

### Argonne starts MHD ship propulsion project

Argonne National Laboratory will begin a large-scale magnetohydrodynamics (MHD) ship propulsion project. The effort will leapfrog the Japanese MHD effort by using a more powerful superconducting magnet, according to *Argonne Research Highlights*, the lab's publication.

The MHD propulsion system provides a quiet technique with no moving parts. In military applications, submarines would be harder to detect with sonar. The article proposes that such technology could be used for cargo submarines, which would have less drag than surface vessels and would not be affected by storms.

A test facility will be created for the two-year project to test the MHD thruster. It will be on the scale of what would be required in one unit of a multiple-thruster system envisioned for a full-size cargo or naval vessel.

## Infrastructure

### One in three bridges in U.S. is unsound

Only 5% of the 20,841 worst bridges in the United States were approved for federal funding for repair or replacement, according to statistics kept by the Federal Highway Administration (FHA) which were leaked to Cox News Service, the Norfolk *Virginia Pilot* reported on Dec. 15. One of every three bridges has been judged to be either structurally deficient or functionally obsolete, or both.

The FHA surveys the 585,000 bridges in the United States that are longer than 20 feet, and assigns each a grading of 1 to 100, the latter being the best condition. Some 20,841 bridges were assigned ratings of 20 or below, but only 996 were given federal funding, even though the threshold for receiving federal funding is a rating of 50. Some 4,535 bridges have ratings of 1 to 10.

The FHA estimates that \$78 billion is re-

quired to "eliminate all backlog bridge deficiencies," but some engineers argue a more likely figure is \$100 billion. Federal, state, and local governments now spend \$3.7 billion annually to repair and replace bridges—\$1.5 billion less than the FHA estimates is required just to stay even and prevent any bridges from falling into an even worse condition.

Robert Campbell, a bridge inspector in Alabama, said, "We go out and look at a bridge and we're often horrified by what we see. Many of them are too far gone to fix, and we can't afford to replace them."

Sam Schwartz, head of the Infrastructure Institute in New York, said, "In New York City, the day of reckoning is just around the corner, and I suspect it is for much of the rest of the country."

## Banking

### Russia heading toward financial catastrophe

The French daily *Libération* reported on Dec. 9 on the first declared bankruptcy in Russia of one of the 1,974 private commercial banks that have been launched during the past five years. The bankruptcy of Rusinvestmentbank, which had been created by an insurance company and a research center, was the first declared failure of a commercial bank in Russia in 76 years. "This is a first bankruptcy, but certainly not the last," said Russian Central Bank official Olga Prokofieva.

The entire edifice of the private commercial banking structure in Russia "risks exploding at any moment," said the paper. The only banks which can be considered to be serious ventures are those linked to the petroleum sector, or those which were created by the old Soviet Communist Party structure, such as the Bank Menatep, created with funds from the old Komsomols. Most other banks are based on insane financing schemes. For example, a banker lends money to himself, which in turn allows him to have credit available to lend even more money to himself. This is only feeding into the inflationary surge; 96% of all credits disbursed are for less than three months. Interest rates are minimally 25% a month, and there

is a reserve ratio of 1:31. While banks have 513 billion rubles of their own capital available, 16,000 billion rubles have been loaned out.

"Thereby, no doubt, financial catastrophe is signaled," the paper wrote. It linked the recent murder of two bankers to the "failure to fulfill obligations," and claimed that the rates of unpaid loans had increased 559% from January to September of 1993, representing 21% of all credit loaned out.

The "speculative fever of an economy of indebtedness absolutely disconnected from the productive sphere" is "a pre-crash situation," the paper wrote.

## Water Management

### King of Thailand urges dam construction

The king of Thailand on Dec. 4 openly advocated the construction of dams across the Pa Sak and Nakhon Nayok rivers to ensure an adequate water supply for Bangkok in the long term, the *Sunday Post* reported on Dec. 5. Addressing an audience of government and private sector representatives and people from all walks of life who were in the Royal Palace to mark his 66th birthday, the king said that it kept bothering him for several years that he could not speak out openly for building the two dams, because of opposition to the projects from experts and conservationists.

The king said that the projects are feasible, especially the one in Nakhon Nayok. He also assured listeners that there should not be any fear that the project would encroach on the national park at Khao Yai, because the dam is to be built near Ban Tha Dan. He said that a study on the two dam projects had been conducted several years ago, but that they could not be implemented, for fear of protests.

"Now we feel sorry, sorry that they were not implemented. And we now face drought," the king said, adding that the dams should have been built six years ago. He insisted that the dams be completed by the time he reaches the age of 72, at the latest. He warned that if the two dams were not built, people in Bangkok in the near future would not have the convenience of using 200 liters of water per capita

per day, "but probably an average of 20 liters of water per person per day."

## Labor

### Classical education urged in Germany

A return to a classical-type system of higher education in Germany was recommended in a resolution passed by the German Association of Philologists on Dec. 7. The resolution was specifically addressed to federal and state government ministers for education who met in Bonn on Dec. 16.

The resolution said that the 1972 reform of the *gymnasium* (the so-called Brandt reforms of the high school curriculum), which brought "freedom of choice" for the pupils under the slogan of "more democracy," is no longer appropriate for a nation that is preparing to enter the next century. A reform of the 1972 reforms is required because Germany cannot move into the 21st century with a "hostile view of technology."

The philologists call for an emphasis on mastering of the German language and the natural sciences, and a return to a classical curriculum, including five central courses: 1) German language, 2) one foreign language, 3) mathematics, 4) physics, and 5) ethics and religion. The *abitur* examination to qualify for the university shall be made on the basis of three written tests and two verbal ones, among these five.

## Germany

### Cabinet approves maglev for Hamburg-Berlin route

The German cabinet decided in favor of the "Transrapid" magnetically levitated train to link Hamburg and Berlin, at its weekly session in Bonn on Dec. 8, but postponed a decision on when the construction should begin and on other details until March 1994.

The 285-kilometer route would employ

10,000 workers, of whom 4,000 alone would be in steel production, and the cost of the project would be 8.9 billion deutschmarks (\$5.6 billion). Of that, DM 5.6 billion will be paid by the state for the construction, and industry will pay DM 3.3 billion for the 16 trains, technical and administrative equipment, and other necessary operational investments of the private company that is to service the route. Siemens, Thyssen, Daimler-Benz/AEG, Lufthansa AG, Deutsche Bahn AG, Holtzmann, and Dyckerhoff will spend DM 1.5 billion to form a management company for the Transrapid. Completion of the project is envisioned for the year 2003. The average travel time will be less than one hour.

In Berlin, a group of politicians, including Mayor Eberhard Diepgen, and industrial and business managers in the city's chamber of industry and commerce, is lobbying to extend the route toward both Warsaw and Dresden, and from Dresden to Prague.

## Subcontinent

### Regional development key to solution for Kashmir

F.J. Khergamvala, the *Daily Hindu* correspondent in Bahrain, wrote in early December that regional economic development is the key to finding a solution to the Kashmir crisis. Citing the Israel-Palestine Liberation Organization settlement as a model for India and Pakistan, Khergamvala wrote that "similarly, peace in the formerly princely states of Jammu and Kashmir ultimately will arrive only if the solution is economically viable to the people of Kashmir and beneficial to the countries surrounding it."

Khergamvala continued, "Assuming both India and Pakistan are serious about peace . . . at some early stage the negotiating parties will have to look at various models and have to draw from them. It will be most interesting to see how the West Asian Benelux idea moves ahead. . . . The message is very simple: not emotion for blind *azadi* [freedom] slogans will drive a solution, only a workable model will."

## Briefly

● **AIDS** transmission occurred between two young children in a New Jersey home; two doctors announced in late November. One AIDS-infected child who had a nosebleed gave it to another, non-infected child. Dr. Anthony Fauci of the National Institutes of Health insists the case is not one of "casual contact."

● **EXXON** has announced that it will sell its credit card operations to GE Capital and GE's wholly owned Monogram Credit Card Bank of Georgia. It said that the sale will lead to the layoff of 400 employees in Houston by mid-1994.

● **CHINA** will extend credit to Pakistan for defense purchases under an agreement signed on Dec. 4, a Pakistani government statement said, Reuters reported. The agreement was signed during a visit by Chief of General Staff of the People's Liberation Army, Gen. Zhang Wannian.

● **THE DUTCH** Parliament approved an 80-mile rail project exclusively for freight on Dec. 8. The route will connect the port of Rotterdam (continental Europe's biggest) with Emmerich on the German border, and is to replace part of the huge volume transported by road.

● **TUBERCULOSIS** patients who are uncooperative are to be quarantined, the Atlanta Centers for Disease Control said in new guidelines, according to the *Washington Post*. The CDC attributes the rapid rise in TB to AIDS, immigration, drug use, homelessness, and the deterioration of public health infrastructure.

● **THE ECONOMIC CRISIS** is structural, not cyclical, says Albert E. Sindinger of Philadelphia's Sindinger and Co., according to the Dec. 12 *New York Times*. "We ceased to produce major things that we consume, and we buy on borrowed money. . . . You can't run a decent economy when 40% of the people get up in the morning" wondering if they'll get their next paycheck, he said.

## Who lost Russia, and what will it take to save it?

by Webster Tarpley

*Mr. Tarpley is a contributing editor of EIR and the president of the Schiller Institute in the United States. He gave this press briefing in Washington, D.C. on Dec. 1, 1993, reporting on his observations during a visit to Russia in October.*

My talk this morning is divided into two overall parts. One is the attempt to describe some of the things I saw in Moscow during my stay in the month of October, and I'll also try to draw on analytic material and other reports. In the second part, I will try to propose a policy which would be an alternative to the current shock therapy, to which we commend people in the Russian political world and elsewhere, who are looking to alternatives to further subservience and looting by the International Monetary Fund (IMF).

What I tried to do, among other things, was to simply observe in the streets of Moscow, the parks, the subways, to have conversations with well-informed Russian citizens. I think the result is quite surprising.

The supporters of the shock therapy policies advocated by the International Monetary Fund and Jeffrey Sachs have been telling us that their recipes of so-called economic reform are leading Russia toward a bright future as what they call a "market democracy." I must say that any honest observer in the streets of Moscow can gather a tremendous amount of evidence that this is simply not the case. My direct observation in Moscow documents a mass impoverishment of the richest city in Russia, and it is an impoverishment which I think exceeds the depths of the Great Depression here in the United States, when you had lines of unemployed American businessmen selling apples in the streets of American cities.

Here is the spectacle that you can see in any large public square in Moscow, especially around the entrances to the Moscow Metro, the subway, in the center of the city, and around the principal railway stations; of these, there are about a half a dozen in the Russian capital. What you find are hundreds, even thousands



A single mother demonstrates in front of the Russian White House (Parliament) in September 1992. Her poster reads: "I demand an effective decree by Yeltsin on the social protection of single mothers." The child's poster says: "Gentlemen of the White House! We want to live and to have a happy childhood." Now, with a 200% increase in rents in Moscow on Jan. 1 and inflation raging around 1,000%, many hard-pressed families and elderly people will be thrown out onto the streets: the victims of shock therapy.

of people lining up in the entrances to the subway stations, the underpasses for pedestrians under the broad boulevards, and so forth. You see these large crowds and you're seized by curiosity: What is it that they're doing? As you get closer, you see that these are hawkers; it's a kind of a bazaar. You could call it one huge distressed yard sale. These are wretched people who are holding up in their hands a single object, item, product, that they're trying to sell. You'll see people standing there with one bottle of milk, with one piece of cheese, with one loaf of bread. Sometimes people are trying to sell a pair of slippers or a fur hat, if they're lucky, or a few pieces of fruit, a bottle of wine, or brandy.

You can tell from the way many of these people are dressed, from their manners, that many of today's miserable sellers and hawkers were, until recently, members of the middle class. These are not people who lived for decades in poverty; they are the new poor, the newly impoverished—office workers, teachers, and the like. These are the people that, under the regime of Jeffrey Sachs, are now standing outside in sub-zero temperatures into the late hours of the long Moscow night.

When you get inside the Moscow subways, especially at the main transfer points, you find that the halls there are also lined by these hawkers. You'll find elderly people holding up one, two, or maybe three copies of newspapers: *Moskovsky Komsomolets*, *Vechernaya Moskva*, or some other newspaper. The prices, of course, are all subject to negotiation and haggling. I was lucky enough to buy a small map of the

Moscow subway from an old man who had no teeth, and I paid a price of 200 rubles—about 15¢. I was surprised that there weren't more old people. I was told that the elderly hawkers have become less numerous since last year, since many of them have *simply died off*.

In addition to the vast majority of the vendors, who simply hold up some items in their hands, there are some that are more prosperous. Maybe you could call these the *kulaks* of shock therapy; those are the lucky ones, who have a folding table, or who can pin several copies of different newspapers up to one of their sandwich boards. But at the other end of the scale, quite numerous, are the destitute—old people and others—who have nothing left to sell, and who simply sit on the cold pavement, making the sign of the cross, and imploring the passers-by to have some pity on them.

I would challenge the American news media, television in particular, to explain *why they don't show this reality*, which is the first thing that any visitor to Moscow, or any other large Russian city, would see.

I would submit that these scenes can only compare to the newsreels of the apple sellers in the Great Depression in the United States, or the film clips of the impoverished German families selling their poor household goods during the hyperinflation of 1922-23.

I have had an opportunity to travel rather widely in the world over the past 25 or so years, and I must say that I have never in my life seen anything approaching the mass public immiseration that you have in the central places of Moscow.

## Hyperinflation and unemployment

Russian inflation during 1992 was certainly in excess of 1,000%. That is already hyperinflation. There is no sign whatever that inflation has diminished during 1993: quite the contrary. During the time that I was there, the bread price was sharply increased; the fare in the Moscow Metro was also increased. What we're looking at today, on Jan. 1, is an increase of 200% in the rents that are paid by apartment dwellers in Moscow.

Let me read to you from a recent article in the *Frankfurter Allgemeine Zeitung* newspaper of Germany, from their reporter in Moscow, Elfie Siegel: "Not only pensioners, but handicapped citizens, and families with children, fear that they will no longer be able to pay their rents, that members of the so-called technical intelligentsia—scientists, artists, medical doctors, and teachers—will lose their homes. It will be a question of time only before the next wave of beggars and homeless will hit the streets and central stations of Moscow."

That is more of an honest report, I think, than you'll find in most American papers.

If you look at Russia today, a poverty-level income would appear to be in the range of about 90,000 rubles. Knowledgeable sources have told me that the average monthly wage in Russia today does not exceed 50,000 rubles. During my stay, and I think still today, the U.S. dollar oscillated around an exchange rate of approximately 1,200 rubles in the public exchange bureaus. This means that as of the early autumn of 1993, some 80-90% of the Russian population is below the poverty line. There are certainly coal miners, in some politically sensitive regions like the Kuzbass, who may nominally be earning 250,000 rubles per month. I say *nominally*, because the question for those people is, do they get paid or not? In many cases, it's clear they don't. On the other hand, the minimum necessary money to simply sustain a human organism in terms of food, would appear to be about 30,000 rubles per month. Now if you're a full professor, officially, you now make about 30,000 per month. And of course many pensioners come in well below that figure, so they starve.

The extent of unemployment in Russia is much harder to estimate. There are some estimates that if workers on unpaid furlough and part-time employees are added in, the result could already encompass 7-10% of the work force.

I met a young academic who was the holder of an advanced degree in chemistry. He theoretically had a job at a government research institute, but his monthly paycheck was approximately 25,000 rubles, and this paycheck was quite intermittent. So he was, of course, forced to moonlight, to scramble, to do anything to support his family. In another case, I met a leading fellow from a high-level government institute, who told me that he and his colleagues had stopped getting paid in June, although they had gotten one more of these minuscule paychecks shortly after Yeltsin's tank attack on the Parliament in October.

I would submit that these people, and their numerous

counterparts in the state production sector, must be considered as in fact jobless. They are unemployed.

As far as I know, there are no accurate figures whatsoever concerning actual losses of production under the shock therapy regime. I would simply say that the case of Poland seems to be a little bit better documented. President Lech Walesa suggested in public on one occasion that as a result of shock therapy, Poland had come out with one-third of the production that it had before shock therapy was applied. So I would guess, as a ballpark figure, that Russia is headed for something of this type.

## A Weimar-style crisis

Apart from the obvious humanitarian concerns, why should this bother us here today?

Most reputable historians, I believe, would agree that the 1922-23 hyperinflation in Germany under the Weimar Republic was one of the most important factors that prepared the way for Hitler's seizure of power, and thus also for the Second World War. The high point of that Weimar hyperinflation was a paper mark rate of 4.2 billion marks to the U.S. dollar. This destroyed the savings, and of course much of the economic viability, of the German middle classes.

Today, you might argue that a dollar buys "only" 1,200 rubles, and inflation is hovering at "only" 1,000% per year. But my answer would be that the Sachs-IMF shock therapy has already gone very far toward destroying the Russian middle classes. And these Russian middle classes are of course far weaker than any German middle class during the Weimar Republic, precisely because under communism there has been no small and medium productive industry, which is the essence of a productive middle class. The problem, therefore, is that we are creating a social dynamic in Russia, through the IMF and shock therapy, that must tend toward the restoration of authoritarian and totalitarian rule.

At the end of October, it was already getting quite cold in Moscow, and I believe that statistics show that the month of November was one of the coldest in recent memory. So with that, the ruler of the real processes of Russian politics, General Winter, has come on the scene. As far as I can see, what is going on right now is a generalized breakdown of electric power grids all over Russia, all over the Community of Independent States (CIS), and some kind of a strike wave or labor upsurge that is related to that.

To sum it up, I think we can say that after almost two years of official shock therapy—and of course the various years of perestroika that went before—the *relative potential population density has fallen below the level of the current population*. In other words, current levels of agriculture and industry cannot support the existing number of people. Therefore even with military measures, even with aggressive conquest, the seizure of assets and raw materials, by one country of the CIS against others, there is no solution to this situation. Therefore, as we will try to show in the second part

today, what is needed is an economic reconstruction and development program, a recovery program, of which the Russian intelligentsia must be the bearer.

## No democracy

Under these conditions, if the relative potential population density has fallen below the level of the existing population, it is certainly illusory to expect any kind of democracy—and we're not getting it. The Yeltsin regime has made no secret of its attempt to abolish a constitutionally independent Parliament, to abolish constitutionally independent courts, to remove the previous autonomy of what we would call the federal states of Russia.

I am afraid that it is illusory to talk about democracy here; rather, apart from the personalities, a valid historical comparison might take us back, let us say, to Italy, after the March on Rome in October 1922. We can remember that, as Mussolini was prime minister, he did organize elections after the March on Rome. There were elections, after all, in 1924, and it was only at the end of 1924 and the beginning of 1925, in particular around the Matteotti case, that a full totalitarian dictatorship in Italy was consolidated. I am afraid that the parallels in those situations are many. You may recall that there was also a struggle in Italy, in the first years under Mussolini, between the Parliament on the one side and the Executive branch on the other. This led to the creation of an opposition Parliament on the Aventine Hill in Rome. You can continue such comparisons.

The Russian Parliament that was dispersed by tanks at the beginning of October was certainly a mixed bag. But there is every indication that that Parliament represented many of the real forces that are present in Russian society. Certainly the alleged "red-brown" coloration of the Russian Parliament was, to a significant degree, a propaganda deception cooked up by Yeltsin's friends and avidly picked up then by the western media. The presence of *agents provocateurs* in and around the Russian White House was exploited to give this "red-brown" epithet some semblance of substance. But there were a large number of anti-communist, pro-western, anti-totalitarian deputies who opposed Yeltsin from the Parliament, on quite understandable political, economic, moral, and constitutional grounds.

The Yeltsin regime, as you can tell by talking to people in Moscow, is heavily identified with the growing power of the Russian mafia and related organized crime circles. A very important symbolic figure for this is Yeltsin's political ally, the mayor of Moscow, Yuri Luzhkov. Luzhkov sits atop an apparatus of extortion, protection money, and shakedowns which is known to enforce its will with extreme violence. I met with one man whose close friend, a manager of a business, had been killed while sitting in his office, by a sniper. I thought, of course, that this was political, in the sense of something connected to the goings-on around the White House. But it turns out, no, the most likely explanation for

this murder, which has not been solved, is that the businessman in question had refused to pay protection money to racketeers. There are many, many such cases known in Moscow today.

Many will also tell you that the sniping from the old Comecon headquarters, the mayor's office opposite the White House, was carried out by *agents provocateurs*, and that this was the reason that Aleksandr Rutskoy had called on the crowd to seize the ex-Comecon building. Many will also tell you that snipers were active in central Moscow at the TASS headquarters, and that the first shots at the Ostankino television complex were fired by provocateurs.

For some days after Oct. 3-4, snipers operated at a number of points in central Moscow. Were these in fact so-called red-brown diehards? Or were they, again, *agents provocateurs* deployed by some authorities? In any case, it now appears that the maneuver of illegally dissolving the Parliament had been carefully planned by Yeltsin and his people well in advance, with the calculated goal of obtaining an effect similar to the Reichstag Fire in Berlin in 1933.

Estimates of the carnage inside the White House start at 1,000 dead, secretly removed to unmarked mass graves or crematoria. It appears that a number of persons were executed after they had been captured.

In particular I would call attention to one human rights case. One of the members of the Council of People's Deputies of the Russian Federation, who was also a member of the Supreme Soviet, was Vitali Urazhtsev [see interview in *EIR*, Dec. 10 and 17]. Colonel Urazhtsev had been in the Red Army. He had founded the organization, or trade union, of Russian military servicemen, the Shield, or *Shchit*, group, in 1988. He was the leader of the Reform of the Army group of deputies in the Parliament. At the present time, Mr. Urazhtsev is in hiding, he is underground, because he has been declared an outlaw by the Yeltsin government, accused of organizing mass disorders. He is certainly one of the principal eyewitnesses to some of the important events in the October crisis. So we would certainly call upon the Russian government to respect Mr. Urazhtsev's human rights, guaranteed under the Helsinki and other international accords, and certainly to guarantee his safety.

This is one case of several in which people have simply been declared outlaws, as a result of things that they allegedly did during those days.

Now if Nero fiddled while Rome burned, Bill Clinton giggled when Moscow exploded. Clinton's support for an unconstitutional putsch on Sept. 21 was of course bad; even worse was, on Oct. 3, to issue a kind of blank check for what was clearly shaping up as a kind of new Tiananmen.

We see the same mistaken U.S. policy in the visit of Warren Christopher on Oct. 22-23. Without even a decent interval to let the smoke clear, Christopher arrived in Moscow with ringing endorsements for Yeltsin. On Oct. 23, Christopher was the featured speaker at an event that I attend-

## LaRouche's record on Moscow, the Third Rome

*This chronology traces the origins of Lyndon LaRouche's analysis of the Russian "Third Rome" cultural matrix. Soviet General Secretary Yuri Andropov's 1983 rejection of the U.S. Strategic Defense Initiative (SDI)—the program which LaRouche devised and President Reagan adopted—convinced LaRouche that Russia was on the way toward a post-communist form of Third Rome imperialism. A full timeline on this and related events was published in New Federalist newspaper on Oct. 25, 1993.*

**June 1983:** In a series of published documents, LaRouche warns the West of the "Third Rome" threat from Moscow. If Moscow rejects the SDI, then Moscow is headed toward economic collapse and reemergence of a violently anti-western, imperial military doctrine. Under conditions of collapse, the Russian leadership reverts to the blood-and-soil myth of Moscow as the Third and Final capital of a world empire. Therefore, a post-communist

economic collapse of Russia is a grave danger to the West; the West must aggressively offer rapid scientific and technological progress and economic reconstruction to the Soviet empire, to break up the empire peacefully. LaRouche's 1984 presidential campaign platform, published in 1983, includes a chapter titled "The Roots of the Third Rome."

**Aug. 10, Oct. 6, Oct. 26, 1983:** Attacks on LaRouche and on the SDI by senior KGB official Fyodor Burlatsky in *Literaturnaya Gazeta*. Burlatsky calls the SDI "a *casus belli* for nuclear war."

**Sept. 1, 1983:** Moscow orders shooting down of Korean Airlines passenger plane KAL 007.

**Sept. 6, 1983:** LaRouche comments on the KAL shootdown in an article in *New Solidarity* newspaper: "What do the Soviets think of leading figures who deny the Soviets' 'Third Rome' strategy? They think of them as fools."

**Sept. 18, 1984:** An *EIR* article by LaRouche emphasizes: "The key to understanding the domestic, foreign, and strategic policies of the Soviet government today is a doctrine famously promulgated in 1510 A.D. by a mad but influential Russian Orthodox monk, Philotheos of Pskov. The same doctrine was defended savagely by the influen-

ed. I can only call this a kind of election rally for the Gaidar election slate, the so-called Russia's Choice. This was held at the Aganbegyan Institute for National Economy in the southwest corner of Moscow. If you looked up on the podium, the lineup was: Christopher, Aganbegyan, Gaidar, U.S. roving ambassador Strobe Talbott, and Ambassador to Moscow Thomas Pickering. There was very little time spent on the events at the White House just a few days before. Rather, Christopher's argument was, synthetically, that Yeltsin equals democracy equals the free market, and all of the combinations of that. I think this is the wrong policy, and some people have learned nothing from their previous support of Gorbachov.

### Assault on the intelligentsia

I would like to focus with special emphasis on one of the groups in Russian society which has been hardest hit by these measures, which I think is absolutely critical for the future, and that is the intelligentsia. You often hear analyses of Russian society, saying that it is an imperial two-class system with a tiny elite and a large mass. There is something to that; but there is, indeed, a middle class in Russia, between the old communist *nomenklatura* on the one hand, and the masses of workers and peasants on the other. Recent Soviet and Russian history emphatically displays a middle class, or intelligentsia, based especially in state-sponsored professional, educa-

tional, science, and research activity.

The stratum of the intelligentsia is absolutely decisive. These are cultured people, in most cases superior to their counterparts in the United States, certainly. They are interested in science and technology, and they have tended, up to now, to be pro-western. Anti-communist dissidents of the type of Andrei Sakharov typify this layer.

The policy of the United States and the other western nations ought clearly to be to cultivate the friendship of the intelligentsia, for many reasons—if only because they are opinion-shaping leaders, who can potentially incline Russian government and society in a pro-western direction. At the same time, the future technological and economic viability depends directly on the contributions of the scientific intelligentsia, among whom are some of the most advanced scientists to be found anywhere in the world. One of the big problems with the economic policies associated with Yegor Gaidar, Jeffrey Sachs, and the International Monetary Fund, is that these policies have virtually wiped out the intelligentsia.

It now appears that forces around Gaidar and Yeltsin are preparing to dismantle the Russian Academy of Sciences itself. Let me take a minute to explain why this is so dangerous for Russia and for the peace of the world.

The Russian Academy of Sciences is, of course, the current successor of the U.S.S.R. Academy of Sciences, an

tial Russian fascist, Fyodor Dostoevsky. Today the revival of this doctrine is defended by the Soviet KGB's publication, *Literaturnaya Gazeta*. Today, mad Philotheos' dogma saturates a powerful, overtly Dostoevskian faction within the leadership of the Soviet military. Today, it is not only the ruling ideology of the Soviet rulership; it is the key to every feature of Soviet practice in foreign policy . . . and in its deployment of the military . . . principally to the purpose of early degradation of the United States to the status of a virtual Soviet imperial satrapy."

**Sept. 30, 1984:** Presidential candidate LaRouche on nationwide TV says that "Russia's real face is its Third Rome doctrine. Most Americans assume Russia is 'communist,' but it is communism welded onto Russian mystical imperialism."

**June 1985:** *EIR* publishes a Special Report, "Global Showdown: The Russian Imperial War Plan for 1988," with a preface by LaRouche. It identifies the Soviet war mobilization as the basis of Gorbachov's perestroika, and explains the driving ideology of the Soviet leadership as the "Third Rome" myth. LaRouche pinpoints 1988 as the limit this Gorbachov war mobilization could be sustained until world war, or the collapse of the Soviet empire, ensues.

institution which traces its lineage back to that great Russian National Academy which Peter the Great created around 1700, with the help of the great German philosopher and economist Leibniz. The apparatus of the Russian Academy comprises about 800 full members, perhaps—Sakharov was one of these; Arbatov is one today, along with Velikhov, to name some academicians that people have heard of. There are about 1,000 corresponding members and several thousand institute directors and other important officials. When you put the roster of the Russian Academy of Sciences together, it adds up to approximately 200,000 scientists, researchers, scholars, professors, and so forth—some of them located in Moscow, some of them in regional centers like the Siberian Academy in Novosibirsk, various science cities, and so forth.

According to well-informed sources, the Yeltsin group has hatched a plan to abolish and break up the Russian Academy, through the expedient of inducing the full members and corresponding members to vote their own organization out of existence. The bait being offered to the academicians is a pension windfall of perhaps 1 million rubles a month—momentarily serious money, but maybe in a few months, not. It appears that the motivation of the Yeltsin group includes the desire to profit from the process of privatizing or junking the Russian Academy, plus the urge to wipe out a center of democratic resistance to authoritarianism.

One of the signs of this is something you can already find

in the *New York Times*, and if it's in the *New York Times*, you know that it has got to be a very gross phenomenon indeed: A couple of Sundays ago, they did an article from Akademgorodok, the academic city outside Novosibirsk, and one of the facts they point to is an estimate coming from the OECD that the budget of the Russian Academy has been cut by 60%—almost two-thirds—in real terms, between 1990 and 1992.

Let's take the plan to destroy the Russian Academy of Sciences. I would submit that if this plan were to be carried out, the chances of nuclear war, including nuclear war involving the United States, will increase markedly in the years ahead. Without the scientific and engineering capabilities of the Russian Academy and its subsections, Russia will utterly lack the wherewithal to maintain itself as a modern, productive economy. Should the Russian Academy actually disappear, the Russian economy will enter an irreversible thermodynamic implosion that will guarantee emergency dictatorship and the attempt to compensate politically and economically for the collapse, through outward aggression, conquest, and rapine.

There might be some, here in the United States especially, or in Britain, who might tend to gloat over the destruction of Russian science and engineering. If Russian science is destroyed, they might argue, there is no Russian threat to the West. I would say that is short-sighted *in the extreme*. It is clear that most Red Army infantry and tank formations are today of only limited effectiveness, but many sources confirm that the strategic rocket troops and the ballistic missile submarines, especially those big ones of the Typhoon class, have maintained the highest levels of combat readiness and are prepared to strike virtually without warning.

We would therefore conclude that it is extremely unwise to support a plan to destroy Russia's scientific and engineering potential. The United States and other western nations ought rather to be exploring the forms of international cooperation which could make possible the preservation and development of an asset that is of vital importance for all mankind.

To sum up this analysis: Russia is indeed lost, momentarily. The phase of pro-western curiosity that was observable at the end of the 1980s and the beginning of the 1990s, has now been supplanted by a climate of rage and despair. A great deal of this rage is directed against the United States, because of the obvious role of the United States in supporting the IMF, because of the role of people like George Soros, and above all because of the contribution of Bush and Thatcher to the present situation. When this debate gets under way, just like in 1949 and 1950, the congressional committees were investigating "Who Lost China?"—I'm afraid we're going to have to have repeats of those in the coming months—the answer is going to be: George Bush, Margaret Thatcher, and their policies are responsible for this looming catastrophe in regard to Russia. Perhaps I shouldn't say

George Bush, but Sir George Bush, since he has now been knighted.

### **Growing anti-western resentment**

The continuation of these policies can only increase the growing anti-western sentiment which is already pervasive in the Moscow elites, and this you feel very sharply. One leading intellectual complained to me that Russia is being subjected to all of the penalties previously applied to the losers of world wars during this century: a puppet regime, loss of territory, economic looting, general humiliation. In the view of many, Yeltsin has overdone his subservience to the dictates of the United States, for example in his handling of the privatization issue. Many feel that Siberia is now likely to be detached from Russia, and that it's going to come under de facto United States control.

According to one source, the Yeltsin group, in private, actually has a theory about this, saying that postwar history shows that it is good to be defeated by the United States: that Germany and Japan were both defeated, but then they got rich, so it makes good sense to go along with the policies that you find today.

Everywhere, talking to Russian intellectuals, you hear the ominous refrain, that it is time for a new "in-gathering" of the former Soviet lands. This is directed in particular toward Ukraine, but also toward many of the CIS or NIS [newly independent states] countries, which, it is alleged by many in Moscow, cannot be considered to be viable states.

To sum up this climate of anti-western resentment: One researcher recalled to me a quote from Lenin that he happened to remember: "Imperialism is carving and dividing Morocco." This man said: "That is what is happening to us today. Imperialism is carving and dividing Russia."

You will hear many people tell you that the Anglo-American oil cartel is attempting to dominate the governments of Central Asia, the Transcaucasian republics, and to foment separatism and secessionism among the autonomous areas of the Russian Federation. Many people will tell you that part of the Russian policy in the Near Abroad, in regard to Azerbaijan and Armenia, for example, is dictated in part by the perceived need of Russia to resist the encroachment of the western oil companies.

I would submit that this is a very ominous climate of opinion. What I'm afraid we have in Moscow is a kind of neo-imperialist thinking, set in the context of the unprecedented economic and social breakdown of a nuclear state. And I think this adds up to the greatest strategic threat that we have seen in our lifetimes.

### **Moscow, the Third Rome**

This slogan that you hear again and again, the "in-gathering of the Russian lands," or the "in-gathering of the Soviet lands," is associated with the campaign of Ivan the Terrible, back in the 1500s, to create a Russian Empire.

Other people will tell you about a theory of "pulsating borders," according to which the Russian domain has collapsed, but then reasserted itself six or more times in history. According to this theory, we would now be between a collapse phase and a new expansion. This type of thinking is very widespread, and it is associated with the tradition of Moscow, the Third Rome.

Moscow, the Third Rome, is a slogan or label which sums up the Byzantine imperial tradition of Russia. This tradition goes back to the days of Vasili the Blind. After Vasili the Blind, the Grand Prince of Moscow refused to accept the union of the Roman Catholic and Orthodox churches which had been proclaimed at the Council of Florence in July 1439. Of course, shortly thereafter, there came the fall of Constantinople to the Ottoman Empire, in 1453. In those days, the Venetian Senate encouraged the princes of Moscow to assert a claim that Moscow was the successor to the fallen Byzantine Empire. Part of the basis of this claim, was the idea that the Greek Orthodox Church in Constantinople had surrendered to the Latins, to the pope, and so forth, but that Moscow had stood firm for Orthodoxy.

This is a kind of messianic, religious, and political claim which was articulated by the monk Philotheus of Pskov, who wrote a letter to Grand Prince Vasili III, or Basil III, shortly after 1510, and here is a short quote from what he wrote: "Listen and attend, pious czar, that all Christian empires are gathered in your single one"—that's the in-gathering—"that two Romes have fallen, and the third one stands, and a fourth one there shall not be. Your empire will not fall to others, according to the great evangelist."

The Third Rome outlook is deeply rooted in Russian history and society. It exists in one form in the ruling *nomenklatura*, or state bureaucracies, and is expressed in another form by the spontaneous prejudices of, let's say, the Russian rural population.

Under conditions of crisis and breakdown, unless an alternative course of economic and scientific progress is put forward, the key institutions of Russia will tend to gravitate toward a Third Rome outlook. This is exactly what is happening today.

The tradition of the Third Rome has come to include a very aggressive and intolerant notion of nationalism. It includes a strong anti-western and xenophobic feeling, and, of course, subsumes the apparatus of military dictatorship, or a dictatorship with strong military components.

Back in the early 1980s, it was Lyndon LaRouche who pointed out that the old Bolshevik, Marxist, communist regime in the Soviet Union was already evolving very rapidly toward some new form of Third Rome state. Without going into great detail, it is clear that this kind of imperial spirit animates recent statements by such figures as Foreign Minister Andrei Kozyrev, foreign intelligence chief Yevgeni Primakov, and others. There is, similarly, a large Third Rome component in the new Russian military doctrine.

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## A program that offers hope

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What can be done?

Right now, the main institution that can keep Russia together and avoid chaos, is clearly the military forces. The Russian Army is the most essential pillar of power left in the country. The problem is, that military rule by itself only leads further into a breakdown crisis. In order to overcome the crisis, the military component must be supplemented by the scientific and technological contributions of the intelligentsia, and once again we see that the intelligentsia, as a Russian national institution, is one of the keys to this entire problem.

We were often asked, "What's your alternative to Jeffrey Sachs, the IMF, and shock therapy?" Let me give you a

number of points that I think *Executive Intelligence Review* would recommend as an alternative Russian economic policy, that would work as an anti-crisis measure.

Everything I say now needs to be taken in the context of the LaRouche program for the European Productive Triangle, which was offered in late 1989 and early 1990, which has been, as I'll try to show you, widely discussed in Moscow. What should Russia actually be doing? If you were a Russian patriot today, campaigning in the elections, what might the recovery program look like?

First, Russia must terminate the insanity of International Monetary Fund conditionalities. Indeed, Russia would be well advised to have *nothing further to do with this institution*. It goes without saying, that such aspects of the IMF policy as shock therapy, as well as advisers such as Jeffrey

## Witte's grand design for Russian development

Sergei Witte (1849-1915) entered government service in 1870, where he learned about railways "from the ground up." It was Witte as director of railways in 1889 who ensured that the Trans-Siberia Railway project got under way. Witte conceived of the project as one link in a continental network of rails that would unite the Eurasian continent from Paris to Berlin to Moscow to Vladivostok, encompassing China and Japan as well.

Witte's grand design would have linked the industrialized western European countries to the lesser industrialized and underdeveloped areas of Russia and China, and could have become the basis of Eurasian economic growth and stability.

In an 1897 discussion of tariff policy, Witte spelled out his vision to Kaiser Wilhelm: "Imagine, Your Majesty, the European countries united in one entity, one that does not waste vast sums of money, resources, blood, and labor on rivalry among themselves, no longer compelled to maintain armies for wars among themselves, no longer forming an armed camp, as is the case now, with each fearing its neighbor. If that were done, Europe would be much richer, much stronger, more civilized, not going downhill under the weight of mutual hatred, rivalry, and war. . . . But, if the European countries continue on their present course, they will be risking great misfortune."

Witte worked to expand Russian industry. "During my tenure as finance minister," he wrote in his *Memoirs*, "industry grew so rapidly that it could be said that a Russian national industrial system had been established. This

was made possible by the system of protectionism and by attracting foreign capital."

"Generally speaking," Witte added, "the importance of industry is not appreciated or understood. Only a few men, like Mendeleyev—that great scientist and scholar and my devoted associate and friend—understood its importance. . . ."

Witte as finance minister advised Czar Nicholas II against undertaking the Russo-Japanese War of 1904-05. Witte knew that the war was both financially and politically unwise. He was unfortunately proven right. As a result of the war, discontent increased in the major cities, and Russia's treasury was almost bankrupt. Witte however was able to bail out the czarist regime by negotiating a loan from the Rothschilds. It was Witte, too, who was called on by Nicholas to negotiate the terms of the peace after Russia lost the Russo-Japanese war.

When the Russian Revolution of 1905 broke out, Witte helped to author a constitution which was reluctantly approved by Nicholas II. But as Rasputin and the hardline imperialist circles came to influence Nicholas more and more, the czar soon reneged on the Constitution, thus making Witte's position as head of the State Council untenable. Witte left government service and went into exile in Switzerland.

For Witte's autobiography, see *The Memoirs of Count Witte*, translated and edited by Sidney Harcave (Armonk, N.Y.: M.E. Sharpe, Inc., 1990). Harcave's is the first complete translation of Witte's *Memoirs* in English. See also *EIR*, Jan. 3, 1992, "The Fight to Bring the American System to 19th-Century Russia," "Dmitri I. Mendeleyev: Scientist-Statesman Fought British 'Free Trade' in Russia," "Sergei Witte: The Fight for Russian Industry," and "Witte: Tariff Helped Build Our Industry."

—Denise Henderson

Sachs and George Soros, must simply be thrown out the window.

To replace the IMF line, Russia would require a dirigistic and protectionist approach to economics, as nation-building. Here, the necessary institution is a *national bank*. Notice I say national bank, and *not* a central bank on the Federal Reserve model. Russia would need a national bank of the type created by Alexander Hamilton, as the First Bank of the United States, or Henry Clay's Second Bank of the United States. For people who've never heard of these two institutions, you can go to Philadelphia today and find both of them still standing, not far from Independence Hall.

The purpose of a national bank is to issue credit for production in agriculture and industry. For those borrowers who can meet the requirements, long-term, low-interest loans are offered in order to stimulate activities which we know contribute to real national wealth.

Privatization must be subordinated to the need to maintain and expand the necessary levels of production in a world economic depression and Russian national emergency.

### Priority development projects

State planning of the Stalinist variety, the old Gosplan, that planned everything down to the last nut and bolt, was of course an absurd and unworkable system. But indicative planning, that is to say, the creation of a list of great national priorities—that is indispensable. That was de Gaulle's approach in France in the late '50s and early '60s. It is the best of the tradition of the Japanese Ministry of International Trade and Industry (MITI). If you're interested in Taiwan, the reason that Taiwan has survived, is that President Chiang Ching-kuo set up a list of national projects in the late '70s and early '80s. We could go down the line with other successful examples.

Russia would need a priority list of great national undertakings, such as, we would suggest, the building of a new Trans-Siberian Railway, using the most modern magnetic levitation technologies. This would permit the colossal energy of the Russian people to be expressed in great projects that would be of benefit for Russia, as well as for the rest of humanity. National planning must also identify targets of food production, housing, clothing, and other needs, and it must set forth methods to meet these needs in the context of obtaining full employment as soon as possible.

Russia right now suffers, as we do here in the United States, from an immense deficit in modern infrastructure. The rail and highway systems of Russia are totally obsolete after decades of Cold War depletion.

Even more alarming is the status of the electricity grid, and I think this is now the big issue, as we go into the winter. The Russian electricity grid appears to me to be in a process of collapse, which is spreading out of Russia, out of Ukraine and into Hungary, and perhaps into the rest of eastern Europe. What you therefore need would be state-sponsored credit,

first and foremost to finance the building of modern magnetic levitation railways, superhighways, canals, water systems, telecommunications, and electro-nuclear energy grids. In the area of soft infrastructure, it is clear that large numbers of schools and hospitals need to be built.

For most of these projects, the main borrower would be a government agency at the local or regional level. But many of the subcontractors who actually carry out the work will be private firms. A large-scale infrastructure program is the absolutely necessary ingredient to reverse economic decline, to create demand for steel, concrete, and other basic commodities, and to create millions of new, productive jobs. And in order to improve the supply situation, one aspect of infrastructure that needs great emphasis, is food distribution and delivery, so as to prevent so much food from being lost to spoilage.

Now a special problem for Russia, and indeed for all countries emerging from communism, is the absence of a fabric of small and medium industrial and technological firms. Note the emphasis on *productive*. We are talking about the creation of tangible, physical products; not *services*—financial services, gambling, public relations, advertising, drug money laundering, or any of this. We are talking about what the Germans call *mittelständische Betriebe*. The classical high-technology small firm is one where the president of the company is himself or herself a scientist or inventor, and where the operation has the flexibility which a mastodontic corporate bureaucracy can never have. Such firms are the places where new scientific discoveries are originated, and turned into machine tools that can find their places in the assembly lines of larger factories.

So the national bank would therefore have to open a special low-interest, long-term credit facility, specifically for the needs of new small and medium productive ventures.

### The tax code and currency reform

Now, you have the problem of mafia criminality. A tax code for Russia would have to reflect a bias in favor of production, against all kinds of parasitical and speculative activities. Income deriving from financial speculation or other forms of gambling ought to be taxed at a higher rate than income deriving from commodity production. In a similar way, tax credits ought to be instituted so that money which is productively invested in new technology, plant, and equipment, can reduce the total tax paid. Tax credits can also be used to foster savings.

Because of the vast expansion of organized crime, a currency reform is probably unavoidable. A good model is de Gaulle's introduction of the French "heavy franc" during the late 1950s, in cooperation with Jacques Rueff. In the course of the currency reform, of course, what happens is that all persons are required to account for currency in their possession, in excess of their recent tax returns. So what happens, in practice, is that organized crime cash reserves are either

confiscated or wiped out.

These last two points, on the tax code and the currency reform, are discussed in one of LaRouche's essays, from 1980, entitled "A Gaullist Solution to the Italian Monetary Crisis." What you get out of this, is that a "heavy ruble" may turn out to be one of the most effective and humane ways of putting gangsters out of business. It is far more humane than other means that one can imagine, by which speculators and parasites have been dealt with in Russian history.

### **Economic self-defense**

Now, Russian agriculture. Russian farms cannot keep producing for long if the prices paid to farmers are inferior to their cost of production. So the government must therefore establish parity prices for the main farm commodities. Parity prices would reflect the relevant costs of production, plus a reasonable profit margin, that must be sufficient to permit new investments and technological modernization. A good model here would be U.S. agricultural policy during World War II, when high levels of food production were obviously desirable for defense purposes, and these were obtained by paying farmers 100% of parity, or even 110% of parity in certain cases.

To defend parity prices, and to protect Russian farmers and manufacturers against economic warfare, dumping, and so forth, from abroad, a full array of protective tariffs would be required. Protective tariffs would have to be put in place to defend every productive sector where Russia seeks to produce, to cultivate.

Other important tools of self-defense would include capital controls and exchange controls. That would help to protect the ruble from speculative attacks of the type associated with George Soros and his friends at the New York Fed and the Bank of England. Economic self-defense is all the more important for Russia because of the looming panic crash of the derivatives securities markets in the western world.

Because of the domination of the international markets by Anglo-American financial cartels, Russia would need to secure her own needs in international trade through a series of bilateral contracts for the delivery of goods. These contracts should establish mutually acceptable prices—not necessarily the London or New York prices, but mutually acceptable prices. An example might include a Russo-Ukrainian contract to exchange Russian oil or energy for Ukrainian grain, without passing through the dollar or pound-based staple markets in London, New York, or Chicago.

It would be a tragic mistake to simply junk all the economic relationships that existed previously, because of the post-1989 political changes. Many people have suffered as a result of this. Today Germany, the Czech Republic, Hungary, Slovakia, Poland, and others might now be interested in restoring certain kinds of commodity flows on the basis of the bilateral contracts just described. These countries would get a chance to reduce unemployment and keep their factories

functioning. One priority area for Russia would be oil-drilling and pumping equipment, to reverse the fall in oil production. You can also think of the need to import transportation equipment from Hungary.

### **The LaRouche method**

What I have just described would represent the essential elements of an economic recovery program for Russia, or indeed for any other nation. The method employed here is the classically Hamiltonian, American System economics, in the modern synthesis of Lyndon LaRouche. We subsume here, among other things, the lessons of the post-1939 U.S. recovery, that actually put an end to the Great Depression.

I would submit that this kind of economic recovery program would work, without question, and would be to the great benefit of Russia. It is a program that would be immediately understood by a person such as Count Sergei Witte, or economists in the Russian school like Podolinsky. I would certainly submit that economic development along these lines is a much better bet than the apocalyptic quest for a Third Rome.

I have noticed that Russian strategic planners give enormous attention to questions of territory and borders. I would invite them to consider the case of the Israeli government. If there was any government that was concerned about territory and borders, it was surely the Israeli one. But now, at last, with Rabin and Peres, a more enlightened and statesmanlike view has prevailed, and this view sees that cooperation for economic development and the political arrangements that are possible within that context, is far more important than simply the issues of land per se.

In conclusion, let me say a word about the role of Lyndon LaRouche, and his influence and his contributions in the Russian scene. The most reliable means of changing the dynamic toward renewed superpower confrontation, even at this late date, would be to recast Russian economic policy along the lines suggested by LaRouche in the European Productive Triangle program. Of course, western and U.S. economic inputs could be geared to assist that. LaRouche's textbook in economics [*So You Wish To Learn All About Economics?*], which you see here in Russian translation, is widely circulating in Moscow and the rest of Russia. There are very important circles in Moscow that are intensely aware of these ideas, and consider them to be eminently practical.

Perhaps the best barometer of the new interest in LaRouche's ideas in Moscow, is the fact that Lyndon LaRouche has just been named a corresponding member of the International Ecological Academy, which was one of the first independent scientific associations to be founded in Tallinn in 1989, during the breakup of the communist system. LaRouche's new and growing following in influential Moscow circles has prepared the ground for a policy shift away from the failed Bush and Thatcher approach. And I would submit in conclusion that such a change is urgent, to avoid greater strategic crisis further down the road.

# New bureau seeks to revitalize Russia's human rights movement

*Viktor Kuzin is a Russian human rights activist and former member of the Moscow City Council (Mossoviet), who visited the United States in July and October of 1993 (see EIR, Nov. 5, 1993, p. 60). The Moscow Bureau for Human Rights Defense Without Borders was founded on Kuzin's initiative on Nov. 25, 1993, Mossoviet having been disbanded in October, as a result of Boris Yeltsin's violent overthrow of parliamentary institutions in Russia. At Mossoviet, Kuzin headed the Subcommittee on the Defense of Civil Rights. The new bureau is intended to continue work in the area of human rights defense, both in Russia and abroad. The name of the organization highlights his view, that only international efforts for human rights can succeed under present circumstances, as the campaign for freeing Lyndon LaRouche exemplifies. Kuzin spoke to EIR from Moscow on Dec. 22, 1993.*

**EIR:** There exist many international and national organizations with similar names, which say that they are acting for human rights. What is the sense and the justification for setting up another human rights organization?

**Kuzin:** Unfortunately, respect for human rights has not improved in proportion to the growth of the number of human rights organizations. Strange as it might seem, the situation rather has deteriorated. This is a universal pattern. Another consistent pattern, is that the violation of such elementary human rights as the right to life and decent living conditions has become massive.

**EIR:** What are the reasons for this, in your view?

**Kuzin:** As the collapse of the communist system showed, none of the states existing today has treated human rights as an absolute value, or the protection and observance of those rights as the highest criterion of an effective domestic or foreign policy.

Unfortunately, there are still no players in world politics, who would defend the sanctity of the individual, as against egoistical, parochial interests. We encounter an attitude to the philosophy and practice of human rights defense, on the part of the state, which consists exclusively in playing with and manipulating human rights for narrow purposes, in the struggle for power. This means that the attitude toward human rights is determined by what is politically opportune. It is subordinate.

Therefore we can say for sure, that all the best known and flourishing human rights defense organizations today, those whose activity is approved at the state level, are really neither independent, nor truly concerned with human rights. Their approach to the evaluation of various human rights violations, sometimes very crude ones, is not based on law; it is a purely political approach. The examples which you and I might know best would be the reaction of these organizations to the preplanned mass murder of innocent people, committed by partisans of Boris Yeltsin on Oct. 3-4 in Moscow, in the course of their overthrowing the parliamentary republic in Russia, and also the reaction to the conviction and sentencing to long prison terms, on fabricated accusations, of activists of the political movement headed by Lyndon LaRouche in the United States.

**EIR:** What concept of human rights activity would you counterpose to the existing state of affairs?

**Kuzin:** There is essentially nothing new in how I see human rights activity: The freedom of the individual, guaranteed by the norms of international law, should be fully defended, regardless of his political or other beliefs. Such individual freedom, corresponding to the natural variety of forms of life, is a value in and of itself, insofar as it represents the only inexhaustible source of intellectual and material wealth for society, society's ability to overcome any obstacle in the path of progress.

It is also important to stress that any freedom in society can only exist in the framework of law, which acts as the necessary measures of freedom, and without which freedom itself turns into caprice. Law and the state, which guarantees obedience to the law, should act as guarantors of the harmony of interests of the individual and society. The task of human rights activity is to constantly prod the state to do this, in accord with its true purpose.

**EIR:** What are the necessary conditions for this?

**Kuzin:** First of all, the most serious and hard to eliminate obstacle on the path to success today is the existence of a persistent tendency everywhere, toward the moral bestialization of mankind, as a result of the global deterioration of the quality of the social environment, the absolute reduction of the quantity, as well as the reduced accessibility, of the mate-



EIR's Webster Tarpley (left) interviews Russian human rights activist Viktor Kuzin on "The LaRouche Connection" cable television show, July 1993. Translator Rachel Douglas is on the right. Kuzin, former member of the Moscow City Council, has recently founded the Moscow Bureau for Human Rights Defense Without Borders.

rial basis for life, necessary to sustain the majority of individuals alive today at a decent moral, spiritual, and intellectual level.

The collapse of the communist system did not lead to the expected rejection of previous approaches in politics. On the contrary, totalitarian, anti-liberal and anti-democratic phenomena, under a somewhat new guise, are gaining strength everywhere, and can rely today on support and solidarity from the ruling elite of the countries of the West and from the former communist *nomenklatura*, who jointly strive to attain absolute world hegemony at any cost and using any means.

But bolshevism and confrontation, which have been the very essence of traditional approaches in politics, make this an illusory goal. The further inevitable, senseless, and simply unproductive waste of intellectual and material resources, which accompanies such a model of development, deprives that ruling elite itself of any future, since it provides no means to cope with a whole array of looming global crises (energy, ecology, food, the growth of mafia criminality). These problems today are international in scope and therefore cannot be solved by anyone individually, but only all together. Reason and moral considerations require the united efforts of many countries and social groups, elimination of confrontation, and reining in of narrowly egoistical interests in politics and economics. This understanding should become the fundamental element of a modern political elite, whereupon the state will be able to fulfill its assigned role as the guarantor of rights.

Second, we need special qualities from people working

in the area of human rights defense. Any organization is, first and foremost, the people who comprise it. Considering the difficulty of the tasks we face, as well as the likelihood of repression by the authorities, I have invited my closest co-thinkers to join the bureau—jurists, journalists, scientists, and others, people of intellectual audacity, civic courage, independence of thought, competence, good conscience, and responsibility.

Since the bureau intends to speak out both on human rights violations in Russia and on human rights violations in other countries, including the United States, it plans to have representatives abroad. We realize that the position of the bureau and the framework of its activity are such, that steps it takes may cause dissatisfaction both in the West and in the East. Members of the bureau are fully conscious of this and treat it calmly.

A weak point of our organization, which significantly constrains its potential for action, is the lack of any material or financial base as yet. We need to be circumspect, and we absolutely exclude accepting any subsidies from the state or from organizations we do not know. Therefore, at least for now, we are unable to devote all our time to bureau work. All the members of the bureau, including myself, have to spend a good amount of time working for compensation at other jobs. I, for instance, spend 12 to 16 hours a day on other matters. But such is the price of independence. And without independence, our activity would be meaningless. Isn't that problem what led to the moral bankruptcy of the traditional human rights defense organizations? We don't want to repeat their fate.

## Time is running out for Middle East peace effort

by Susan Welsh

When the historic agreement between Israel and the Palestine Liberation Organization was made public last September, Lyndon LaRouche welcomed it with these words: "The urgent thing here is that we must move with all speed to *immediately* get these economic development projects, such as the canal from Gaza to the Dead Sea, going, because if we wait until we discuss this thing out, enemies of progress and enemies of the human race, such as Kissinger and his friends, will be successful, through people like Sharon's buddies, in intervening to drown this agreement in blood and chaos; but now we have an opportunity. If we move fast enough to get the economic development started, we can have an agreement in the Middle East which succeeds where, because of the Bush and Thatcher administrations, we failed to seize the opportunity when the Wall came down in eastern Europe" (*EIR*, Sept. 17, 1993).

Today, the time for such a breakthrough is running out, as the Dec. 13 deadline for Israeli withdrawal from Gaza and Jericho has come and gone, and Israeli and Palestinian negotiators are bogged down in acrimonious discussions about border crossings, security arrangements, and sovereignty. More lives are being lost, as the radicals and terrorists on both sides shout that the current difficulties are "proof" that there can be no such thing as peace with their mortal enemy.

*Of course* the issues now under debate are thorny ones—that is precisely why LaRouche has insisted, dating back to his discussions in the 1970s with Israeli and Arab leaders, that the issue of economic development must be addressed *first*. Only once the economic underpinnings of a peace settlement have been created, establishing a common interest and common benefits, can the seemingly intractable political problems be settled in a fair and reasonable way.

Yet to date, nearly four months after the signing of the Gaza-Jericho accord on Sept. 13, not a single major project has been launched, and international funding for development of Israel and Palestine has been miserly in the extreme.

Among the principals behind the accord—Israeli Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres, and PLO Chairman Yasser Arafat—there is a recognition of the problem. But the ball is not currently in their court.

Peres commented on Dec. 22 on the killing of two Jews on the West Bank, apparently by the anti-Arafat Palestinian group Hamas: "Such a murderous act underlines the urgent need to achieve implementation of agreement with the Palestinians as soon as possible while safeguarding Israeli national security. . . . Any time wasted strengthens the terrorists, whereas an agreement strikes a blow at them. Hamas's worst enemy is peace, which will be achieved through dialogue with moderate Palestinians."

Earlier, in a speech to the Italian-Israeli Association in Milan on Nov. 27, Peres had referred to the opposition his government faces among Israelis. "It is not easy for our people," he said. "They can see the cost of peace, but not the fruit." Concerning the fact that Saudi Arabia had refused to donate a mere \$10 million for Palestinian development projects, Peres quipped: "What is \$10 million to Saudi Arabia? Three princes can get rid of that in a weekend in Paris."

As for the Palestinian side, senior PLO sources stressed in mid-December discussions with *EIR* that the accords are "heading for collapse." One well-informed PLO source pointed to recent opinion polls in Israel that show a marked collapse in support for Rabin since the signing of the accords, and to an alarming decline of support in West Bank and Gaza for the PLO. In December the PLO lost student elections in

a longtime PLO stronghold, Bir Zeit University in the West Bank, to Hamas.

The source also said that there was a financial siege under way against the PLO: "We have not gotten a penny for the last seven months. If the U.S. didn't agree with this financial siege, then it wouldn't be happening. The accords are under very grave threat right now, and I tell you that Hamas will be very moderate compared with what will happen if this doesn't go through. The PLO will be a different organization altogether if this collapses. It will go to maximalist line—us against them."

### **Begin development projects now**

As *EIR* underlined in our cover feature of Sept. 17, the Peres "Marshall Plan" approach involves high-technology infrastructure, a series of great projects ranging from the Dead-Sea Mediterranean canal, to desalination plants, to international electricity grids and rail and road networks. Palestinian economist Yousef Sayigh puts the price tag for such a program at about \$11.6 billion; Israeli economist Gad Yaacobi, in interviews with *EIR* in the 1980s, gave a much higher figure of \$25 billion over ten years. Peres himself in 1986 called for \$50 billion. By contrast, the World Bank is offering a miserable \$1.7 billion (with \$3 billion projected over the next ten years), and infrastructure development is at the bottom of its list of priorities.

The economic protocols of the Gaza-Jericho accord (Annex III) specify that the two sides agree to cooperation in water development, electricity, energy, finance, transport and communications, trade, industrial development, labor relations, and other programs of mutual interest. They call for exploitation of the Dead Sea area, the Mediterranean Sea-Dead Sea Canal, desalination and water development projects, a regional plan for agricultural development, and regional measures for energy development. (See *EIR*, Sept. 17, 1993, p. 24, for the full text of the protocols, which have received scant coverage in the U.S. press.)

LaRouche, commenting on these proposals in an interview published in *EIR* on Sept. 24, added that "without nuclear power, you cannot develop the Middle East at all." There is a need for mass desalination and the development of the Negev desert, and that requires nuclear power, he said.

### **Scant progress**

Looking at progress to date toward this agenda, one finds nice-sounding speeches, but little of the concrete actions—and dollars—that are required:

**United States:** The Clinton administration has taken little initiative on the Mideast, and is basically supporting the World Bank's approach of building free enterprise zones and boosting the tourist trade. *EIR* correspondent Bill Jones on Nov. 12 asked Rabin and Clinton, at a Washington press conference, for their estimate of the magnitude of funding needed for development projects. President Clinton replied

that, from the Oct. 1 World Bank-sponsored donors conference, "we have commitments over the next few years for several billion dollars and a few hundred million dollars right off the bat. We think that's enough to make a big difference."

**Europe:** Prime Minister Rabin, in a speech in Jerusalem on Oct. 24, scored the "inaction" of the European countries. The war in Bosnia, he said, shows that Europe is not able to play the political role it wishes to play, also in respect to the Middle East. The Europeans have so far hardly made use of the immense economic opportunities presented in the Gaza-Jericho plan, and have even fallen behind some of the Arab states, which have begun to negotiate joint projects with Israel in power generation and other infrastructural areas, Rabin pointed out. Jordan and Israel are discussing joint infrastructural projects, and one of the Arab Gulf states is willing to sign a contract soon with Israel for construction of a gas pipeline.

The European Community in November pledged a mealy \$19 million in aid to the Palestinians, \$18 million of which will go to the six universities in the Palestinian territories.

Yasser Arafat visited Bonn early in December, and was told by German Foreign Minister Klaus Kinkel that Germany would increase economic, financial, and political aid to the Palestinians, mentioning the areas of water projects, solid waste disposal, and sewage treatment, plus "state administration systems." At a press conference in Bonn on Dec. 7, *EIR* asked Arafat what the status was of the development projects, and how Germany could help. "We have no communications, no ports, no airports, no harbors . . . so we have to start from there," the PLO leader replied.

**Regional initiatives:** Israel and the PLO on Dec. 17 agreed that Palestinians for the first time will be able to legally export farm produce to Israel and import goods freely from Arab states that are officially at war with Israel.

Palestinian businessmen from abroad have teamed up with entrepreneurs in the Israeli-occupied territories to invest \$200 million into a holding company, the Palestine Investment Company, which plans to build a cement factory and "satellite cities" throughout the West Bank and Gaza to alleviate the severe housing shortage. Palestinians in the West Bank have set up a sister company called Ruwad Holding Company, which has a capital of \$75 million. The Israeli industrial giant Koor has meanwhile drafted an agreement with Palestinian and Arab investors to set up a company called Salaam 2000 (Peace 2000).

Israel proposed construction of a canal from the Red Sea to the Dead Sea, during a meeting in Beijing in November of the Water Working Group, a multilateral organization trying to solve the Arab-Israeli issues. This laudable initiative has been on the drawing boards since at least 1979. As Israeli expert Uri S. Würzburger said in an interview with *EIR* published on Nov. 26, 1993, the project was stopped in 1985 for political reasons. But now, in the interests of world peace, it and the others like it must be quickly revived.



## Create regional areas of economic interests

*Gen. Mirza Aslam Beg (ret.) is the chairman of the Foundation for Research on National Development and Security (Friends) in Pakistan. The former Chief of Staff of Pakistan, General Beg is respected throughout the Islamic world as a military expert and a strategic analyst. He stood out in 1991 for his principled stand against the U.S.-led aggression against Iraq. General Beg was a participant in the Popular Arab and Islamic Conference, held on Dec. 2-4, 1993 in Khartoum, Sudan, where he was interviewed by our special correspondent.*

**EIR:** General Beg, in your paper to this conference, you talk about the need to reawaken the “spirit of inquiry” among Muslims, through the establishment of think-tanks in the Islamic world. How do you see their functioning?

**General Beg:** Such think-tanks should primarily be in the private sector. There are a number of such private institutions in Pakistan and other Muslim countries, but they function practically under the government. Funded by the government, they naturally speak the same language as the government, and say what the government wants to hear. Such institutions, if they are independent, could contribute a lot. After having seen that there are many think-tanks in the United States (I counted 137), I decided to establish Friends, the Foundation for Research on National Development and Security.

**EIR:** What is the focus of your work?

**General Beg:** Ours is probably the only such institution in Pakistan which has found a place of its own and is functional. We have to our credit a number of publications, including books. We have developed working relationships with other institutions, in Jordan and Iran, for example, but these are under government control. What I’m suggesting is to develop institutions which could formulate independent considerations.

**EIR:** What does such cooperation entail?

**General Beg:** At the moment, it is limited to exchange of scholars, published material, periodic symposia, conferences, and seminars.

**EIR:** One aim of this conference, which you address in your

paper, is the search for Islamic unity. How should it proceed?

**General Beg:** They have been chasing Islamic unity in the entire Islamic world, and it has been very elusive. I think this will not be possible in the foreseeable future, but I think it is possible to achieve unity in a different way. If we create regional areas of economic interest, in the [Persian] Gulf, North Africa, South Asia, Southeast Asia, Central Asia, etc., we can easily identify as a region geographically and politically, where there is so much commonality of economic interest. This would be in line with the modern trend of developments, such as the European economic market, Association of Southeast Asian Nations (ASEAN), and Economic Cooperation Organization (ECO), of which Pakistan is also a member. Such economic groupings are fundamental to regional harmony and security. It is on the basis of this idea that we held an international seminar last November to bring countries of the ECO (Pakistan, Iran, and Turkey) together with China and the Central Asian countries, which are countries of unlimited resources, and share much in common because of their proximity.

**EIR:** We have drafted several economic development proposals for several of the regions you are referencing, including a “Productive Triangle” program for the development of the Eurasian continent, based on vast infrastructure projects, such as high-speed rail lines tracing the historic trade routes. These are projects to be undertaken as cooperative efforts by agreement among sovereign nations. Are you talking about something in this direction, or only trade relations?

**General Beg:** We combine both. Infrastructure is, of course, basic to such cooperation, to facilitate the movement of goods for trade between the countries, for example in the area of the Asian Regional Cooperation (ARC), which includes Pakistan, Iran, Turkey, Afghanistan, Central Asia, and China. These involve traditional trade routes that have been used throughout the known history of the region. The only thing is to apply modern technology; that would be fundamental to the idea of development. I go beyond that. I believe that such cooperation is a very strong element of security, because it links the interests of the cooperating countries so vitally that the security of the countries is guaranteed.

**EIR:** Can you talk about the concrete projects discussed at

your last meeting?

**General Beg:** There are bilateral and multilateral working relations among the ECO countries. The original ECO members—Pakistan, Iran, and Turkey—have been working together for the development of the region. Last year they brought new members into it, their next-door neighbors, the Central Asian republics. There have been a number of bilateral agreements between Iran and members of the Caspian Council. Turkey has established bilateral relations with some of the Central Asian countries, dealing with Tajikistan and Uzbekistan. The countries are bound together under the agreement to cooperate with each other according to the ECO concept; this does not inhibit them from establishing bilateral relations with other states.

The Central Asian states, which have resources, have suffered from lack of foreign exchange. Turkey has provided funds for development in Central Asia, also bringing in 10,000 people to educate them. The same with Iran, which has plenty of foreign exchange, and has provided \$4 billion for economic cooperation with Central Asia. They have also brought in a lot of people to educate and train them, introducing banking and modern methods of marketing. As for Pakistan, I think that the process has been slow because our approach and access to these countries have been difficult because of the difficulties obtaining there; the other reason is that we just do not have the foreign exchange to provide for Central Asia. Comparing ourselves to Iran and Turkey, we have these problems. Nonetheless, we have signed a lot of protocols with Afghanistan and other Central Asian countries.

**EIR:** Is there discussion of a development fund, to pool capital for such projects?

**General Beg:** There has to be an institution for financing by the participating countries. I think they are working out a central banking system that will be common to all the countries of the ECO. It has not yet materialized, but a lot of thought has been given to it. But otherwise there is the Islamic Bank which can help development of certain projects I have identified.

**EIR:** What is the role of advanced technologies in this perspective? Are you promoting nuclear energy?

**General Beg:** Yes, of course. But because of the problem we have, I think every country is shy of sharing their nuclear technology with participating countries. Pakistan has nuclear technology, as does Iran, but we have no program for nuclear technology. They have their pressure, too. Pakistan and Iran are both approaching China for this; Turkey, I don't know. Meeting the gap in energy through nuclear technology development is important, I think.

**EIR:** What other areas are you concentrating on in science and technology; are there specific areas for special research?

**General Beg:** No, we have not yet gone into specific areas, but we have concentrated in general on the need for acquiring modern technology and our ability to have it, whether nuclear, or electronics, or space technology. If we can acquire it, we can apply it for the good of our country.

**EIR:** How is Pakistan facing the "technological apartheid," i.e., denial of advanced technology, practiced by producer countries against the developing sector?

**General Beg:** My own experience with the western coun-

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*To apply modern technology is fundamental to the idea of development. . . . Such cooperation is a very strong element of security, because it links the interests of the cooperating countries so vitally that their security is guaranteed.*

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tries, the United States, when I retired, is that it is very difficult to get technology. Or, it is very easy to get technology (it may not be the best) from neighbors such as China and from the ECO countries. Some western countries, not all, have been able to give us limited technologies which we have been able to absorb. That's why we have developed the idea that it is better to take the technology from within the family of members that we have, and not get involved in problems. There is essentially no technology which we cannot get, it is only a problem of spending the money and buying it.

**EIR:** You speak in your paper about seeking Islamic unity, but at the same time preserving and protecting national interests. Those who should be part of the Islamic unity, *Umma*, are nations. Pakistan is a nation-state. How do you reconcile the two realities? There are some here at this conference who reject the idea of the nation *tout court*.

**General Beg:** When we talk of a country like Sudan, it is a deprived nation. It has been exploited over the centuries and continues to be. . . . they have first to absorb the modern technology. . . . date their national identity, as with all developing countries. But once they have reached stability, consolidated the national identity, and the values of democracy—in Islamic states it is the Islamic notion of democracy, and we have achieved a great deal of success in Pakistan (although we still have a long way to go)—then state by state, we will come to a point where we will want to involve ourselves in a larger community, placing less emphasis on the physical borders of

the country and depending more on economic cooperation in various fields. Then the concept of regional cooperation comes into focus.

**EIR:** Is this the "Islamic commonwealth" that you mention?

**General Beg:** This is an association of Islamic organizations, joining hands, for example with Malaysia, Brunei, and Bangladesh. Similarly, we can have regional arrangements for northern Africa, for the Central Asian states, which are a good example, because of their common economic and political background.

**EIR:** How do you view the dramatic developments in Russia, which is also an important player in the area?

**General Beg:** We believe Russia still maintains the potential of a great power, militarily and economically. It is a temporary setback it has suffered. I think the old ambitions will return and that it will be a matter of concern and conflict between Russia and the Central Asian republics and the Baltic nations as well. We have to see how it will be controlled. In this context, the element of the Central Asian states is very important. I mean, our interest must be *not to destabilize*. Give them a time of peace, to let them consolidate what they have, before they lose whatever they have gained in the last two years.

Boris Yeltsin still thinks that the external borders of the Central Asian states are the borders of Russia. From that point of view what has happened in the Central Asian republics, such as the changes of government in Tajikistan and Azerbaijan, is not good for the stability of the countries. Out of their fear of the Muslim states of Central Asia trying to reassert their identity, I think the West has gone wrong to help the forces to bring back communist governments in those two states, which are very important. I think this has created an element of instability in the region. You have seen what has started in Tajikistan, in Azerbaijan. Unless we correct it carefully, it is bound to have an effect on the adjoining states. We have to be very careful about the implications of only caring for Russia. The European countries all join hands and give \$24 billion for aid to Russia. But what have they given the Central Asian republics? Only \$1 billion. They need much more aid than Russia.

**EIR:** How do you view the situation in Pakistan after the elections?

**General Beg:** They say it is stable, but in my judgment, it is not stable. We're bound to have repercussions, because the way political changes have been brought about makes all forces suspect. A man who enjoyed a great majority slowly has been ousted from power, which has been handed over to the opposition. It is a well-known fact that the opposition has the support of the United States. Mr. Nawaz Sharif made some major mistakes, but he did give a good fight and he stands fairly strong, politically. These factors, taken together,

will create problems for the new government. The new government depends on external sources and draws strength from those sources rather than doing something at home to strengthen the democratic setup. I think they will be creating problems for themselves.

**EIR:** What is your impression of Sudan?

**General Beg:** This is the first time that I've visited this part of the world. Sudan, and what I've seen in the last 4-5 days, depresses me. The Sudanese are struggling and trying to face the challenges posed to their security. You may realize that they have suffered a very, very long life of deprivation, for centuries, and for the first time now they have a sense of realization, to assert themselves as a nation, as a people. This has to be understood by the West. Putting pressure on them, by declaring them a terrorist state, is an error. This is their way of life, their style, to assert themselves. What does the West want? Do you want a socialist revolution, such as the one brought in by [Gaafar Mohamed] Nimeiri? Or an Iranian kind of revolution?

This is *their* way of life, asserting their will as a people, as a nation. It may not be the only way. But they have decided to do so. And they are a set of people who have achieved a great deal by uniting the nation. They will be able to work on their problems. This should be a matter of happiness for the rest of the world. But putting pressure on them, by cutting off all the foreign aid and assistance, which they need now, will be a crime as great as that of colonialism and exploitation.

This is a beautiful country, if you only bring technology here and give them the modern techniques of animal breeding, they can produce meat and wheat, and milk and cheese and butter, and export to the whole region and the world. But nobody's going to bring them technology. They may get the technology, but they don't have the money. Poor fellows, they just don't have the foreign exchange to buy anything. Their agricultural growth is 11%, unparalleled by any other country. But industrial growth is almost nil. They need to be helped. They have a future, particularly in this part of Africa, where they could have an impact on the entire region.

**EIR:** What is your view of the recent PLO-Israel agreement?

**General Beg:** No one knows what the intentions of [Prime Minister Yitzhak] Rabin are. But what is positive is that it has at least brought the Palestinians and the Israelis to reach a point of agreement which has not been there for the last 45 years, and if they can consolidate what they have, in the scope of finding greater peace in the region, perhaps the Palestinian state would be created, with high technology, as a window for the Arab world. This could show to the world, that countries that have been fighting for so many years, if they can sit together, they can create wonders. That's what they should try to achieve. Many hurdles lie in the way, of course.



## If we paid only half our debt, we could feed Hungary

*Istvan Csurka is a leading political figure in Hungary and was a co-founder and former vice chairman of the ruling Hungarian Democratic Forum party (MDF). He has been an outspoken opponent of International Monetary Fund policies. He was interviewed in Los Angeles on Nov. 27 by David Kilber. Lorant Szasz translated the interview from Hungarian.*

**EIR:** How do you see the political situation in Hungary at this time with elections coming soon, and what do you think will be the results of the election?

**Csurka:** The main problem is the disarray. Nobody knows what's going on. Although it seems from the outside that everything is okay, if you go behind the scenes, the problems are there and everybody knows it. The uncertainty of Hungarian life is that the players are there but not in their own face. What they show is different than what they are playing.

The government appears to be nationalistic, but it's not true. Although I was the co-founder of the ruling party (MDF) which won in the first election in 1990, the ruling party is not democratic. They are playing that they are democratic and nationalistic, but they are not. The so-called opposition, the SzDSz, is not democratic either, but they are making a show of being democratic. They are representing the old guard of the communists. They call themselves the Free Democratic Party.

There are certain other parties which are really the followers of the old communist regime. These are not equated with the SzDSz, the Free Democrats, but really are the followers of the old regime. They are conducting campaigns and are very dangerous.

**EIR:** What do you think the results of the election will be?

**Csurka:** I don't know. The mandate of the government and the Parliament will expire on May 2. Until then they don't have to call for new elections. Mr. Antall, our prime minister, is very sick. If Antall dies, then the elections could be earlier. [Jozsef Antall died on Dec. 12, after this interview took place—ed.]

Nothing is decided. You know the European situation in Bosnia and so forth. Because nothing is decided, it is

dangerous politically for everybody. What you mentioned about Russia, Lithuania, and the Bosnia situation makes everybody nervous and makes everybody wonder what will happen. I cannot say when the elections will be.

The most dangerous problem is the pessimism of the population, which was brainwashed for the last 40 years. They probably don't even want to vote.

Another big problem is that the media is not free. Roughly 90% of the media is still in the hands of the old regime and the liberals. The new liberals coming from the West have a lot of control. Because of that it is very difficult to say who would win the election. It is approximately equal now between the liberal side and the nationalist side.

**EIR:** Is there a fear of a communist takeover in Hungary? As we saw in Lithuania and Poland, as a result of the economic disaster caused by International Monetary Fund (IMF) policies, George Soros, and other looters, the communists were able to take over the government again. Is that an immediate danger in Hungary now?

**Csurka:** I'm optimistic that there is no immediate danger of a communist takeover. If there is, it would be slight and not much change from the Antall regime.

**EIR:** Lyndon LaRouche recently referred to George Soros as a front for British intelligence. He has worked with the IMF for a long time going back to even during the communist period. Soros and other speculators have moved in to loot Hungary. What has been the effect of IMF policy in Hungary and what role has Soros played?

**Csurka:** The fact is that we are under the control of the IMF. What kind of relationship they had between Soros and the IMF—I don't know the facts. I would just guess. We have inherited a \$21 billion debt load through the IMF system. With this kind of load on the Hungarian economy, it is almost impossible to exist. We are paying approximately \$2 billion in interest per year, with this capital going from Hungary to the IMF and the lenders. It is almost impossible to maintain a stable economy. I don't see how we can solve the problems with this kind of pressure on our society.

One of the biggest problems is that the agents of the IMF

are inside of our banking system, too. And those guys are reacting from our side, harshly, against these issues coming out. Those are their people. What would be really good for Hungary is to ease or reduce the \$21 billion debt. That would be a good solution, but those people, the insiders, don't allow it.

**EIR:** In the privatization process now ongoing, there have been a lot of international speculators coming in to buy up everything. Could you say something about that?

**Csurka:** It is as you said. The problem is really the privatization and corruption. The original plan of the government was to pay back the loans and interest and to finance that out of the privatization. What happened in Hungary under the privatization is they put industries on the market at certain prices. Unfortunately, the selling price was always underpriced. Everything was underpriced. Because of this, the foreigners and certain groups inside Hungary grabbed everything almost for nothing. That was the old *nomenklatura* and the new *nomenklatura*. They pushed us to privatize, and with the rapidity of the privatization it happened that almost everything became the property of foreign interests. So it means that it was a "free robbery," as you expressed it.

**EIR:** Lyndon LaRouche has called for an end to IMF policy in eastern Europe and, instead, an economic development program emphasizing large infrastructure projects. This idea is in the tradition of the 19th-century German economist Friedrich List, who I understand was collaborating with Szechenyi against the free-trade, free-market policies of Adam Smith and the British. How do you see the question of economic program for the Hungarian Renewal Movement? How do you see the importance of a program to develop Hungary in opposition to the IMF policy?

**Csurka:** The present regime, the Antall government, says to our people, "Just be patient. When everything is privatized, everything will be okay. It takes a long time but everything will be okay."

Let's change things now and let's not wait. We have to change the system. We have to have a certain so-called "third way" approach to privatization. It means to bring up our generation to be knowledgeable in economics and not to follow some kind of western theories applied to an entirely different society. Our style must be good for our people.

**EIR:** What do you think of the infrastructure program of Istvan Szechenyi's infrastructure program [a 19th-century Hungarian economist and political leader who was especially interested in infrastructure and national physical economy]?

**Csurka:** I am a great follower of Szechenyi. Take for example, the \$2 billion paid yearly to western lenders. If we could just keep \$1 billion of that, we could create 100 smaller Hungarian industries and we could feed, at least, our nation. So I am for the rearrangement of the loans. The Szechenyi infrastructure idea is my idea also.

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## Georgia

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# 'We must first tell the truth about the crisis'

by Shota Rustaveli

*Editors' note: Shota Rustaveli is the national poet of Georgia, the ancient nation in the Transcaucasus region. This poet and philosopher lived in the 12th century; to this day, his name is linked with the fate of Georgia. EIR received this article from a prominent scientist and political figure in Georgia, who had a vision of his country today, as Rustaveli would see it and tell of what he saw.*

Once I went back to my country. . . .

Many years, centuries had passed. . . .

What had happened in Georgia? How is my country now? It is very interesting for me and . . . for you as well, my unknown listener in the West or the East. So, let us "look" together, at what we "have" in Georgia now—December 1993. . . .

First of all you must know, that long ago my country was the richest land in the Caucasus region, and not only in the Caucasus. We had good economic and political relations with different parts of the world. At the beginning of the 19th century, Georgia "joined" the Russian empire, and after this . . . our potential progress ceased. We remained just one of the regions of "Great Russia," and this continued until the late 20th century.

Let us stop and explain the era of "revolutions," after which came the very short period of our independence (1918-21). Then Georgia was one of the "Soviet Republics," then came the time of perestroika, and then—civil war.

At last, we achieved independence, but, of course, it was only on paper. We started to make a model for our state, on the basis of the remains of the "broken Soviet empire." You know what that is! When I look at all these things, I always think about: Who did this, and why? If we can find any answers to this, maybe we can find ways to help somebody in Georgia and, I hope, not only in Georgia.

What do I see now? In Georgia there is a real collapse! Every side of life is destroyed. Do you want to know by whom? I can tell you, but a little bit later.

First of all, let us look at our situation globally, so to speak. Formally, Georgia is member of different international organizations, so we have many possibilities to build an economic and political foundation for the future, to have our

own life at last, and at last to take part in developing world civilization. This is our global task, like the task of any other nation in the world.

That begins to indicate the real situation in Georgia. Formally, we have a parliament, which includes the spectrum of political movements in my country. Then we have our national economy with several branches, but they are not functioning. The economy, too, is a mere formality: We have relations with many countries in the world and, of course, relations with the International Monetary Fund and other international organizations, which can help us. Oh, you surely know, how they can help, especially the IMF!

We also have a government and other attributes of an independent country. We also have our mafia and criminals, commercial structures in the financial and banking spheres, a free press, and other attributes of human rights.

### **Everything was destroyed**

But we have nothing! During the period of independence after 1989, everything was destroyed. Since then, we have had one big battle going on. . . . For what exactly, I cannot explain, and I think that no one in Georgia can explain it either. There was one war in former South Ossetia, a second war in Abkhazia, and a third war, which we called civil war, between former President of Georgia Zviad Gamsakhurdia and new forces from the opposition parties. This war went on for two years and ended some time ago.

Then we see the period when Eduard Shevardnadze came back to us from Moscow. Forgive me, but some people in Georgia hoped Shevardnadze would now do something for his country. They waited more than two years, and these were terribly difficult years in our long history. But that is what happened.

Criminals dominate every part of our life. We created many different military and police force structures, whose task is to protect citizens from criminal elements. But it turned out, that the elements against whom the forces of the state are fighting, are still chiefly the citizens themselves. I cannot bear to see it, when, day after day, my people stand in line many hours for bread. They wait to buy some bread, and in general only bread, because they can't buy anything else.

Georgia's economy is in collapse. Yes, of course, we have some international humanitarian assistance, but that does not reach the poor citizens, because . . . we have so many military and police forces, which are doing such a good job of protecting us from criminal elements!

But that is just one problem. Another is the situation with young Georgians, those young people who must build our country in the future. What's with them, and what are they doing now? Many of them are trying to make money—with dirty hands, of course, because they watch their parents and they do as they do.

We have a crazy situation, where we lack national values,

real national values, and lack a real economy. Therefore, we do not have a real financial and banking system. We have hundreds and hundreds of banks, so-called commercial banks. We have many different firms and joint ventures with different parts of the world, especially with Russia and other former Soviet republics, but what they are doing is unknown to me, or to the people standing for many hours to get a piece of bread.

In the shops we call "commercial shops," you know, there is everything you might want. This is called the free market, but it's a black market. You don't need my help to calculate how the commercial structures obtained these products, because the "technology" of this is known in many parts of the world, and if I recall correctly, it is called criminal enterprise. This is the real result of mafia activities in Georgia, for example. . . .

Excuse me if I talk about these things, but "these things" are our life, the real life of my people. Every time I think about them and also about myself—because I am still a Georgian, as I was in the past! . . . What can I do in this situation, when I see this? I can only tell people the truth, of course, as I see it. I can say what will be good, and what will only lead to a bad result, and so on. You see, I am a poet, I was a poet long ago, and that's why I had to talk about our situation somewhat on the poetic level.

### **The political situation**

Now let us speak about the political situation in Georgia. First of all, we must analyze the situation that preceded today's state of affairs. Here is what we had: Shevardnadze came, and around his figure there gathered many old members of the former Communist Party, people from the new political forces, who were in opposition to Gamsakhurdia's regime, and also from criminal structures, because they had taken part in breaking Gamsakhurdia's regime. Thus we created an entirely new structure, real power, which could do anything "for the people or against the people." Most of the political parties were in opposition to this state structure, but it was not real opposition. They were conducting a "constructive dialogue."

I think that the strong political parties were waiting and hoping, that perhaps their constructive relations with Shevardnadze might have some good results in the future. In any case, that's what they say now. . . .

So, two years ago we had elections, resulting in a Georgian parliament, where most political parties and movements were represented. The National Democratic Party (NDP), the oldest and biggest political power in the new period of Georgia's history, had the largest group in parliament. Another big group was the former communists. The Greens, Social-Democrats, Liberals, and some other groups from within the former regime were also represented. This parliament then formed a government, including members of these different parties.

Georgia, at last, became a member of the United Nations and other international organizations. We started to have good relations with various countries. Foreign embassies were opened in Tbilisi. Many countries helped us, when things were very difficult.

You know, as I write all this, I can't believe that it really was! Of course, everything I said before was the truth, but this also was the truth. And now it is the truth, that we suddenly lost all of that! Now, this is all we have: Many of us, or many of them I should say—I mean the people of Georgia—spending their time trying to find some food to buy with some money, which they are also trying to find.

I hope that in Georgia we have a political force that can do something very soon to stabilize the situation, and that it is, first and foremost, the NDP! You see, I am a poet, which is why I do not speak in chronological order. But that doesn't matter. I wanted first to paint for you from the palette called life—the life not only of one person, but the life of the nation—so that you would understand what happened and why, and what we and you might do about it.

What is the political situation now? We have some results of the so-called political games. Former communists got into the parliament and the government by means of populist slogans. Then they established good relations with the Army and the police.

Some time ago, Shevardnadze created a new society, or party, named the Union of Citizens of Georgia. This organization includes many former communists and people from the commercial structures, people who have real power in Georgia. For example, Soliko Habeishvili or Nicolos Lekishvili or Surab Gvania, who represents the Green movement in parliament. They utter many sweet words about development, independence, and . . . about “having good relations with Russia, because now Russia is the center of democracy and we need to make Georgia a member of the Community of Independent States. . . . You see, the West is not helping.” And so on.

In this situation, in general, only the NDP fought against this. Political life is “too hot,” you see.

### **The mafia**

But that is only one side of our life. We have another side, as well. That is that we have a real power, underground, the power that really determines politics, that makes money, real money, dirty money. You can answer, I know, that the mafia is a problem not only for Georgia. Yes, of course, Italians often talk about the mafia, and so do the Americans, about the Italian mafia, the Russian mafia, etc. But what interests me, is what the mafia is doing in my country, because that is the most dangerous for us—and not just for us. The fact of the matter is, that the mafia has found fertile ground there.

I think that they have now taken over different spheres of our life—from branches of the economy, to culture, to

political films. We have the whole spectrum, now. For example, we often hear that there is a narco-mafia in Georgia, and many politicians say that we must fight against this. Or, we hear about commercial banks, which were founded and conduct their business via “dirty money.” Yes, we often hear the same words . . . but “they are working hard,” and, as a result of all this, one group of citizens, the smallest part, remains wealthier, while more than 90% starts out each day to look for something to eat. A minimum living standard in Georgia costs 1-1.5 million “coupons” per month, but over 90% of the people receive only 40-60,000 coupons. One egg costs 10,000 coupons; a kilo of cheese costs 150-250,000.

I think perhaps that is enough to write. Maybe we will meet again soon, and I hope to tell you much more about how we can find more real steps to save Georgia. But I will tell you one incident from our situation, and you can draw your own conclusions.

### **A representative incident**

Some time ago in Tbilisi, a firm opened in which Coca-Cola had a stake, and Shevardnadze gave a speech there. Why Coca-Cola in Georgia? We had the greatest and most famous sweet water, Lagidze water, but they see fit to open up Coca-Cola at a time when our industry is broken and we are unable to build the industry to produce our own water. And who can afford Coca-Cola in Georgia?

Now I will finish my opus and I hope, that we can meet again together very soon. . . . But in conclusion I want to remind you, that long ago Georgia was a much stronger nation. We have enough resources to make many industrial and agricultural products. We are situated in a good place on the planet. Our climate and the richness of our land give us the possibility to produce enough products for the people every year. We also have great potential for developing the various branches of science and technology. Our geographic location in the world could lead to even more potential, for the development of international tourism, and so on.

Finally, our geopolitical position should give us more ability to act politically to build constructive unity in the Caucasus region and, I hope, not only there. First of all, we can save ourselves . . . if we would look at our problems with real desires, and paint the situation in its true colors. All this is our life, and we cannot always lie. You know, all my citizens are citizens of Georgia and I love them, because they are my people. Together with them, I want to make my little country rich and a good neighbor for other countries in our region. Neither Russia, nor the United States, nor Europe can help us. Only we can do it, first of all. And then, secondly, if you want to, help us!

P.S. Forgive me, for having named some persons and called them bad or not so bad. You know, if your nation has an enemy you must tell about it and fight against them. That's a very easy and simple step. Every country, as it grew, has gone by this path. And so must we.

# Argentine riots challenge IMF grip on Ibero-American nations

by Gretchen Small

Even as the Russian elections delivered a nasty jolt to the advocates of the International Monetary Fund's free trade scam against the former Soviet nations, riots and protests broke out in Argentina against that same economic program, shaking IMF control over the very Ibero-American countries which Russians have been told to study as proof that IMF policies will eventually bring stability, if only applied long enough.

The December riots were no local outburst. As honest political leaders across Ibero-America recognize, rebellions against the IMF, either organized or spontaneous, orderly or violent, can explode at any time, in any country of the region.

Wire services described the Argentine riots as "a pale copy" of the violent anti-IMF riots in Venezuela in February 1989, known as the *Caracazo*. The comparison is apt, and carries a dire warning for pro-IMF governments across Ibero-America. Venezuelan President Carlos Andrés Pérez bragged for several years that he saved IMF policy in 1989 by ordering the military to restore order—an estimated 3-4,000 people were killed by the time the riots were suppressed—but Venezuela's national institutions never recovered from the shock, as the leaders of two separate military uprisings in 1992 later testified. In 1993, Pérez was ousted as President, before his elected term of office had finished. Now President-elect Rafael Caldera, who assumes office in February, must decide whether he, or anyone, can govern Venezuela without dumping Pérez's IMF policies as well.

The contrast between myth and reality of IMF policies could not be sharper than in Argentina. On Dec. 10, the London *Financial Times* and the *New York Times* both hailed Argentina as "the next Mexico in Latin America," a financial success story which had international investors snapping up at record rates a new issue of Argentine government dollar-denominated "global bonds." The response shows how "more and more investors look favorably on Latin America," now that the North American Free Trade Agreement has passed, the *Times* wrote.

That same day, riots broke out in La Rioja, the home province of Argentine President Carlos Menem. Government buildings were attacked, and statues and monuments destroyed in the central plaza, in what the *Clarín* daily described as a "battle" between rioters and police. The riots followed an announcement by the governor of a new austerity budget, mandated by the federal government, which required banning

salary increases and the firing of thousands of state workers.

Menem cancelled a visit to his home planned for that weekend, sent in several hundred more gendarmes, and left a few days later for Europe. On Dec. 16, Menem met in Rome with Pope John Paul II, who urged the President to remember that the poor should not bear all the cost of his "economic miracle. . . . It is up to public officials to ensure that the most vulnerable are properly protected and guaranteed access to the goods they need," said the pope.

In reporting the pope's message, Reuters added: "As if on cue, half a world away in Santiago del Estero, one of Argentina's poorest provinces some 650 miles northwest of Buenos Aires, civil servants went on a rampage, looting and setting public buildings on fire after being told they would not be paid overdue salaries."

The riots in Santiago del Estero surpassed anything seen in La Rioja. Over Dec. 16-17, some 4,000 protesters burned to the ground the provincial legislature, the state house, and the courthouse, and attacked the homes of government officials. Four people were killed and more than 100 wounded, three gravely. Damages were estimated at more than \$7 million. After an hour, local police simply retired from the fray because, as the local chief of police explained, "Had we attempted repression, this would have been a catastrophe."

These riots erupted against the same federal "adjustment law" for provincial finances over which La Rioja had exploded, a law which, as *Clarín* summarized it, "would substantially reduce the wages of those public employees who are not being thrown into the streets." Santiago del Estero has an estimated 40% unemployment rate; with farming and industry near collapse, 80% of the labor force that is employed works for the provincial government, which in turn is so bankrupt that the provincial workers had not been paid their \$350 per month salary since August. The announcement of wage cuts and firings on top of that, blew the situation out of control.

## Reality? What's that?

The mood is ugly throughout the country. Demonstrations of thousands have continued in La Rioja, as well as the northern province of Tucumán. Judicial workers in Buenos Aires threatened to burn down the capital's courts if wage increases weren't granted. On Dec. 23, rock-throwing demonstrations by thousands of state workers in Jujuy province

## Venezuela, Brazil have alternative, says MSIA

On Dec. 19, two Venezuelan dailies, *Ultimas Noticias* and *El Nuevo País*, reported prominently that the Ibero-American Solidarity Movement (MSIA) of Brazil had issued a call for Brazil and Venezuela to "Form an Alliance Against the U.S. Banks," as the headline of *Ultimas Noticias* put it. The MSIA statement had been "widely circulated in Brasilia, São Paulo, and Rio de Janeiro," the paper noted.

The MSIA, founded by friends of American economist and statesman Lyndon LaRouche, called attention to two recent events. First, the report published in *Correio Braziliense* that the U.S. government had recently threatened to cut off all oil import credits, were Brazil's military to intervene to resolve that nation's spiralling political crisis. Second, that in the days before Venezuela's Dec. 5

national elections, U.S. Assistant Secretary of State for Inter-American Affairs Alexander Watson had also threatened Venezuela that, were any military intervention into politics to occur there, the United States would suspend food exports to, and cut off oil sales from, Venezuela.

Both threats show that the financial interests of Wall Street and the City of London fear that the free trade "economic policy imposed on the Ibero-American countries [may] be interrupted," because of the "grave social problems" which they provoke, the MSIA said.

"It is a great irony that, were the threats against Brazil and Venezuela to be carried out, the two neighboring countries would have no other alternative but to obtain from each other the products denied them by the senseless policy of the colossus of the North. Thus, in exchange for having its energy needs taken care of, Brazil would ensure Venezuela's food supply. Must our governments wait for the threats to be carried out, before they establish a joint economic bulwark against the free trade policies that are devastating our economies much more efficiently than if we were victimized by war?"

led panicked reporters to initially tell Buenos Aires radio that a repeat of Santiago del Estero was under way.

The governors of El Chaco, Entre Ríos, Tucumán, Salta, and Corrientes travelled to Buenos Aires the week before Christmas to explain the reality to Finance Minister Domingo Cavallo. The governor of Corrientes, Romero Feris, announced that, although the province has not a penny left in its coffers, he simply will not fire public employees until there are jobs for them in the private sector. But Cavallo's policies have gutted basic industrial production in the country. Iron production dropped 24% over the last two years; machine tools, 19% last year alone; the capital goods industry is "being told to die," leaders of that industry have stated.

On Dec. 22, Labor Minister Enrique Rodríguez resigned, charging that under Cavallo's program of "savage capitalism, Thatcher-style . . . there will be no other way to apply [the government's] economic measures than with repression." Rodríguez told the Buenos Aires daily *Página 12* on Dec. 24 that he had warned the cabinet a month ago that there would be major explosions in the provinces unless the government's "reforms" were slowed. "Cavallo is an economist with an absolutely mathematical methodology," whose policies "could end up destroying part of our industrial development," he warned. Rodríguez argued that Argentina should look instead to "the latest theories of international capitalism," such as "German-style social capitalism."

But Menem and his Harvard-trained Cavallo are following the Pérez strategy, refusing to budge one iota from their insane economic policy. Menem dismissed the government

in Santiago del Estero, and appointed as "interventor" to run the province, Juan Schiaretti, a former industry minister who is known as a Cavallo man. Schiaretti and Cavallo promised the worried financial sectors that not only will they restore order, but in the next 150 days, they will make the province a model for how to implement the provincial austerity plans by directing popular rage against "corrupt" local leadership.

"I can assure you that the economic plan is not negotiable," Menem told reporters, charging that "sedition" by outside instigators, not hunger, was all that was involved. He named Armando Caro Figueroa, an expert in "labor flexibility" who authored the anti-labor program implemented by Felipe González, the Socialist prime minister of Spain, as the new minister of labor. The only "concession" granted by the federal government was to send funds into Santiago del Estero to pay two months of overdue back wages.

When several Catholic bishops criticized the government's economic program, Cavallo arrogantly ordered one of them to "think of the Gospels instead of talking about economics, about which he proved he knows nothing." The mad economics czar asked *Clarín* Dec. 19, "How can you say there is a production crisis, when the country grew an average of 8%?" He insisted that nobody goes hungry in Santiago del Estero, despite the fact that official statistics report over 35% of its people live in severe poverty, lacking the basic necessities of life, and even charging that "the whole problem is because journalists lack the capacity to see reality. Its simply amazing. The real Argentina is so different from what the analysts portray."

## Crisis remains after Aristide scuttles talks

An all-party conference on Haiti, organized by Haitian Prime Minister Robert Malval and backed by both the Clinton administration and U.N. Secretary General Boutros Boutros-Ghali, was scuttled at the last minute when ousted Haitian President Jean-Bertrand Aristide denounced the effort as a U.S. plot to dump him, and withdrew his support.

The disgusted Malval, who was appointed by Aristide, told the Dec. 20 *New York Times* that Aristide clearly has “a serious ego problem,” and lamented the implications of this latest sabotage for the dying nation of Haiti. “Everything Aristide is doing is meant to preserve his image among Haitians from Miami to New York,” said Malval. “The problem is that [Haiti] is going straight to hell, and one day the myth is just going to collapse.” Malval added that Aristide is “playing with our lives, playing with the future of Haiti.”

### The puppet-masters

Aristide’s infamous “ego problems” notwithstanding, he was not acting on his own in sabotaging this latest effort to resolve the Haiti crisis. His strings, in fact, are pulled by what is known as the “Project Democracy” faction in Washington, centered in the policy think-tank the Inter-American Dialogue (IAD). Aristide’s top adviser in Washington is former congressman Michael Barnes, a member of the IAD.

It is the IAD which controls at least four cabinet posts and several other high-level positions inside the Clinton administration, and which is responsible for the disastrous “democracy and free trade” policy hold-over from the Bush administration which has led President Clinton to simultaneously endorse the murderous Aristide and a genocidal trade embargo against impoverished Haiti.

It is also the IAD which insists that Clinton must now take “concrete actions” to create a “Western Hemisphere Community of Democracies,” presumably modeled on the terrorism and mob rule that characterized Aristide’s short-lived rule in Haiti. According to IAD president Peter Hakim, in a Dec. 23 *Christian Science Monitor* commentary, the United States must back “the incipient Organization of American States’ efforts to tackle the thorny problem of civil-military relations in Latin America.”

In Hakim’s view, smashing the Haitian military, whose efforts to preserve their country’s sovereignty against a multinational assault have enraged the globalist “democracy” crowd, is the key to imposing such a “community of democracies” in the Western Hemisphere. Thus, writes Hakim, “It is vital that the U.S. not retreat from its pledge to restore civilian leadership to Haiti, including its expressed willingness to join other nations under U.N. auspices in establishing a military presence in the country” (emphasis added).

### A glimmer of sanity

After Aristide pulled the plug on Malval’s all-party conference, there were some hints that the Clinton administration was considering giving up its all-out efforts to restore Aristide. The *Los Angeles Times* reported that the White House was even thinking of “abandoning all but a symbolic economic embargo” against Haiti. But the power of the “Project Democracy” crowd should not be underestimated.

On the same day that Hakim’s commentary appeared, Barnes held a news conference in Washington to announce that Aristide might withdraw his backing for the U.S. policy—conceived by Bush and enforced by Clinton—of interdicting and “repatriating” Haitians caught fleeing from the death-camp conditions the trade embargo has created on that island-nation. He added that Aristide has called for a Jan. 15 conference in Miami to replace Malval’s initiative—but from which *the Haitian military would be excluded!* As the *Washington Post* put it, Aristide can still, “with a word, send thousands of Haitians scurrying to build boats and embark for the open seas.”

This blatant blackmail attempt prompted Rep. Robert Torricelli (D-N.J.) to comment: “Raising the threat and encouraging a mass exodus from Haiti exposes the cynical side of Aristide. Keeping in mind that thousands of lives would be lost, this is not a good indication of Aristide’s commitment to his people.”

Nonetheless, the blackmail appears to be working—at least for the moment. Just before Christmas, the Clinton administration announced that it was joining France, Canada, and Venezuela (the ironically-dubbed “Four Friends” of Haiti) to press for yet tougher sanctions unless the Haitian military moves by Jan. 15 to permit Aristide’s restoration to power. This, despite the recent authoritative study that 1,000 Haitian children are dying *monthly* as a direct consequence of the multinational trade embargo and naval blockade.

Regardless, the Haiti crisis remains as unresolved as ever. Haitians continue to starve to death under the embargo, which is purportedly designed to reinstate Aristide as president. But it is universally acknowledged that nothing short of a U.S.-backed military invasion and long-term occupation of Haiti could put, and keep, the terrorist Aristide in power—which is a policy option that Clinton has so far wisely rejected.

## Unprepared for the turbulence of 1994

*Some of the "old guard" are speaking up, but the elites haven't yet any idea how to deal with the coming crises.*

**F**inally, the "taboo word" made it into the media: Shortly before Christmas, Rüdiger Altmann, who is well-known for his role in the "social market economy" wing of the Christian Democracy, became the first senior figure of the political establishment to stop that nonsensical talk about the "economic recession that will be over soon," and to address the fact that there is a "devastating international depression."

In an essay in the *Frankfurter Allgemeine Zeitung* daily on Dec. 21, Altmann warned that by subscribing to the single, integrated European market in the 1992 Maastricht Treaty (which he called a "balloon without propulsion"), Germany was unfit to deal with the turbulences of 1994, especially those from the East. In its national interest, he wrote, Germany should stop waiting for others to produce new ideas and rather orient toward the economic reconstruction of eastern Europe in order to overcome the depression at home as well as in the East.

Germany should direct productive credits to eastern European countries, he said, limited to consumer goods and productive investments, instead of today's practice of giving credits merely for monetary stabilization programs that do little to improve industry.

"Overcoming the international depression" and granting "support that is indispensable for eastern Europe" is one and the same task, Altmann wrote. The main problem is that the policymaking elites are not up to that challenge: in view of the "economic depression in Germany" and the

"most extensive and far-reaching world economic crisis since the '20s," the lack of competence and authority in the Parliament, for example, is "alarming."

The elites could be characterized by three words, "decay, decline, and disgust," Altmann wrote, warning that without an in-depth reform of the basic policymaking structures, German society and the political system as the world has known it during the postwar period, would perish. The society as a whole, he wrote, is in a "phase of disintegration," and in danger of being swept away by developments it lost control of, which was a process that began long before the East European revolution of 1989, but has been accelerated by the events of that year.

A catalyst in the elimination of the middle class, which has been the backbone of the three main postwar parties (Christian Democrats, Social Democrats, and liberal Free Democrats), has been the "economic depression" that has hit Germany in a depth not known since the Great Depression of the 1920s and 1930s. In that sense, the low vote for these parties in recent elections can be considered a reaction by the victims of the depression.

Instead of trying to "fight paralysis with crutches and wheelchairs," he wrote, one should work on a profound "restoration of German politics" as a whole. He recommended that this restoration begin with a cultural and education policy that would break with the "so-called education reforms of the past decades," stop the decline of education and the loss of values

among the youth, and create sound values that could form the basis of a revitalized national identity.

Altmann's essay is, to date, the only comprehensive document published outside the LaRouche movement that has addressed some of the basic ailments of today's society and policymaking establishment. Does this indicate that something is about to change in German politics? It is a sign of hope, no doubt, but more proof of a change is required.

There are other signs. For example, an interview Dec. 20 by former chancellor Helmut Schmidt in the *Die Welt* daily. He said that it is a big mistake not to make use of high-tech inventions made in Germany, like the Transrapid maglev train system, or the safe nuclear power plants developed by German engineers. The statement is the more remarkable, because during his chancellorship, neither of the two technologies received much government support, and were even the target of bureaucratic sabotage, with Schmidt's tacit consent.

Even more surprising were remarks Dec. 19 by Count Otto Lambsdorff, past party chairman of the "free market" Free Democrats and head of the Trilateral Commission's European branch, who said it was deplorable that there were government funds for nearly everything, but not for the one technology that was unique and had good chances on the world market, the Transrapid.

What is worrisome is the fact that Lambsdorff, Schmidt, and Altmann are of the first postwar generation of politicians, the "old guard" who are now in their 70s. The second and third generation, those who are in their 30s, 40s, and 50s and occupy most of the positions of power in the country, don't seem to be much concerned about the degeneration of society and state, and the dangerous strategic situation.

## Era of the centurions?

*The vacuum of power in the Executive, Legislative, and Judicial branches is bringing the military to the fore.*

The Supreme Court's shameful decision to postpone stripping former President Fernando Collor de Mello of his political rights, the result of his impeachment on corruption charges by the Senate one year ago, leaves the Brazilian Armed Forces as the only institution that can offer a solution to the growing instability of the country. Army Minister Zenildo de Lucena openly criticized the judiciary's decision, declaring, "As a Brazilian citizen, I am disappointed; the military would never do such a thing."

During the past few weeks, and especially since President Itamar Franco's surrender to the free-trade economic policies of Finance Minister Fernando Henrique Cardoso, a Hobbesian climate of each against all has reigned within the three branches of government. The Executive is virtually nonexistent; President Itamar Franco rarely appears in public, except to greet each new crisis with the refrain that Brazil will never have a "Fujimorazo" (suspension of Congress as President Fujimori did in Peru). The National Congress is increasingly swamped by corruption scandals, while at the same time it has launched a series of attacks against the Judiciary. And so on.

The military has responded to this vacuum of power through a speech by Gen. Benedito Onofre Bezerra Leonel on Dec. 5, at the annual officer corps' graduation ceremony. Although it is traditionally attended by the President of the Republic, Franco did not attend General Bezerra's presentation, which was directed exclusively to the

invited military officers.

The crisis facing the country today, said Bezerra, "has generated desperation, a sense of loss, even a dangerous generalized discrediting of institutions and leaders." He added, "History shows that military chiefs prove their true leadership in moments of turbulence, when tempests threaten the citizenry itself. . . . The moment has not yet arrived for us to identify with Marcus Flavius, Centurion of the 2nd Court of the Augusta Legion, as narrated in his letter to his cousin Tertulius in Rome."

In order to clarify any doubt about his reference, the general annexed to his speech the letter in question, which describes the sacrifices made by the Roman legionnaires in contrast to the intrigues, treason, conspiracies, and corruption rampant among the political elites in Rome. He concludes, "If things were different, if we were to leave our whitened bones on the desert in vain, beware the fury of the legions."

During the ceremony, but now in the presence of President Franco, Air Force Minister Brig. Lelio Viana stated, "Let us hope that 1994, under the command of Your Excellency, will be a year of ethics, morality, dignity, and work, so that these become the true guides of the democracy to which we all aspire for our country."

Such speeches have the liberal political sector sweating bullets. Some journalists attempted to minimize the content of the speeches, while others began to speculate about a military coup, complaining that the military

was taking too political a posture. No one denied that the military's attitude is in direct response to the spreading chaos and misery which threatens to lead to social convulsion.

Indeed, according to press reports, the Army high command met with a group of businessmen in Brasilia on Nov. 29, at which Gen. Glauber Vieira characterized conditions in the country as the moment before "a convulsion."

However, the final straw as far as the military is concerned appears to be the decision of Finance Minister Henrique Cardoso to carry out, on orders of the International Monetary Fund (IMF), the most brutal budgetary cutbacks in the history of Brazil. Should his proposal be approved by the Congress, the already minuscule military budget would be slashed in half, effectively putting the Armed Forces out to pasture.

The military directly responded to the provocation, with Navy Minister Ivan Serpa challenging Planning Minister Alexis Stepanenko: "How would you like your wages cut in half?" Military Supreme Court president Gen. Cherubin Rosa revealed, "The Air Force reserve supply is at zero."

The military ministers are not the only ones to confront the IMF policies of Henrique Cardoso. On Dec. 4, Culture Minister Jeronimo Moscardo submitted his resignation after publicly slamming the government's economic policy. Moscardo accused the minister of trying to "dollarize" the economy, stripping Brazil of its monetary sovereignty. "The proposed project would transform Brazil into a Panama," he said.

Moscardo lamented that in Brazil, "Everyone seems to follow international dogmas. There is no resistance and few people are speaking up." He warned that it just might take the "centurions" to restore the national dignity.

# International Intelligence

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## ***Yeltsin creates new intelligence service***

A decree issued by Russian President Boris Yeltsin on Dec. 21 officially dissolved the Security Ministry, creating in its stead a Federal Counterintelligence Service.

The move is a further consolidation in the direction pointed to by Lt. Col. Vitali Urazhtsev, in an interview published in *EIR* on Dec. 10, 1993. Urazhtsev showed how the forces behind the Yeltsin dictatorship were constructing, out of the apparatus of the Security and Interior Ministries, a modern version of Ivan the Terrible's *oprichnina* secret police apparatus.

Yeltsin motivated the dissolution of the Security Ministry as follows: "At the present time, there is a lack of a strategic concept for the state security of the Russian Federation, and the Ministry of Security's counterintelligence activity was weakened." In other words, the reform is intended to strengthen the security apparatus—regardless of what its propagandists may claim.

Yeltsin named Nikolai Golushko to head the Federal Counterintelligence Service. Golushko was, in Soviet times, the KGB boss for Ukraine, whom Yeltsin had brought in as security minister, replacing Viktor Barannikov, whom he had fired in July.

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## ***World league is formed against death penalty***

The founding conference of the International League for the Abolition of the Death Penalty by 2000 took place on Dec. 9 at the European Parliament in Brussels. It was attended by 50 parliamentarians and jurists from all over the world, including the United States, many eastern European countries, Russia, Brazil, Israel, and the Palestine Liberation Organization.

Among those in attendance were Gail Billington and Liliana Celani, members of the international Schiller Institute and associates of American political prisoner and

physical economist Lyndon LaRouche.

One of the founding members of the league is Alma Agata Cappiello, a member of the Italian Senate and its Justice Committee. She told the audience that she is confident that by building international pressure on the United States, the death penalty will be abolished even there. She said that her experience in fighting to free "Lyndon LaRouche, who after five years was granted parole," showed her that such political pressure can succeed.

Gail Billington introduced herself as "wife of political prisoner Mike Billington, who was sentenced to 77 years for political reasons, since he is an associate of LaRouche and his political movement, and is among six other associates who were incarcerated for the same political reasons." She pointed out that "the Supreme Court ruling establishing the death penalty even in cases where there is the possibility of innocence shows that the U.S. Justice Department is ripping up the Bill of Rights, and that Bush's Justice Department was the most corrupt in the history of the United States, as Congressman Henry Gonzalez recently said."

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## ***Senior Anglican cleric: Prince Charles must go***

Prince Charles's unsuitability to become king of England was raised for the first time by a senior official of the Church of England, George Austin, the Archdeacon of York, on a BBC radio program on Dec. 7 and in a commentary in the *Times* of London the following day.

The issue of the succession to the throne is creating a controversy, after Princess Diana of Wales announced the previous week that she was withdrawing from public life. Press reports have alleged that Queen Elizabeth wants Prince William, her grandson, to succeed her, and that the archbishop of Canterbury would not be able to accept Charles as Supreme Governor of the Church of England. Both allegations originated in a discussion the archbishop held with press

executives last summer in which he "aired options and possibilities."

In his commentary in the *Times*, Austin states that Charles's adultery with Camilla Parker-Bowles (which was never officially denied) broke the "solemn vows before God" made at his marriage to Diana Spencer. There is certainly nothing new about adultery in the royal family, Austin wrote, but "the question certainly needs to be asked" whether Charles can be trusted, when he makes a second set of solemn vows before God in his future coronation oath. Trust, once broken, is hard to restore, Austin wrote; although all Christians have the possibility of repentance and forgiveness, "it may be that Prince Charles has gone too far."

Charles's behavior, according to Austin, "raises questions not only about his own role, but also about the monarchy's very survival."

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## ***Russian officers are killed in Crimea***

A wave of assassinations of high-ranking Russian officers of the Black Sea Fleet may signal a "brutal escalation" of the quarrel between Russia and Ukraine over the status of Crimea, wrote Catherine Cote in the French daily *Libération* on Dec. 23. Cote's article is the first of any in the West to publicize an ominous pattern of developments preceding the Jan. 16 presidential elections in Crimea.

According to Cote, on Dec. 15 Capt. Andrei Lazebnikov, a Russian, was shot to death outside his house in the port city of Sebastopol. This was "the latest in a series of murders of officers and politicians that has occurred in Sebastopol, base of the Black Sea Fleet in Crimea." Lazebnikov was an intimate of both the current head of the Black Sea Fleet, Admiral Baltin, and the former head of the fleet, Admiral Kasatov. He was also a senior member of the campaign staff of Ivan Yermakov, one of the candidates for the presidency.

The elections are amounting to a refer-

endum on the status of Crimea, which has been an "autonomous republic" of Ukraine since 1954. Seventy percent of the population of Crimea is Russian, and the mood favoring "economic union" or even closer alignment with Russia is very strong.

One night before the killing of Lazebnikov, a bomb exploded at the home of Iskander Memetov, a Crimean deputy and collaborator of Nikolai Bagrov, another candidate for the Crimean presidency.

The chief surgeon of the hospital in Sebastopol says that there is a "veritable hunting down" of Russian officers now in the city, which is largely populated by military men and their families.

The explosiveness of the situation is underscored by the fact that the majority of sailors who voted in the Russian elections on Dec. 12, voted for Third Rome ideologue Vladimir Zhirinovskiy.

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## *Lost Haydn piano sonatas are found in Germany*

Six lost piano sonatas of Josef Haydn have been found in Germany, Reuters reported on Dec. 14. The sonatas came to light when an elderly woman in Münster showed the manuscripts, which she had owned for some time without realizing their importance, to a local music teacher, who handed them over to Haydn experts.

Reuters reports that scholars have long known that sonatas, dating from the middle of Haydn's life, probably from 1766-69, were missing, because Haydn had compiled a catalogue that listed the incipits (first few bars) of each piece. They are believed to have been among the first sonatas written by Haydn specifically for the fortepiano.

H.C. Robbins Landon, a Haydn scholar and musicologist who authenticated the sonatas, hailed the discovery at a London news conference. He later told Reuters it was "the greatest musicological coup of the 20th century."

"All pianists, from Richter to Brendel, have revered and loved Haydn's stormy C minor sonata of 1771. Now we have the six preceding it to explain how the composer

arrived at this standard of excellence and passion," Robbins Landon said.

Pianist Paul Badura-Skoda is to give the first modern performance of the sonatas at Harvard University on Feb. 12. They will be published in April.

In another happy musical development ushering in the New Year, Handel's "Messiah" was performed in Zulu in Natal Province, South Africa on Dec. 23. National Public Radio (NPR) reported that Sam Shabalala, who runs a local music institute for Zulus in the city of Durban, spent the last three years translating the entirety of the "Messiah" into Zulu. The work was performed by a black chorus and a white orchestra.

The NPR interviewer asked Shabalala why he hadn't translated the work into Zulu rhythms and used Zulu instruments also. Shabalala laughed and said that the point was to convey the tremendous power of the music by having it performed in Zulu, not to change the music itself.

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## *Labor and student unrest hits Romania*

Mass protests and calls for a change of government are becoming more and more frequent in Romania, with an anti-government rally of 10,000 protesters in Bucharest and the beginning of a national boycott of university lectures by about 100,000 students on Dec. 17.

The labor unions, organized in different federations, have meanwhile reached a level of cooperation that enables them to mobilize close to 200,000 workers for national protest actions. There is talk about conducting a general strike against the government.

The unrest is fueled by a 300% inflation rate, a chronic undersupply of basic food categories and gasoline, severe energy shortages, and the fact that almost 50% of the Romanian population are, according to the government's own statistics, forced to live below the official poverty line. It cannot be ruled out that the social protests might lead to a vote of no-confidence in the Parliament and early elections this year.

● **FORMER BRITISH** Prime Minister Sir Edward Heath called on Dec. 12 for Britain to resume diplomatic ties with Iraq. "We are not thinking about medicine for the regime," he told the BBC. "We are thinking about medicine for the nearly 20 million people who are in Iraq."

● **THE BEIRUT** headquarters of the Lebanese Christian Phalange Party was bombed on Dec. 20, killing 3 people and wounding 130. Although no group claimed responsibility, some say that the Syrians were behind it, as the Phalange party opposes the Syrian occupation. There is now widespread fear that the attack could spark sectarian violence between Muslims and Christians.

● **MALAYSIA'S** Prime Minister Dr. Mahathir Mohammed raised a question about his country's defense pact with Britain, in a speech on Dec. 21. Speaking at a ceremony on the departure of Malaysian soldiers to Bosnia-Herzegovina, he said: "We cannot trust anyone to come to our defense. . . . Therefore we do not believe in pacts with the strong nations in the hope that they will help us if we are attacked."

● **INDIAN** Prime Minister P.V. Narasimha Rao said that "the whole world must be lit with the glow of literacy," in a speech Dec. 16 in New Delhi to education officials from nine Third World countries. Rao, Indonesia's President Suharto, and the education ministers of Bangladesh, Brazil, Egypt, Mexico, Nigeria, and Pakistan pledged to get all their children into school by the year 2000.

● **PAKISTAN'S** Prime Minister Benazir Bhutto on Dec. 7 expressed her commitment to maintain the country's nuclear program, in response to charges made by opposition leader Nawaz Sharif that she was attempting to roll it back. "As long as there is no threat to our security, the program will remain peaceful," she said.

## Lockerbie: Coleman case targets Oliver North network

by Mark Burdman

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### **Trail of the Octopus: From Beirut to Lockerbie—Inside the DIA**

by Donald Goddard with Lester K. Coleman  
Bloomsbury Publishing, London, 1993  
326 pages, hardbound, £16.99

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December 21, 1993 was the fifth anniversary of one of the worst episodes of cold-blooded mass murder of the past couple of decades, the blowing up of the Pan American Flight 103 jet over Lockerbie, Scotland, resulting in the deaths of 270 persons. What makes the event so singular, beyond the scale of murder involved, is the political chicanery and hooliganism of leading Anglo-American powers in the affair. Frantic efforts have been deployed, initiated by former U.S. President George Bush and former British Prime Minister Margaret Thatcher personally, even back in March 1989, to whitewash the role of Syria and Iran in the affair, and to hold Libya unilaterally responsible for the atrocity. At Anglo-American demand, and with French and Russian approval and a Chinese neutrality that has given the Anglo-Americans freedom to act, the U.N. Security Council has taken extraordinary measures against the Libyan regime, in violation of all norms of international law, for failure to hand over two individuals allegedly responsible for the crime. It is not to be excluded, that a "reprisal" attack could be mounted against Qaddafi's Libya in the immediate future.

Lockerbie continues to be a subject of enormous controversy. As 1993 neared its end, intelligence insiders told *EIR* that they anticipated that the coverup initiated by Bush and Thatcher would soon be demolished. Well-informed sources

reported a growing mood among a section of the intelligence establishment in Washington to release material that will reopen the "Syrian track." In the days leading up to Dec. 21, various revelations came out, on Britain's BBC-Four radio and in the London *Sunday Times* and other papers, which focused attention back on the Syrians. According to reports, there are vicious fights within the boardrooms of the company Lonrho, about whether the company should patronize the production of a film which would definitively detail the Syrian-Iranian involvement, and undermine the case of unilateral Libyan responsibility. Dr. Jim Swire, spokesman for the British branch of the "Lockerbie Victims" group of relatives of those killed five years ago, has called for a "full international inquiry" to get to the truth and to end the "hypocrisy created for international political convenience" that has characterized what he called "the Lockerbie scenario" over the past years.

Were the relevant leads to be vigorously pursued, this could have profound effects, in two directions. One would be to expose that faction of Anglo-American intelligence which has cynically played with the deaths of 270 people—including, it should be stressed, several U.S. intelligence agents who were on the plane—to protect the shady relations between the western secret services and drug traffickers and arms merchants in the Middle East. It has not escaped the attention of certain astute observers, that the mid-October to mid-December 1988 playing-out of the Lockerbie tragedy coincides, more or less exactly, with the dates of Lyndon LaRouche's indictment and conviction in the notorious Alexandria, Virginia federal "railroad." Such observers treat as credible the thesis that a full and honest investigation into Lockerbie would show that those culpable of covering up the true story of this mass murder, are part of the same apparatus

that arranged the frameup and incarceration of LaRouche.

At the same time, a truthful accounting for those deaths would put deserved pressure again on the Hafez al-Assad regime in Damascus, at a time when it is doing everything in its power to torpedo the Israel-Palestine Liberation Organization accord of mid-September and is continuing to suck the blood out of neighboring Lebanon.

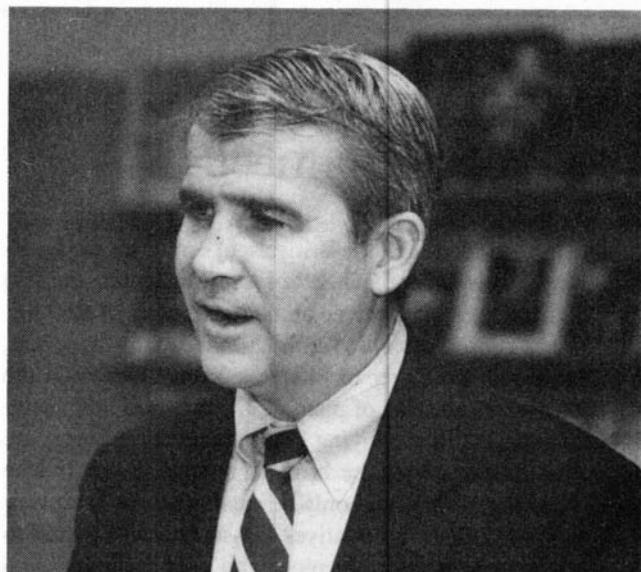
### **The biggest scandal in the 20th century?**

In “the Lockerbie scenario,” the story of former Defense Intelligence Agency (DIA) operative Lester Coleman looms large. *Trail of the Octopus* is authored by British-born, former *New York Times* writer Donald Goddard, basing himself largely on Coleman’s account. If as much as one-quarter of what is reported in the book is true, the Lockerbie affair indeed emerges as potentially as “the most major scandal in the history of government in the 20th century,” to quote Bert Ammerman, representing the American Victims of Flight 103, the U.S. branch of the advocacy group for the relatives of the innocents killed over Lockerbie.

Curiously, the handling of the book may itself emerge as one key feature of the scandal: Only five days before the Sept. 27 release of *Trail of the Octopus* by Bloomsbury Publishers, a grand jury in New York indicted Coleman on eight counts of perjury. A livid book review in the London *Sunday Times* soon thereafter demanded that, based on the perjury indictments, Bloomsbury should have withheld release of the book. Journalist David Leppard got so carried away with himself, that he ignored a couple of technical details, first that Coleman has only been indicted but not convicted of perjury, and second, that Coleman, in any case, is not the author of the book. (Indicative of how hot the Lockerbie story still is, and how shaky is the “lone Libyan assassin” line, Leppard himself thereafter wrote in the Dec. 19 *Sunday Times*, purporting to detail new findings that would indicate an East German Stasi-Syrian responsibility for the Lockerbie bombing, which might provide “the smoking gun of an official coverup,” and point to a “secret deal” by the British Foreign Office and U.S. State Department with Syria.)

In evaluating Goddard’s write-up of Coleman’s story, it should be noted that the DIA has officially admitted, in a signed affidavit, that Coleman had indeed been in its employ, although it did not admit—or deny—the veracity of the specific elements of Coleman’s story.

The perjury indictments came on top of the fact that Coleman had already been arrested on a passport violation charge, concocted by the U.S. Federal Bureau of Investigation and likely other government agencies in the spring of 1990, as the controversy over Lockerbie was being fought out in the U.S. media and behind closed doors in courts and government offices. Increasingly fearing for his and his family’s lives as the “octopus” made it known that it had him in its target sights, Coleman later fled to Sweden, the first American to seek asylum there since the Vietnam War. Un-



*Oliver North: His buddy Monzer al-Kassar, a Syrian wheeler-dealer and CIA asset, helped to get the bomb planted on Pan American Flight 103, according to Coleman’s account.*

der intensive U.S. Department of Justice and related pressure, he was denied formal refugee status by the Swedish government earlier this year, and is still “on the run.”

### **North and the DEA ‘sting’**

Obviously, Goddard and Coleman have touched some raw nerves. To this date, no American publishing house has been willing to touch the book with a ten-foot pole.

The essence of Coleman’s story, as he relates it to Goddard, is the following:

He was brought into the DIA in the early 1980s. In the latter 1980s, after having done some crucial work in Lebanon, he was assigned to run a penetration-and-observation operation of U.S. Drug Enforcement Administration (DEA) activities in Cyprus. According to Coleman, the DEA had a complicated “play everybody against everybody else strategy” to deal with the massive amount of Syrian and/or Lebanese heroin trafficking into the United States. The DEA was running a “controlled drug sting,” extending from Lebanon into Cyprus, then into Frankfurt, Germany and London, and on into the United States, whereby drugs were *allowed* to be transported into the United States, ostensibly with the purpose of “stinging” U.S.-based drug traffickers in Detroit, Los Angeles, and other cities.

In the course of his work, Coleman inadvertently stumbled onto some things that were to become relevant, to him and others, after the destruction of the Pan Am Flight 103 jet. He was privy to a crucial piece of evidence that would lend credibility to the thesis that the terrorists were able to place a bomb on Flight 103 in Frankfurt, because Pan Am-Frankfurt enjoyed a “protected” status, in the context of the “controlled drug sting” operation. In Coleman’s view, as

## British victims charge Syria-Iran connection

Dr. Jim Swire, M.D., the British spokesman for the Lockerbie victims, whose daughter Flora was among the 270 who died, was interviewed about the atrocity in the Dec. 20, 1993 *International Herald Tribune*. He was asked, "You point the finger of blame at Syria. Where do the two Libyans accused of planting the bomb fit in?" Swire responded: "I'm not saying I don't think the Libyans are guilty. They need to be brought to trial, but it is also evident that they would only be small minnows in a very big pond. I, and the relatives I associate with, want to know who originated the plot, who paid for it and who organized it."

Swire charged, "The West does not, in fact, want the two Libyans brought to trial." Asked why, he said, "Because if they were found guilty, we would immediate-

ly clamor for those behind them to be identified and prosecuted. If they were found innocent, we would ask for the criminal investigation to start again. I don't think either of those alternatives is palatable to the West because it's my belief, based on a good deal of evidence, both circumstantial and solid, that this act was planned by the Syrian-based terrorist organization, the Popular Front for the Liberation of Palestine-General Command."

Asked, "Do you think it is true that Iran paid the Syrians to carry out the bombing?" Swire responded, "I believe so. After the shooting down of an Iranian airliner by the U.S. cruiser *Vincennes* in 1988, Teheran Radio broadcast a vitriolic warning that the skies would rain blood."

Asked, "Why do you think that western governments are trying to protect Syria? Because of the Middle East peace process?" He responded: "Yes. Some people have said to me, 'Don't you think you ought to pipe down, because you might upset the efforts to make peace in the Middle East?' My answer to that is that a peace founded on a fallacy won't last."

further elaborated by author Goddard after his own independent, corroborative research, the *modus operandi* of the Lockerbie bombing was that the Iranians and Syrians, acting with the help of advice from the Syrian wheeler-and-dealer (and CIA asset) Monzer al-Kassar, were able to penetrate the "controlled sting" and have the bomb planted. The Iranians were intent on seeking revenge for the July 1988 shooting down ("by mistake") of an Iranian civilian Airbus by the U.S. cruiser *Vincennes*, killing 290 Iranians.

The on-the-ground infrastructure for the terrorism was pieced together by the Syrian-backed Popular Front for the Liberation of Palestine-General Command (PFLP-GC) of Ahmed Jibril, which had an elaborate support apparatus in the Frankfurt area, parts of which had even been raided and dismantled by German police in the weeks leading up to the Lockerbie bombing, beginning in October 1988. PFLP-GC operatives were able to place a bomb in the luggage of a Lebanese-origin DEA courier, or "mule," named Khalid Nazir Jafaar, who unwittingly brought the bomb aboard.

The matter of where the bomb was placed has become a crucial aspect of the Lockerbie story, and coverup. As Goddard stresses at many points, the "Libya authorship" story is largely dependent on concocted evidence which would point to the bomb having been placed in Malta by Libyan agents, into luggage that was sent to Frankfurt, and then re-routed successfully onto Pan Am Flight 103. As Goddard asserts, accurately in this author's view, it defies all credibility that terrorists capable of planning and carrying out something so deadly as Lockerbie would be so careless and amateurish as

to rely on a piece of luggage twice being routed onto two different aircraft.

Although differing from Coleman's interpretation in certain crucial respects, two other investigators are cited by Goddard as having independently come to many of the same conclusions. These are Israeli security expert Yuval Aviv and Pan Am lawyer James M. Shaughnessy, the latter having had the task of fending off charges that Pan Am had been criminally negligent in failing to provide adequate security for Pan Am Flight 103. In his legal counterattack, Shaughnessy developed evidence, highly convincing as it is presented by Goddard, that it was, rather, U.S. government malfeasance and questionable activity that allowed the bombing to occur.

In fact, the combined accounts of Coleman, Aviv, and Shaughnessy provide considerable evidence that the U.S. government, or at least high-level agencies or individuals within the U.S. government and intelligence apparatus, were absolutely aware not only that a terrorist strike was being planned against a U.S. airline for that time, but that it was, specifically, the Dec. 21, 1988 Pan Am Flight 103 that was being targeted. One enigma not fully explained is that U.S. citizens traveling from Moscow, who would have made a connecting flight at Frankfurt to return to the United States for the Christmas holidays, were warned against doing so by the U.S. Embassy, thereby saving these lives.

What is never adequately resolved by Goddard's book, and is a mystery that may never be resolved, is why elements of the U.S. government and/or security apparatus would not

have intervened to stop this flight, knowing what they knew. The hints provided by the book, though, are absolutely alarming, and have to do with the "special relations" developed over some years by the DEA and CIA with such "assets" or "capabilities" as Monzer al-Kassar, the buddy of Lt. Col. Oliver North in the Iran-Contra arms deals. Al-Kassar had such privileged relations with the friends of North within U.S. agencies, that he was privy to the kind of special information and insights that would have enabled him to provide the PFLP-GC with crucial tipoffs for the terrorism, while being protected at the same time by such friends across the Atlantic.

### George Bush whines

Where the real scandal lies in the Lockerbie affair is in the gigantic coverup that has been mounted to hide the truth. Immediately following the Dec. 21 disaster, the PFLP-GC/Syria-Iran track was generally accepted as the right one to follow by the official Scottish inquiry team and by others. All this changed abruptly, Goddard points out, with a March 1989 telephone call between President Bush and Prime Minister Thatcher, when it was decided to shift gears and move attention away from Syria. This was, of course, well over a year *before* Iraq's invasion of Kuwait, after which the wooing of Syria into the "anti-Gulf coalition" mandated full exoneration of Syria. After August 1990, Bush was to whine that Syria had taken a "bum rap" in the Lockerbie affair.

The most sickening parts of Goddard and Coleman's account, are those that demonstrate how the Syrian track was covered up. Ultimately, Coleman's own conclusion is that more was at stake than just wooing Syria as a "peace partner" in the Middle East, but that there was also an attempt to whitewash the whole Syrian drug nexus, in part to prepare for the succession of President Hafez al-Assad by his drug-trafficking brother Rifaat. Rifaat's image would desperately require a whitewash.

Coleman's explanation may be true, but hardly sufficient. Syrian drug trafficking is an essential component of the prevailing "global system," providing a vast supply of narcotics into U.S. markets, and a bundle of revenues for various "slush funds." To explain Lockerbie at a higher level, one has to understand Syrian drug trafficking, and the Syrian oligarchies, as an integral part of the plans and operations of a powerful and contaminated section of U.S. intelligence, typified by Oliver North and his buddies in the Project Democracy/"neo-conservative"/Anti-Defamation League nexus. That Henry Kissinger so often publicly states his admiration for Hafez al-Assad is emblematic of this. Many aspects of the "Syrian connection" were, in fact, documented by a November 1992 U.S. House Judiciary Committee's Subcommittee on Crime and Criminal Justice report, entitled "Syria, President Bush and Drugs—the Administration's Next Iraqgate," which Goddard alludes to in an appendix.

While from the evidence presented it is easy to feel com-

passion when Coleman describes the U.S. Justice Department/FBI/intelligence agency apparatus pursuing him, we would have to go beyond his description of "the octopus" as "that ruthlessly powerful, self-protective oligarchy of senior intelligence, military and law-enforcement bureaucrats who were convinced they knew best, regardless of what the politicians had to say, and who cynically manipulated the machinery of government to cover their tracks." We would have to look at the various "establishment syndicates" at the helms of the larger banks, foundations, and trusts which actually define the policies that the Oliver Norths of this world then carry out.

To get to that higher level, an amazing coincidence should be kept in mind whenever one thinks of Lockerbie. The relevant dates for Lockerbie are from Oct. 14, 1988, when German police authorities first began cracking down on Syrian-linked terrorists in the Frankfurt area, and the Dec. 21 bombing as such. Those dates almost exactly correspond to the "LaRouche case": On Oct. 14, LaRouche was indicted, and on Dec. 16, he was convicted, after one of the shortest such trials in history.

### The LaRouche railroad

Extensive research over the years has shown that it was an important faction in the Anglo-American intelligence establishment, typified by the controllers of North and the friends of Kissinger, who were behind the LaRouche "railroad." It is of more than passing interest that late 1988 was the time of the presidential transition of former CIA head George Bush. An "octopus" capable of the travesty of railroading LaRouche, it could easily be argued, is capable of doing anything, perhaps even sacrificing 270 innocent victims—including several of its own intelligence professionals—for the sake of preserving certain "arrangements." And vice versa.

The "red dye" runs through the person of Oliver North, who was one of the operatives deployed against LaRouche. Since Coleman profiles himself, and implicitly at least some high-level elements in the DIA, as opposed to the Iran-Contra deals, there are some useful leads in the book about North's criminal international connections, which take us into the inner circles of the directors of Syrian drug trafficking. Coleman claims that one of his assignments was to blow apart an Iran-Contra arms apparatus that involved North. U.S. televangelist *televangelist* have been the individual, acting in *agent* in Lebanon, who blew the Iran-Contra story in November 1986, by leaking information of North's activities to the Lebanese *al-Shiraa* newspaper, and thereby triggering the Iran-Contra controversy.

Were Lester Coleman to get a good hearing, Oliver North's ambitions to be the next U.S. senator from Virginia would undoubtedly be shattered. And plenty more "trees in the forest" would begin to fall.

# Johnny can't read if teachers can't teach

by Leo F. Scanlon

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## War Against the Schools' Academic Child Abuse

by Siegfried Engelmann

Halcyon House, Portland, Oregon, 1992

215 pages, paperbound, \$20

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For over a decade and a half, it has been common knowledge that American schoolchildren are being systematically short-changed by the dismal quality of the instruction they are receiving in school, and that reading and computational skills of high school graduates rank at the bottom in any comparison with the students of any other advanced country in Europe or Asia today. It is little known, however, that the U.S. government conducted an extensive nationwide comparison of model instructional curricula, and discovered a means of instruction which allows "disadvantaged" students to perform above national reading norms, overcomes "dyslexia" and related "learning disorders" which are alleged to be components of the rising rates of illiteracy, and routinely allows grade school children to master basic computational skills which often elude high school students today.

One might expect that this breakthrough development would be enthusiastically transmitted by the Department of Education to local school districts, would be adopted by the "back to basics" movement for educational reform, and would be receiving development funds from the major corporations which are pumping billions into the "school reform" movement. Right?

*Wrong.* The study, called Project Follow Through, was the largest educational experiment ever conducted, at a cost of \$1 billion, in 1968. And the results have been sitting on the shelf ever since. Dr. Siegfried Engelmann, the developer of the DISTAR instructional methods which swept the 1968 competition, has written an arresting book which shows that his work was rejected by an educational establishment which has abandoned any commitment to the welfare of the children it holds in thrall.

The concept of Project Follow Through was that the entire spectrum of curriculum approaches would be put into a

controlled study, with each approach being designated responsible for training teachers and implementing its model in a variety of districts. It would measure an array of performance indicia, and, hopefully, clear the air of rhetoric about which approaches worked, and which didn't.

Engelmann's program was labeled Direct Instruction (from which comes DISTAR) and was assigned to over 9,000 children in different districts. In many cases, the school administrations were intensely hostile to the approach, but nonetheless, at the end of the evaluation, which was conducted by Abt Associates in connection with Stanford Research Institute, the researchers found that the children who started Direct Instruction in kindergarten achieved: first place in reading, arithmetic, spelling, language, basic skills, academic cognitive skills; they also took first place in positive self-image. They took first for urban sites, first for English speakers, first for non-English speakers. Disadvantaged students performed near the 50th percentile—i.e., at an average level—while no other approach was able to turn in results better than the 20th percentile for these students, and many came in at 15 and below.

The response: Engelmann ran into a buzzsaw of opposition organized by the curriculum mafia and the National Education Association (NEA). The Follow Through experiment was effectively sent down the memory hole, and Engelmann was labeled a "behaviorist." He was accused of tying teachers to scripts, damning kids to rote memorization, and destroying classical literature in the schools.

In fact, as he describes it, DISTAR is basically a phonics-based reading program which provides a strictly controlled graduated program of instruction, with a systematic series of tests which allow the teacher to discover, correct, and retest for errors and misunderstandings that occur in the course of instruction. It was developed in classrooms, and refined in classrooms, until each step of the procedure was shown, in a classroom setting, to accomplish the objective of teaching these basic skills. Whatever the limits of the approach, it certainly cannot be equated with the deliberate abuse built in to the programs in use today.

### 'The sorting machine'

In his most recent book (he is the author of more than 30 instructional programs and numerous trade and professional books on the subject of teacher training), Engelmann indicts the educational bureaucracy for conspiring to commit "academic child abuse" on a grand scale, and proves that the curricula in use by the major school districts in the United States were designed by and for a closed circle of academics who administer what he aptly labels "a sorting machine."

The sorting machine has its origins early in the history of the modern public school system, Engelmann points out, and its rhetoric has one primary purpose: to convince the uninitiated that learning (or "intelligence") is fundamentally

determined by biological (including racial) or social conditions. Typical of this effort are the commonplace beliefs that there is a mysterious rise in organic disorders (“dyslexia,” for example) which correlates with the abysmal reading skills of grade school children, or that psychological conditions (“attention deficit disorder” and similar pop-psychology pathologies), or sociological conditions (“the poor are simply ineducable”) explain each specific instance in which a child fails to master basic reading and mathematical skills.

These arguments are myths, and Engelmann has proven it, repeatedly. Worse, these myths serve as the primary defense of the administrative practices which are destroying children. Since as many as 80% of junior high school students do not meet the standards established by the various institutions responsible for shaping basic curriculum programs, the “sorting machine” has called in the services of an army of psychologists and guidance specialists who are employed to place the blame for this failure on the students, or on the parents.

Dr. Engelmann refuses to accept this cultural defeatism, and exposes the self-serving propaganda of the academic establishment by insisting on the principle: “If the student hasn’t learned, the teacher hasn’t taught.” The phrase is deceptively simple (and causes the NEA types to react like vampires exposed to the sign of the cross), because it reflects a universal truth: that except in the case of a child suffering from extreme organic brain disorders, *all children are born with the natural curiosity, desire, and ability* to master the written, spoken, musical, and mathematical languages which are the prerequisite to acquiring scientific knowledge. For Dr. Engelmann, this is not a “theoretical” proposition. He has taught the “dyslexic” to read, the deaf to speak, and the “low performer” to outperform the “gifted.” He has done this with children from the most economically disadvantaged backgrounds. He has developed curricula which allow “ordinary” teachers to repeatedly turn out world class students, and has proven that this can be done at a fraction of the cost in money and manpower now spent by the sorting machine apparatus.

### **The theoretical premises**

It is necessary to digress briefly into the history of “educational theory” to show that Dr. Engelmann’s accusation of “child abuse” is not hyperbole.

From the days of William Torey Harris, who was the first commissioner of public education in the United States, the administrative apparatus of the public school system, *as distinct from the cadre of teachers*, has been dominated by a virtual cult of Rousseauvian theorists. Their prejudice against the divine aspect of man causes them to insist on viewing man as a purely biological organism. At their worst—as for example, the case of textbook guru William Thorndike, who published a 400-plus-page tome on his eugenics theories in

1947—they are outright racists. This is not to imply that such people are merely “prejudiced” against particular skin colors: They believe that the majority of the population, true to its biologically determined nature, is *genetically ineducable*, and they have created a system which attempts to “administrate” that reality.

Before there were John Dewey and William Torey Harris, there was Jean-Jacques Rousseau, the Swiss Calvinist philosopher who developed and elaborated a determinist image of man which infects all modern social theory. Rousseau’s seminal work in this area—his *Discourse on the Origins of Inequality Among Men*, and his treatise on education, *Emile*—was updated for the 20th century by another Swiss radical, Jean Piaget, the founder of the Institute for Genetical Epistemology in Geneva.

Dr. Engelmann quotes a paper written by Robert Floden, the associate director of the National Center for Research on Teacher Education, in which he explains how Piagetian methodology shapes teaching: “Pupils make sense of instruction in ways that depend on what is already in their minds. Psychologists use the concept of schema to organize what they know about human perception, learning and memory.” Piaget viewed the activity of the mind as a direct extension of the biological organism, and postulated that the mind reorganizes its internal “schemas” in response to exposure to new experiences (social, intellectual, or sensual). Piaget further asserted that the organism experiences new knowledge as “dissonance,” which it tries to resolve by refining the organization of its “schemas,” thereby creating a new “equilibrium.” All learning, therefore, occurs because of this innate, biological striving for “equilibration,” and learning can be induced by creating specific forms of “dissonance” in the mind of a child.

Floden, and the “cognitive psychologists” who fashion themselves as expert analysts of the various stages of mental organization, are the dominant force in curriculum development because the entire system is premised on this determinist model. The psychologist shapes the evolution of the curriculum *as a device for inducing anxiety in the student*. The teacher merely “facilitates” the process, by engaging in probing dialogue, designed to determine which schema the child is using to shape his or her current knowledge, and plans out a strategy to make the student “dissatisfied” with that schema. Floden cautions, “To get pupils to switch to the appropriate organizing framework, the teacher must make this seem attractive.”

*This is child abuse*. It is the deliberate torture of the minds of children, who are being treated as soulless biological organisms—animals.

### **Whole language and whole math**

The most systematic forms of child abuse chronicled by Dr. Engelmann occur at the hands of the Piagetian theorists

who have shaped the “whole language” and “whole math” curricula. Dr. Engelmann dissects representative selections of the writings of this school in a dry, witty fashion which would be hilarious if the subject matter were not so serious. Space does not permit a full recapitulation of his case, nor a detailed examination of Piaget himself, but even without this, it is possible to see the workings of the philosophical prejudices of this modern Rousseau in the programs analyzed by Dr. Engelmann.

Both “whole language” and “whole math” are the prod-

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ucts of a school which derives from Piaget and calls itself cognitive psychology. In practice, Engelmann points out, these people are merely updating the “look-say” teaching methods pioneered by Dewey and Piaget. This method has been packaged and re-packaged decade after decade, and until this generation, good teachers were able to ignore the rhetoric and at least teach most kids to read. But the aggressive paganism of the modern classroom environment (and the general culture as well) has combined with the pernicious influence of Piagetian psychologists, to make the latest incarnation of these ideas particularly dangerous.

Kenneth Goodman, president of the powerful International Reading Association, is a typical exponent of whole language instruction. The core of his contribution is a notion called “miscue analysis,” which asserts that children who guess at the identity of letters and the meaning of words—the normal result of the look-say reading technique—are performing marvelous linguistic feats. For Goodman and his colleagues, a knowledge of the alphabet is not essential to reading. Goodman says that “no research has produced any information to suggest a reader must know this letter, this sound, this word, or this syllabic rule before some other.” In fact, “we concluded that a story is easier to read than a page, a page easier than a paragraph, a paragraph easier than a sentence, a sentence easier than a word, and a word easier than a letter. . . . It is through the errors . . . that we’ve

learned that reading is a psycholinguistic guessing game. . . .” Students are taught to “sound out” and “guess from the context” when they come across an unfamiliar word or letter. Engelmann quotes a fourth grade teacher who had been using whole language with low-performing kids who actually told him: “My kids just love books. Of course, they can’t read, but they love them.”

The real nature of the torture system is made clear by Engelmann’s discussion of the related program known as “whole math.” (These programs are marketed under different names, and administrators are trained to dissemble if you ask about it, so don’t assume that they don’t exist in your school district, just because you haven’t heard the label.)

Lauren Resnick is a leading light of the “meaning oriented” educators who push whole language and whole math. In a recent article cited by Engelmann, “Teaching Math as an Ill-Structured Discipline,” she puts forward the insane argument that mathematics is a matter of one’s personal opinion: “Good reasoners in political science and economics . . . and good science problem solvers. . . all tend to treat learning as a process of interpretation, justification, and meaning construction. As in these other fields, students who understand mathematics as a domain that invites meaning constructions are those most likely to become flexible and inventive and mathematical problem solvers. All of this suggests that we urgently need to begin investigating possibilities for teaching mathematics as if it were an ill-structured discipline. That is, we need to take seriously, with and for young learners, the propositions that mathematical statements can have more than one interpretation, that interpretation is the responsibility of every individual using mathematical expressions, and that argument and debate about interpretations and their implications are as natural in mathematics as they are in politics or literature.”

These fanatics are committed to teaching every basic subject as though it were merely a stage set for a group-therapy session in the classroom. Quite literally, in their view, the operation “ $2+2=4$ ” can only be understood if the schoolchild organizes a consensus agreement among his peers. As one outcome-based education theorist enthused, “You get your peer group behind you, and once you’ve got that, then you’re going to succeed.”

Resnick explains further: “If we want students to treat mathematics as an ill-structured discipline—making sense of it, arguing about it, and creating it, rather than merely doing it according to prescribed rules—we will have to socialize as much as instruct them.” This gets to the core of the methodology of the cognitive psychologists, who deliberately orchestrate psychological tension in young children in order to induce “learning.”

In 1989, the National Council of Teachers of Mathematics (the body that dictates curriculum trends among math teachers) issued a set of standards which codified this ap-

proach for all mathematics teaching.

The whole language schemes also are designed to incorporate the “collaborative learning” techniques which are touted by the outcome-based education reforms now being implemented throughout the country. Phillip Gonzales, a leading advocate of this method, is quoted by Engelmann, and his babbling points to the tyrannical—and always “politically correct”—environment these techniques allow the teachers to create.

Gonzales explains: “The student, in understanding literature and in creating his/her own texts, employs all of the language arts; skills of reading, writing, and speaking. Each does not need to be taught separately nor in any presumed sequence. . . . The teacher, no longer viewed as the translator of the world for students, is now able to motivate and facilitate a generation of new ideas, conceptualizations, interpretations, and evaluations, among all students. . . . In collaborative learning, students all share responsibility for performance. Each student is responsible for the learning of others. Students are expected to help and encourage others so that all can succeed.”

This is what Engelmann calls classic “sorting machine” language, designed to relieve the administrator and the teacher from accountability. Learning is the responsibility of the children, who may choose to learn or not—it’s up to them. The teacher just provides the “context” for “negotiating the understanding” of the lesson. Just stop in on criminal court if you want to meet the children who have learned to “negotiate understandings” about fundamental rules of society. You won’t find these “curriculum developers” in the docket, of course; you’ll only find their victims.

The growing hostility to literacy and dependence on video media (and “icons” in computer systems), which characterize a majority of the younger generation of Americans today, could reasonably be attributed to the pervasive use of these educational methods. Engelmann points to studies of drop-outs which indicate a common disorder: As they read, they guess at word meanings and come up with different interpretations even for the same word, as it reappears throughout a several paragraph lesson. The victims of this “miscue analysis” report that they simply cannot make sense of a classroom discussion.

Their decision to escape such a psychedelic torture is not so irrational as it might at first seem.

Those students who learn to read outside of school—from parents or grandparents, or older siblings—generally have little problem with the guessing games, and parents may not suspect just how insane the instructional material is. Dr. Engelmann shows that the racketeers who cook up these schemes, such as the National Council of Teachers of English, are never held accountable for the failures they produce, and unfortunately, it is the parents who are letting them get away with it.

## A philosophy of ‘empathy for kids’

Engelmann emphasizes that his philosophy, which considers children first, is not a slogan, “it’s a way of life. It means that kids are capable of learning if we show our empathy not through cheap rhetoric, but through deeds. We look at things from the kids’ perspective. We carefully assess what the kids know, always with the understanding that kids are the final authority and that their misconceptions are reasonable responses to what they have been told and shown. We start out where the kids are and where they can succeed—even if the starting point is pretty far from where we’d like it to be. Then we teach carefully, using the kids’ performance as our only reference point for measuring our success. If that kid fails, we failed, and we’ll have to go back to the drawing board and learn more about doing a better job. . . . We must play the game straight. If we take credit for the kids who succeed, we must take credit for those who failed.”

Engelmann’s specific approach to curriculum is not the last word on the subject, but that is not what this book was written to discuss. What he has done is to forcefully pose the issue: Who will take responsibility for these children, who are being denied the ability to read and write? He warns against the arrogance and deceptiveness of the administrators who preside over this crime, and he draws the conclusion that “changing parts of this system won’t work. The sorting machine must be scrapped, from the conceptual level, and replaced with a philosophy of empathy for kids.”

Engelmann notes that there are stronger advocacy groups for the spotted owl than for America’s schoolchildren. “Paradoxically, millions of our kids are endangered,” he writes. “They will fail in school. They will suffer a very real form of child abuse, yet these kids have far less real advocacy than the spotted owl does. . . . This situation doesn’t have to be. Our kids can succeed, even those born in poverty. Our kids can receive the support, sensible legislation, and the kind of monitoring that other endangered species receive. But such advocacy will not come about from the establishment. It won’t happen unless you help make it happen.”

Engelmann admits that “after all these years I’m still not sure I understand why it was so important for the establishment to discredit Direct Instruction. It’s true that we do not do things the way they do it in traditional classrooms. But what we do works and what they do doesn’t. If society is concerned with kids, it would seem reasonable to find what works and to use it, regardless of what our prejudices might be.” And here is the real limit of Engelmann’s approach. He appears to believe that he is confronting merely stupidity and bureaucratic inertia. But as *EIR* has emphasized, the destruction of U.S. education is a result of deliberate cultural warfare by specific, evil people (see, for example, *EIR*, Nov. 12, 1993, “The British Racists Behind America’s School Reforms”). Unless this evil is directly attacked, it will certainly prevail.

## New admissions may solve Martin Luther King murder

by Jeffrey Steinberg

Over 25 years have passed since the assassination of Dr. Martin Luther King, Jr. in Memphis, Tennessee on April 4, 1968. And as every year passes, doubts grow stronger that James Earl Ray was the lone assassin. Although Ray, under pressure from his own attorney, pled guilty rather than face certain execution if convicted by a jury, he has long since recanted his confession, and has fought a long, so far unsuccessful battle to win a retrial.

But now, a quarter of a century since one of the most tragic killings in American history, five people have come forward, including a Memphis businessman who says he arranged the murder of Dr. King, and have offered to tell all they know in return for immunity from prosecution.

The central figure in this startling development is Lloyd Jowers. At the time of the King assassination, Jowers owned Jim's Bar and Grill, which abutted the Lorraine Motel where King was shot.

According to Jowers's account, which he presented to ABC News's Sam Donaldson on the broadcast "Prime Time Live" on Dec. 16, and spelled out in a videotaped deposition last June, he was approached by Memphis produce dealer Frank Liberto shortly after King arrived in Memphis to support a strike by city sanitation workers. Liberto was the brother of New Orleans mobster Salvatore Liberto, a top lieutenant to crime boss Carlos Marcello. He allegedly offered Jowers \$100,000 to hire a hitman to murder King. Jowers told ABC's Donaldson that he owed Liberto a "very big favor" and agreed to arrange the murder.

According to Jowers's account, he did hire a local semi-retarded black man, while Liberto provided a high-powered rifle for the job. Jowers was assured that neither he nor the hitman would come under suspicion because a "patsy" would be set up.

Jowers told ABC that James Earl Ray, who rented a room

in the boarding house over Jim's Bar and Grill, was that patsy.

It is here that Jowers's story converges with Ray's own version of the King assassination. Jowers claims that a mysterious figure with a Spanish accent, introduced only as "Raoul," was with Liberto when the gun was delivered for the assassination. Ray has written extensively about the same "Raoul," and has identified him as the man who provided him with money and phony passports for a number of months leading up to the day of the King assassination. Ray claims that "Raoul" was a gun smuggler who employed Ray, a career petty criminal who had escaped from prison, to run guns between Canada and the United States. Ray would make contact with "Raoul" through a motel in New Orleans owned by the Marcello mob. In his most recent account, Ray has also alleged that "Raoul" was bankrolled by a man he believes was David Graiver, a well-known swindler and associate of gangster Meyer Lansky and top New York officials of the Anti-Defamation League of B'nai B'rith.

### Call for a new trial

Hosea Williams, one of the top aides to King in the Southern Christian Leadership Conference (SCLC) at the time of the assassination, told Donaldson that he was at the Lorraine Motel the day of the killing and he was certain that the fatal shot was fired from the ground level and from a much closer distance than the boarding house where Ray allegedly was positioned.

Rev. James Bevel, another top SCLC organizer, was also at the Lorraine Motel the day King was assassinated. He has been on record since February 1969 demanding that James Earl Ray be given a fair trial. Bevel has argued for 25 years that only by providing Ray with a fair trial can the truth ever come out, and the architects of the assassination be exposed.

In a *Look* magazine article published April 15, 1969,

assistant editor George Goodman quoted Bevel telling fellow SCLC leaders: "We should not let this country give us a poor, defenseless goat in sacrifice for the body of our lamb. I don't believe Ray was capable of killing King, but whether he did or not really doesn't matter now. Ray's execution would not take us one step further in recognizing Dr. King's dream. It would furnish our enemies with a scapegoat. They could wash their hands of guilt." Bevel called upon the SCLC to fight for a fair trial for Ray.

Today, Rev. James Bevel is still in the forefront of the fight to get to the truth. He issued a call on Dec. 23, 1993 for all black leaders who are serious about justice to take a stand for a fair and impartial trial for Ray. Bevel's call was endorsed by Lyndon LaRouche, Jr., who ran for President in 1992 with Bevel as his vice presidential running mate. In a Dec. 29 statement, LaRouche told *EIR*: "The breaking of this story at this time underscores the fact that the killing of King and the failure to intercede on behalf of justice and a full investigation in the case of his alleged assassin led to a fatal weakening of the civil rights movement as it existed prior to that point. . . . This case and proper followup in pursuit of long-delayed justice must be used as a catalyst for sparking a reawakening of the population as a whole, especially among African-American males who are at the leading edge of a process of quasi-genocidal destruction in this country."

### **The shadow of 'Gay' Edgar Hoover**

On Dec. 12, the London *Observer* devoted nearly a page to the King assassination revelations. Interviewing one of Ray's current attorneys, Dr. William Pepper, the *Observer* said Pepper is convinced that if his client wins a fair trial, evidence will eventually surface which will trace the assassination directly back to the late FBI Director J. Edgar Hoover.

A growing body of evidence supports Pepper's claims. A recent unauthorized biography of Hoover by Anthony Summers detailed Hoover's intimate ties to such mob kingpins as Meyer Lansky, Frank Costello, and Carlos Marcello.

A former FBI Special Agent in Charge of the Bureau's Chicago field office, Guy Bannister, was implicated in the assassination of John F. Kennedy. The New Orleans-based Bannister was closely tied to the local crime machine, as well as to anti-Castro Cubans, the CIA, and the shadowy front company Permindex—a Montreal firm run by Louis Mortimer Bloomfield, a wartime British intelligence operator who served as liaison to Hoover and who later became an attorney for the Bronfman liquor empire. Although Bannister died before the assassination of King, New Orleans remained a hotbed of FBI-crime collusion for years after his death.

Also clinging to the FBI's dirty underbelly is the Anti-Defamation League (ADL) of B'nai B'rith, which raises additional questions about the broader apparatus implicated in King's assassination. At the time of King's death, the New Orleans ADL office was headed by Adolph Botnick, a longtime friend of Guy Bannister and a close ally of the local

FBI, according to another recent book by *Los Angeles Times* Washington bureau chief Jack Nelson.

Henry Hochschild was a public relations director of the ADL in the mid-1960s. Last spring, Hochschild told *San Francisco Weekly* that he resigned from the ADL in protest over the League's spying on Dr. Martin Luther King. Hochschild discovered that the ADL, which was ostensibly collaborating with King and the SCLC in the civil rights struggle, was passing information on King's schedule, his personal habits, and his key aides to FBI Director Hoover. ADL officials, especially in the Deep South, considered King a "loose cannon" who could not be easily controlled and manipulated. They viewed him as a threat to the safety of the small but well-heeled Jewish community in places like Mississippi and Louisiana.

Two months after King's death, ADL's Botnick covertly paid two Ku Klux Klan leaders in Mississippi over \$69,000 to stage a bomb attack against the home of a prominent Jewish businessman in Meridian, Mississippi. The FBI and local police were in on the setup, and the incident resulted in a shootout in which a local schoolteacher was killed and a second Klansman shot 70 times.

Although no hard evidence links the Meridian incident to the King assassination, the two events do form part of a mosaic of FBI and ADL corruption and brutality directed against the civil rights movement. The convergence of both events on New Orleans is likely more than coincidence.

### **Resistance to a new probe**

Buttressing Lloyd Jowers's story are four other witnesses, all of whom were privy to details of the assassination. One Memphis man, a black convicted killer, told ABC that Jowers asked him to eliminate several witnesses who could link Jowers to the King assassination. Jowers says he had indiscreetly shown the actual assassin's rifle to several bar patrons in the days following the murder of King. He also became concerned that the killer might crack and come forward with the true story.

Other witnesses have already stepped forward to accuse the FBI of running a systematic coverup of the King assassination from day one. John McFerren was in Frank Liberto's produce shop hours before the King assassination, and he overheard a phone conversation between Liberto and an unknown party, in which Liberto said: "Kill the S. O. B. My brother in New Orleans will pay you the \$5,000." McFerren went immediately to the FBI with his story, accompanied by several Tennessee civil rights activists. But FBI agent O. B. Johnson reportedly told McFerren several days later that his story didn't check out, and warned him to keep his mouth shut.

To this day, there is still systematic resistance to reopening the King assassination. Memphis District Attorney General John Pierotti told ABC that he will not grant immunity to Jowers and the other prospective witnesses. He grudgingly admitted that he will look into Jowers's allegations.

# How far will Freeh take FBI shakeup?

by Edward Spannaus

Since taking over as director of the Federal Bureau of Investigation on Sept. 1, former federal judge Louis Freeh has taken a number of steps to shake up the FBI bureaucracy, a hardened apparatus which has been run at the top levels in recent years by the group of career agents known as "neo-Hooverites."

This is the group whose bureaucratic maneuvering and back-stabbing led to the removal of the previous FBI director, William Sessions. While continuing many of the reforms set in motion by Sessions, Freeh appears determined that he will control the bureaucracy, not the other way around. How far he will be able to pursue this, and whether he will attempt to root out the continuing police-state practices for which the FBI has become notorious, remains to be seen.

The most dramatic step yet taken by Freeh was his Dec. 10 suspension of James Fox, the head of the FBI's New York field office. Fox was scheduled to retire in January; Freeh suspended him for violating a court order by making statements to the news media concerning the World Trade Center bombing case.

The *Washington Times*—among the most fervent defenders of the Hooverites and neo-Hooverites—reported anger among FBI agents over Freeh's action. "This is not playing well with the people I know," said one. "I guess the new director was telling everyone there's a new regime and he's in charge." In a commentary in the same paper on Dec. 29, Freeh's suspension of Fox was denounced as "outrageous," "unbelievable," "insensitive," and as something "that would have embarrassed even Hoover."

More significant is the pending January retirement of Floyd Clarke, the current number-two in the FBI; Clarke is considered the key member of the neo-Hooverite triumvirate which includes Oliver "Buck" Revell and John Otto. There are also rumors that Revell, currently in "exile" in Dallas, will also retire soon.

## Drugs and money laundering targeted

Shortly after Freeh took over in September, he began what was described as a "major reshuffling," along the lines recommended in an internal study commissioned by Sessions over a year earlier. The changes would include eliminating two top positions supervised by Clarke, doing away with many mid-level positions, and redeploying many agents out to the field from headquarters.

On Dec. 11-12, Freeh visited Italy to attend a memorial mass in Palermo for his friend, the murdered judge and anti-Mafia fighter Giovanni Falcone. Following meetings with Italian officials, Freeh and the Italians vowed closer cooperation and emphasized the importance of targeting money laundering. Italy's Interior Minister Nicola Mancino said that Rome and Washington were committed to breaking up money laundering in eastern Europe, South America, and Japan.

"There are very strong organized crime groups emerging in Russia, Japan, and Korea which will pose a major challenge to authorities in the future," Freeh said. "We are finding evidence on both sides of the Atlantic that these groups are working together in joint criminal ventures."

Freeh also thanked the Catholic Church in Italy for its efforts in fighting the Mafia. After a private meeting with Pope John Paul II on Dec. 11, Freeh said they had discussed this. "I have to commend the efforts of Italy's priests and the pope for energizing and motivating Sicily's young people to reject organized crime," he said.

In reporting on Freeh's statements vowing to "root out" the Mafia, the Dec. 13 *New York Times* said that Freeh "seems to be somewhat out of step with changing criminal justice priorities" in the United States, where street crime and gang violence are the top issues. Freeh defended his emphasis on organized crime by saying: "The heroin trade that takes place in the city we just left [Palermo] does more with respect to violence and death than all the random shootings in America."

## Out of step?

Freeh also may be somewhat "out of step" with the tough-on-crime show-offs in Congress. Speaking at the National Press Club in Washington on Dec. 8, Freeh criticized some of their favorite hobby-horses, such as mandatory minimum sentences and the death penalty.

Asked about mandatory minimum sentences, Freeh said that completely uniform and comprehensive minimum sentencing standards were "not practical and in some cases were not fair." He explained that there are some crimes and some defendants for whom severe minimum sentencing is not only necessary but required; but "to apply that concept across the board, which I had to do as a judge, was not, in my view, always amenable to fairness or practicality, and in many instances, I think, contributed to an increasing prison population when some other alternatives could have been considered." Asked if capital punishment really serves as a deterrent to crime, Freeh replied that he has read all the literature on both sides of the issue, and that, "in an overall scheme, I think the deterrent effect is probably very minimal."

As to Surgeon General Joycelyn Elders's suggestion that drug legalization should be studied, Freeh responded: "It would take me about 30 seconds to study it. I think all of the information and experience I have has shown that it is a completely unacceptable option."

# Virginia to debate criminal justice policy

by Marianna Wertz

The Commonwealth of Virginia, which under Attorney General Mary Sue Terry became notorious for the corrupt persecution and jailing of leaders of the LaRouche political movement, will debate its criminal justice policy in the 60-day legislative session which begins Jan. 12, and in a special session on the subject called by Governor-elect George Allen after April 15. Allen also recently announced that he will convene town meetings across the state on his proposed no-parole policy for violent offenders, and will invite state lawmakers to the forums so they "have a clear understanding of the will of the people."

Six leaders of LaRouche's movement—Rochelle Ascher, Michael Billington, Anita Gallagher, Paul Gallagher, Laurence Hecht, and Donald Phau—all innocent, are currently political prisoners in the state, serving sentences ranging from 10 to 77 years for the alleged crime of "securities fraud" (see *EIR*, Nov. 26, 1993, p. 16).

Criminal justice policy was hotly debated in the recent Virginia elections, in which former Attorney General Terry, who made the persecution of LaRouche's political movement a major theme of her campaign, was trounced in the race for governor.

The victorious Allen campaigned on a proposal to introduce a version of the no-parole system introduced five years ago at the federal level. On Nov. 22, the Virginia Commission on Parole and Sentence Reform, anticipating Allen's proposals, heard testimony from Dr. Gerald Gaes, director of research for the U.S. Bureau of Prisons, who said that he "doesn't have an answer" to whether the end of parole and mandatory sentences have served as deterrents; he also testified that, unless there is more federal financing or additional changes are made to relieve the overcrowding and inmate control problems caused by the reforms, the federal corrections system "will collapse under its own weight."

Nominated to head up a transition team crafting Allen's plan are former U.S. Attorney General William Barr, who served in the Bush administration, and former U.S. Attorney for the Eastern District of Virginia Richard Cullen. On July 28, 1993, in the waning days of his tenure as attorney general, Barr proposed a sweeping plan to introduce no-parole legislation at state and local levels nationwide, and to use an enraged

citizenry as a battering ram to push his "lock them up and throw away the key" plan through reluctant state legislatures.

While Allen's plan reflects at least part of Barr's thinking on this issue, he has equally stressed the need to implement alternatives to prison for non-violent offenders, particularly because of the need to find prison space for the large increase in prisoners that would result from a no-parole system.

## Justice based on inalienable rights

Nancy Spannaus, a leader of the LaRouche political movement who ran as an independent against both Allen and Terry in the gubernatorial election, and who has announced her candidacy for the June 1994 Democratic primary for U.S. Senate, has put forth an alternative corrections policy in a campaign statement. She opposes the no-parole plan, but supports alternatives to prison for non-violent offenders, as part of an overall "policy of justice consistent with our fundamental commitment to the inalienable rights of all men to life, liberty, and the pursuit of happiness."

Spannaus presents some of the salient facts facing the state's lawmakers: "Virginia already has one of the highest incarceration and lowest probation rates of any state in the region. And, since the re-imposition of the death penalty in 1976, Virginia has executed more people—22—than all but two other states."

Despite this record, Spannaus says, violent crime in Virginia is still on the rise. Virginia's corrections policy is "the most expensive possible . . . and it doesn't stop crime," she charges.

Spannaus presents in detail three elements to a "competent" corrections policy: 1) Every individual—offenders included—must be treated with the respect due to having been created by God; 2) the corrections system must be oriented toward protecting society, not only by removing dangerous people from being able to hurt others, but also by using their incarceration period for effective rehabilitation; and 3) we must realize that the crime problem we face today, with nearly one-third of new prison admissions for drug-related offenses, is the result of our failed economic policy.

A poignant commentary in the Dec. 19 *Washington Post* by Evans Hopkins, a prisoner at Nottoway Correctional Center in Burkeville, Virginia, titled "From the Other Side of the Iron Bars, the Case for Parole," also stresses the importance of what Spannaus addresses. "Where do we begin to foster an anti-crime policy that does not rely so heavily upon incarceration?" he asks. "We might begin with an idea that I take to heart as I face my own parole review next year: the idea that, while society is justified in seeking vengeance against lawbreakers, man is made in the image of God and, as such, can be redeemed. While recidivism is a serious problem, it should be noted that 60% of inmates in Virginia, once released, never come back."

Virginia has the opportunity to lead the nation in crafting a humane and competent criminal justice policy.

## Lugar wants action on requests to join NATO

In a speech before the Atlantic Council's Board of Directors in Washington on Dec. 10, Sen. Richard Lugar (R-Ind.) urged the Clinton administration and the West not to bow to Russian pressures on the requests of Poland, Hungary, Slovakia, and the Czech Republic to join NATO.

"The real question is whether western policy can afford to be driven by the zigs and zags of the power struggle in Moscow," said Lugar. "I think the problem with those who propose putting Russia first in western policy calculations is that for them there is never a good time for the alliance to address any of the tough issues it faces. . . . To give Russia a de facto veto over the alliance's future would be a major strategic blunder."

Lugar warned against Russian attempts to "reincorporate" Ukraine into a Russian sphere of influence. "An independent Ukraine acts as a geostrategic buffer between Russia and the states of Central Europe, shielding them from Russian encroachments and expanding their freedom of action," he said. "If Ukrainian independence were curtailed and Ukraine were reincorporated into a Russian geographic sphere, both Poland and, to a lesser extent, Hungary would find their political room for maneuver both internally and externally constrained."

Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services Committee, called President Clinton's Partnership for Peace plan "rather amorphous and vague," in a television interview on "Face the Nation" on Dec. 19. "I think we've got to start defining terms," said Nunn. "For instance, it's broad enough now to include Russia and the Ukraine, saying, in fact, that we may take in Russia at

some point in the future in NATO. I think that's sort of like we call down South a 'y'all come' party. It's so broad that it doesn't get down to reality. . . . Reality is if we get to the point where Russia is about to be taken into NATO, there probably is no longer a need for NATO as a threat-based security alliance. It would be another kind of organization altogether, so I think we shouldn't pretend that that card is on the table now."

## Hamilton outlines issues facing next Congress

In a briefing to the Foreign Service Association shortly before Christmas, House Foreign Affairs Committee Chairman Lee Hamilton (D-Ind.) outlined the foreign policy issues facing the next session of Congress. Although he thought that the recently signed General Agreement on Tariffs and Trade would probably pass, he said that he felt less and less confident with each passing day. "This will be the second major trade vote in a year," he said, noting the North American Free Trade Agreement, which passed "with the narrowest margin of votes."

On continued Most Favored Nation status for China, Hamilton said, "Without more effort, there will be no MFN." Aid to Russia, he indicated, might also prove to be more difficult with the surge of support for Vladimir Zhirinovsky. The expansion of NATO, with more strident cries from the eastern European nations for joining NATO, would be a "major issue," he indicated.

He reported that the mood on the Hill has become unenthusiastic about international institutions. Hamilton related that the Foreign Affairs Committee had had a closed session with

U.N. Secretary General Boutros Boutros-Ghali who "was hard-pressed on Somalia. . . . That's the first time I've seen that happen." Peacekeeping funds have been heavily axed in favor of reducing the budget deficit. In this light, he said it would be "foolhardy to expect passage of the new foreign aid reform bill."

## Brown skeptical on joint U.S.-Russian space station

In a press conference on Dec. 14 just hours after returning from a trip that included a visit to the Baikonur Cosmodrome in Kazakhstan, House Science, Space, and Technology Committee Chairman George Brown (D-Calif.) stated that he will *not* support cooperation with the Russians on a space station "if it makes us dependent on Russian cooperation. . . . The way it's structured, we're in that position."

Pushing aside Vice President Al Gore's statement that he "fully supports" the White House joint station plan, Brown said that he has "a few more reservations about the program." One concern, Brown said, is the state of the physical infrastructure at the launch complex. Brown and Rep. Connie Morella (R-Md.) reported that the launch facilities at Baikonur are in poor repair and would need "considerable investment." Morella added that seeing the facilities "creates legitimate concerns."

Brown said he did not discuss with the Kazakh or Russian space officials how much investment is necessary, or who would pay for it. He stated that before American astronauts are launched in a Soyuz spacecraft from Baikonur to visit the Russian Mir space station, "I would want fairly substantial American crews over there

checking out the facilities. I'm a little leery about putting Americans in that situation."

## **Leach adamant against reform of Federal Reserve**

Rep. James Leach (R-Iowa), the ranking Republican on the House Banking Committee, opposed Clinton administration plans to centralize all banking regulatory agencies, including the Federal Reserve, under a newly created Federal Banking Commission, in a speech before the Institute of International Bankers on Dec. 6. Leach warned that the proposal of Treasury Secretary Lloyd Bentsen to bring all banking authority under a single entity would "presidentialize" authority over bank regulation and raise "the coercive specter of presidential money managers à la Maurice Stans demanding political contributions from large institutions.

"Given the experience of the last several decades, the Nixon shake-down as well as Keating largesse," Leach said, "there should be little doubt that such a politicization could too easily be abusive, requiring early reform of the administration's alleged reform."

However, Leach admits that reform is needed, especially because of the cancerous growth of the financial derivatives market. "Interestingly, the multitrillion-dollar derivatives activities of the 10 largest American commercial banks alone amount to double the annual GNP of the United States which, in turn, is more money than all the money in the world," Leach noted. "If this doesn't define a pyramidal house of cards, particularly in the event of a market shock sparked abroad by warmongers or at home by

private-sector speculators or public-pandering protectionists, what does?"

Leach argued that bringing the Federal Reserve under the control of the federal government would precipitate a financial collapse. "To undercut the Fed at this sensitive juncture in international negotiations on trade and finance is to undercut U.S. national interests and politically destabilize international finance," he warned.

## **New foreign aid bill pushes population control**

The State Department presented on Dec. 3 its draft proposal for a radical revision of the Foreign Assistance Act of 1961. The proposal is a monstrosity which would take U.S. foreign policy back to the era of Teddy Roosevelt's "gunboat diplomacy," and use U.S. foreign aid as a bludgeon to force countries to accept the zero-growth, environmentalist agenda and to open their economies to looting by international finance.

The new policy is based on the New Age concept of "sustainable development." Those countries which are willing to accept an environmentalist, population control agenda, will be prioritized as aid recipients. Those that don't will be left out in the cold.

Brian Atwood, State Department Agency for International Development administrator, said that the United States would "identify 50 countries that represent sustainable development and go with them."

The draft reads, "Sustainable development programs" shall be "concentrated in countries that have a demonstrated need for such programs, that will make effective use of such programs, and that have a commitment to achieving clear development objec-

tives. . . . The United States assistance will assess the commitment and progress of countries in moving toward commonly agreed upon development objectives . . . and will be prepared to shift scarce resources from unproductive programs, sectors or countries to those which have demonstrated the commitment and ability to use them effectively."

The aid will also be geared to "protecting the global environment, supporting democratic participation and stabilizing world population growth. . . . Continued excessive growth in world population rates, will undercut sustainable development efforts." Such genocidal goals will be accomplished through a closer collaboration with non-governmental organizations and American universities and colleges, which will be encouraged to set up programs in countries receiving U.S. aid, also in order to "assist them" in "democratization."

At the State Department press conference on Dec. 3, one reporter asked if aid to sub-Saharan Africa would be "one of these barnacles that was to be lobbed off," as Assistant Secretary of State Lynn Davis had put it. Aid to Africa will "be proportionally as strong as before," insisted Davis.

The proposal, however, regrets the fact that "the obstacles to sustainable development in Africa are daunting," because sub-Saharan Africa possesses numerous species and major forest reserves "which will become increasingly threatened in the absence of sustainable development." The proposal encourages Africans to address the overall goals of the program by "stabilizing population growth, preserving the environment, and strengthening democratic governance." Then money will be available from the Development Fund for Africa.

# National News

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## Baltimore teachers sue to stop privatization

The 8,500-member Baltimore Teachers Union filed suit on Dec. 3 challenging the legality of the city's contract with Education Alternative, Inc., which privately operates seven elementary and middle schools under its "Tesseract" program. The suit argues that the contract violates the charter, which requires that the city maintain control over public schools.

The privatization venture, now in its second year of a five-year phase-in, is charged with discriminating against thousands of students, because Tesseract schools receive more city money per pupil than most other public schools in Baltimore. The suit also seeks to abort pending agreements that would give Education Alternative control of financial management, security, maintenance, and other non-teaching functions at two of the city's new "enterprise schools," which is part of a separate experiment in school-based management.

Irene Dandridge, the union's president, stated that the Tesseract contract provides "absolutely no public accountability for schools."

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## Norfolk jail found rife with AIDS, TB

In mid-December, a group of inmates from the Norfolk, Virginia city jail filed suit against the Norfolk City Sheriff for having permitted dangerous health conditions in the jail. On Dec. 22, they underlined the urgency of their suit with the following public statement:

"Today the sixth reported death this year in the Norfolk city jail occurred, as an inmate died in the holding room before appearing in court. He died from complications from tuberculosis, and he reportedly had AIDS.

"This inmate had been in the hospital for at least a few weeks before being brought

back to the city jail the night before his court appearance. He was put in a cell block area on floor 8A which is overcrowded—with approximately 75 people in an area built for 25; he was breathing with great difficulty on a mattress on the floor, with no sheets. He arrived at approximately 7 p.m., and was removed sometime after midnight.

"It was obviously known to the prison authorities that this man had a full-blown case of tuberculosis; yet he was put in an overcrowded area of other prisoners, some of whom have AIDS and some of whom have shown positive for TB by skin tests. This is a recipe for a health disaster.

"It is also further evidence of reckless disregard of jail authorities for the health of city inmates. Inmate and civil rights activist Roy Perry has previously released a statement which we emphasize here—that these policies are murderous not only to jail inmates, but to the community at large. The city jail, through deliberate neglect, is becoming an incubator for infectious diseases, which are being returned into the community, as untreated and untested inmates return home. We urge the public to demand action to rectify this situation, or suffer the consequences of a kind of biological holocaust."

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## Illinois Dems in furor over LaRouche slate

The Illinois Board of Elections' unchallenged inclusion of 21 associates of Lyndon LaRouche on the March 15 Democratic primary ballot has sparked hysteria within the anti-LaRouche faction of the state's Democratic Party. According to the *Chicago Tribune* and *Chicago Sun-Times* on Dec. 21, party leaders dropped plans to challenge the validity of the LaRouche associates' petitions for ballot status, after they concluded that doing so "could end up in a costly and unsuccessful legal fight, especially since the courts have favored challenged candidates in recent decisions."

Instead, according to Illinois State Democratic Party Chairman Gary LePaille, the party will concentrate on "exposing the candidates and their extremist views," and will

"inform voters about the 'real' Democratic candidates." To that end, party leaders have set up a toll-free "anti-LaRouche hotline."

Responding to LePaille's statements, Gerald Pechenuk, a spokesman for the LaRouche-allied candidates, congratulated the party bosses for "their wise decision not to waste time and money on a futile challenge." However, Pechenuk took issue with LePaille's characterization of LaRouche's views as "extremist," remarking that nowhere does LePaille explain just which views he considers to be "extreme." Pechenuk asked whether LePaille now considers Vice President Albert Gore an extremist because of Gore's recent echoing of LaRouche's attacks against the International Monetary Fund for its destructive policy toward Russia.

The anti-LaRouche faction within the Democratic Party fears a repeat of the March 18, 1986 primary, when LaRouche associates won nominations for lieutenant governor and secretary of state. Now as then, they are also readying convenient excuses in case of another victory, such as that voters may mix up the names of LaRouche Democratic gubernatorial candidate Sheila Jones with the anti-LaRouche candidate for lieutenant governor, Sheila Smith.

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## Clinton proposal tilts toward natural gas

A new report from the Clinton White House, titled "Domestic Natural Gas and Oil Initiative," completely ignored widespread pleas from domestic oil producers to use an import tariff to prop up the plummeting price of oil, and proposed instead to aid oil and gas producers by simply reducing the cost of production. The report's only mention of the problem of cheap foreign oil occurs in the context of proposing to study the effects of oil imports on domestic production.

The *Houston Chronicle* noted on Dec. 9 that the report reverses the traditional emphasis of oil over gas production, and pointed out that the value of domestic gas production exceeded the value of oil production for the first time ever in 1993. "Even the

title of the 37-page document . . . illustrates the emphasis on gas in the title by reversing the traditional reference to it from oil and gas to the gas and oil business," the *Chronicle's* Washington correspondent reports.

Energy Secretary Hazel O'Leary has been a strong advocate of increased natural gas use as the basis of U. S. energy policy.

## Spannaus hails firing of Spagnolo

Virginia Governor-elect George Allen announced on Dec. 6 that he intends to replace Joseph Spagnolo, the controversial state superintendent of public instruction who has promulgated a variety of New Age brainwashing schemes that go under the rubric of "outcome-based education." The move follows Gov. Douglas Wilder's decision in September 1993 to cancel the state's proposed OBE program, the Common Core of Learning.

Spagnolo will be replaced by William Bosher, who as school superintendent of Henrico County, which includes the state capital, Richmond, has been a vocal fighter against OBE. Following Governor Wilder's move in September, Bosher issued a statement which demanded that not only the Common Core, but the whole World Class Education Initiative of which it is a part, and which is still intact, be changed by taking the following steps: 1) focus on standards for subject area content; 2) develop an evaluation system that reflects desired standards; 3) remove reference to values and attitudes; 4) provide localities technical assistance; and 5) conduct public hearings.

Allen's appointment was immediately hailed by Nancy Spannaus, an associate of Lyndon LaRouche, who competed for the governor's chair in the November elections as an independent. In a Dec. 8 release, Spannaus said that "two of my major campaign efforts—ending the Common Core and getting rid of Dr. Spagnolo—have now been achieved." Now Virginians will be free of Spagnolo's "persistent manipulations of the public on behalf of New Age education. It is to be hoped that many of Dr. Spagnolo's

key staffers will also leave the Department of Education." However, Spannaus cautioned that "we must avoid the trap of trying to use mere bureaucratic means to subvert New Age education, by just granting local control. Such an approach lends itself to turning schools over to local businesses, and letting them turn our children into the equivalent of indentured servants. We didn't establish our public education system to serve such a purpose."

Spannaus said she plans to run for U.S. Senate, and that she will put a focus on stopping the codification of OBE on a national level through the Education 2000 bill, which is now on the agenda for this year.

## Michigan judge claims Nazi law as precedent

On Dec. 13, Wayne County Circuit Court Judge Richard Kaufman ruled that the 1927 *Buck v. Bell* U.S. Supreme Court decision, which upheld the forcible sterilization of certain women on grounds of genetic "feeble-mindedness," is proof that there exists a constitutional right to suicide.

The infamous *Buck v. Bell* decision was the inspiration for the Nazis in Germany to adopt their racial purification laws following Hitler's rise to power in 1933.

Kaufman took up the issue of the law's constitutionality after defense attorney Geoffrey Fieger asked the court to dismiss charges that serial killer Jack Kevorkian violated Michigan's assisted suicide ban in the Sept. 9 death of Donald O'Keefe, 73. Kaufman ruled that Michigan's assisted suicide ban is "unconstitutional and overbroad with respect to a person's liberty interest in committing rational suicide," and determined that suicide is a "fundamental right" based on how other rights (e.g., the *Roe v. Wade* abortion ruling) were determined: Suicide is historically rooted in our tradition and is part of "our collective conscience."

Kaufman argued that suicide has been part of western tradition from the time of Plato, the Romans, the Stoics; he also cited Tertullian's opinion that Jesus Christ's death was a suicide.

## Briefly

● **THE MALTHUSIANS** are just as wrong today as Parson Thomas Malthus was 200 years ago, said NASA Administrator Daniel Goldin, writing in the newsletter of the Aerospace Industries Association. "Where the old parson erred," he wrote, "and where America's space program holds a key, is the application of science and technology."

● **WALTER ANNENBERG**, the publishing billionaire, announced on Dec. 16 that his private foundation will grant \$500 million over the next five years to "educational reform" efforts such as the New Age outcome-based education (OBE). The grant will go to three main institutions: the Coalition of Essential Schools, headed by TheodoreSizer; the New American Schools Development Corp., formed by the Bush administration to push OBE; and the Denver-based Education Commission of the States.

● **INFANT MORTALITY** of African-American infants in inner-city areas is more than double the average for white infants, according to a report from the National Commission to Prevent Infant Mortality. The rate is 17.6 deaths per 1,000, as opposed to the national total average of 8.9.

● **KIRK BLOODSWORTH**, 33, who spent nine years in a Maryland prison before DNA genetic evidence cleared him of a 1984 rape-murder charge, was pardoned on Dec. 22 by Maryland Gov. Donald Schaefer. Bloodsworth will now negotiate financial compensation from the state for the years he spent in prison, two of them on death row.

● **ONE-THIRD** of all homes and businesses in Washington, D.C. were without water on Christmas Day, after an ancient water main burst. The nation's capital city has 1,300 miles of water mains, most of which are "nearly 100 years old," according to the *Washington Post*. The city currently has no plans to renovate or replace its water mains.

## Editorial

### *The best of America*

The death of W. Edwards Deming on Dec. 20, 1993, is a sad event, as is all death; but it is good to know that until his last weeks, even though he was 93 years old, he led an active and productive life. Dr. Deming's efforts to reverse the New Age paradigm shift in the area of overlap of culture and economics, may without exaggeration be called his mission.

Were it not for the abysmal ignorance of even top executives in corporate management, what Deming had to say might almost be called a truism. Unfortunately, such statements as that the purpose of industry should be to produce a good product, not to make money, are virtually heresy in today's Alice in Wonderland through-the-looking-glass world.

His iconoclastic view was that the purpose of an industry was to make goods of high quality which satisfied a customer's needs. He introduced methods of distinguishing between acceptable variation in the quality of a product as it traveled the assembly line, etc., and unacceptable variation which indicated a dangerous flaw in production.

He was absolutely contemptuous of the accounting and worse mentality which has infected American management practice. He believed that every worker inherently wishes to do a useful job, and that his or her failure to do so was a problem with management in most cases. He opposed Taylorism, piece work, speed-up, and the softer T-group variant of these. Thus Deming stressed that the quality of a product can best be controlled when everyone, from the corporate president down to the individual on the assembly line, understands the physical process of production.

This led him to emphasize that most individuals, even in today's hedonistic society, prefer to do a good job, if given the opportunity. When workers are unproductive it is usually because they have not been given proper conditions in which to work, or have been prevented from explaining where problems exist, by higher-ups who are afraid that they will not look good if problems are openly aired. Where putting problems on the table is encouraged rather than frowned upon, inspection becomes virtually unnecessary as a method of quality control. Variations are analyzed as they occur

throughout the process of production, in order to indicate and correct problems at an early stage. Thus he applied Carl Gauss's method to assessing nonavoidable error, and errors which must be immediately corrected, and so on.

It is particularly disgusting that proponents of outcome-based education (OBE) have taken Deming's name in order to promote programs which he completely opposed. Where Deming believed that technical standards of production were paramount—in contrast to methods emphasizing worker speed-up or, worse still, sensitivity training—the latter are being promoted in his name by dishonest educators.

The reason that people feel called upon to flaunt Deming's name while distorting his purpose is not because he was such an important figure in the United States, but because he was very influential in Japan, where he had established close relationships with top industrialists. In the postwar world, the Japanese fought not only to rebuild their industry, but also to transform it, and they found Deming's message suited to their broader philosophic conceptions.

Deming was one of the old school of industrial engineers. He was trained as a physicist, and began his career as an industrial consultant before World War II. Invited to Japan first as a consultant to the Occupation forces, in 1950 he began working with Japanese top management to help them upgrade the quality of their products.

It is sad to reflect that Deming was not so much an innovator as a representative of an American generation which still remembered an America which valued progress and nurtured the technological innovation on which that lawfully depends. Even 30 years ago, Deming's message would have hardly have been considered revolutionary by most Americans.

We have no need to emulate "Japanese" methods, no more have we the right to complain about their supposedly unfair competitive methods. If the Japanese have chosen the America which W. Edwards Deming grew up in and loved, as their model, rather than the America of today which we and he deplored, that is their strength.

# SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted.

## ALASKA

- ANCHORAGE—ACTV Ch. 40  
Wednesdays—9 p.m.

## ARKANSAS

- LITTLE ROCK—Storer Ch. 18  
Tue.—9 p.m., Thu.—8 p.m.

## CALIFORNIA

- CONCORD—TCI Ch. 19  
Thursdays—9:30 p.m.
- DOWNEY—Conti. Ch. 51  
Thursdays—9:30 p.m.
- E. L.A. to SANTA MONICA—  
Century Cable Ch. 3  
Mon., Jan. 10 & 17—5:30 p.m.
- E. SAN FERNANDO VALLEY—  
United Artists Ch. 25  
Sun.—3:30 p.m., Fri.—8:30 p.m.
- HOLLYWOOD—Conti. Ch. 37  
Fridays—8 p.m.
- LANC./PALMDALE—Ch. 3  
Sundays—2 p.m.
- MODESTO—Access Ch. 5  
Thurs., Jan. 27—6:30 p.m.
- MTN. VIEW—MVCTV Ch. 30  
Tuesdays—4 p.m.
- PASADENA—  
Crown Cable Ch. 56  
Kinneloa Cable Ch. 46  
Thursdays—4:30 pm
- SACRAMENTO—Ch. 18  
2nd & 4th Wed.—10 p.m.
- SAN DIEGO—Cox Ch. 24  
Sundays—12:30 a.m.
- SANTA ANA—Ch. 20  
Sundays—4 p.m.
- W. SAN FERNANDO VALLEY—  
CVI Ch. 27  
Tuesdays—8:30 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## FLORIDA

- PASCO COUNTY—Ch. 31  
Tuesdays—8:30 p.m.

## GEORGIA

- ATLANTA—Ch. 12  
Fridays—1:30 p.m.

## IDAHO

- MOSCOW—Ch. 37  
Wednesdays—7 p.m.

## ILLINOIS

- CHICAGO—CAN Ch. 21  
Mon., Jan. 10—10 p.m.  
Thu., Jan. 20 & 27—10 p.m.
- QUAD CITIES—Cox Ch. 4  
Mondays—9:30 p.m.

## INDIANA

- SOUTH BEND—Ch. 31  
Thursdays—10 p.m.

## MARYLAND

- BALTIMORE—BCAC Ch. 42  
Mondays—9 p.m.
- MONTGOMERY—MCTV Ch. 49  
Tue.—11 p.m., Thu.—2:30 p.m.
- WESTMINSTER—CCTV Ch. 19  
Tuesdays—3 p.m.

## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Sat.—11:30 a.m. (thru Jan.)

## MICHIGAN

- CENTERLINE—Ch. 34  
Tuesdays—7:30 p.m.
- TRENTON—TCI Ch. 44  
Wednesdays—2:30 p.m.

## MINNESOTA

- EDEN PRAIRIE—Ch. 33  
Wed.—5:30 pm, Sun.—3:30 pm
- MINNEAPOLIS—Ch. 32  
*EIR World News*  
Saturdays—9:30 p.m.

- ST. LOUIS PARK—Ch. 33

*EIR World News*  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.

- ST. PAUL—Ch. 33

*EIR World News*  
Mondays—8 p.m.

## MISSOURI

- ST. LOUIS—Ch. 22  
Tuesdays—2 p.m.

## NEW JERSEY

- STATEWIDE—CTN  
(Check Local Channel)  
Mondays—2 a.m.

## NEW YORK

- BRONX—BronxNet Ch. 67  
Saturdays—6 pm
- BROOKHAVEN—TCI  
(E. Suffolk, L.I.)  
1 Flash or Ch. 99  
Wednesdays—5 p.m.
- BROOKLYN—BCAT  
Time-Warner B/Q Ch. 34  
CableVision of NYC Ch. 67  
Wednesdays—11:30 p.m.
- BUFFALO—BCAM Ch. 18  
Mondays—6 p.m.
- HUDSON VALLEY—Ch. 6  
2nd Sunday monthly—2 p.m.
- MANHATTAN—MNN Ch. 69  
Saturdays—12 Noon
- NASSAU COUNTY—Ch. 25  
Sat., Jan. 22—6:30 p.m.
- OSSINING—Continental  
Southern Westchester Ch. 19  
Rockland County Ch. 26  
1st & 3rd Sundays—4 p.m.
- ROCHESTER—GRC Ch. 15  
Fri.—10:30 pm, Sun.—7 pm
- STATEN ISL.—CTV Ch. 24  
Wed.—11 p.m., Sat.—8 a.m.

- SUFFOLK, L.I.—Ch. 25

2nd & 4th Mondays—10 p.m.  
■ WESTCHESTER—Access Ch. 18  
Fridays—6 p.m.

## OREGON

- PORTLAND—Access Ch. 27  
Wed., Jan. 19—6 p.m.  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## PENNSYLVANIA

- PITTSBURGH—PCTV Ch. 21  
Mondays—7 p.m.

## TEXAS

- HOUSTON—PAC  
Mondays—4:30 p.m.  
*The American System*  
Thu., Jan. 13—7 p.m.

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
Sun.—1 pm, Mon.—6:30 pm  
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6  
*Schiller Institute Show*  
Tuesdays—9 a.m.
- FAIRFAX—FCAC Ch. 10  
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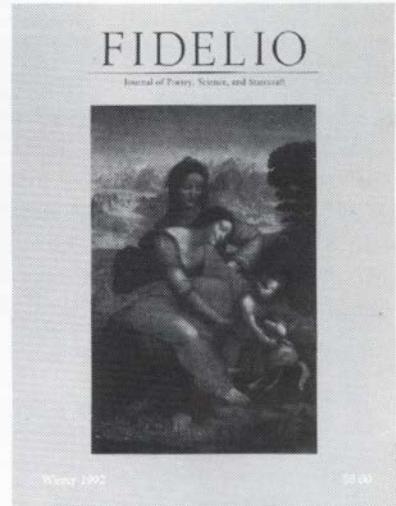
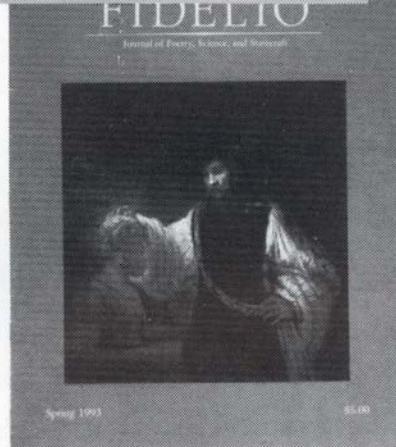
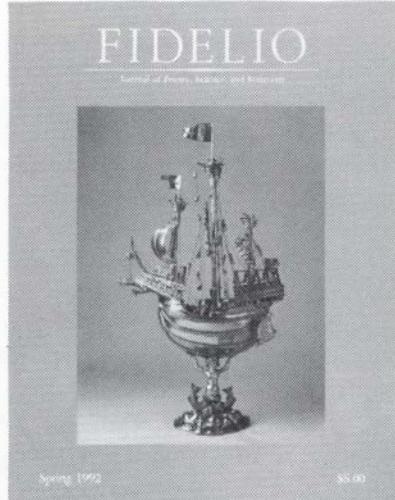
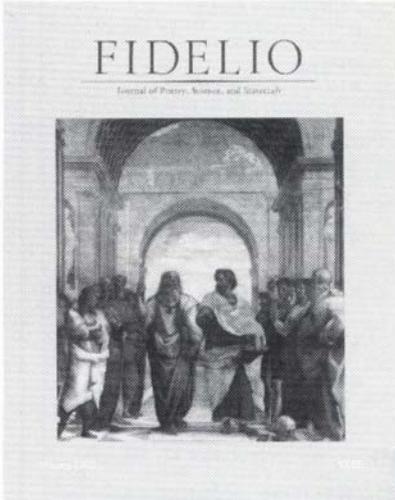
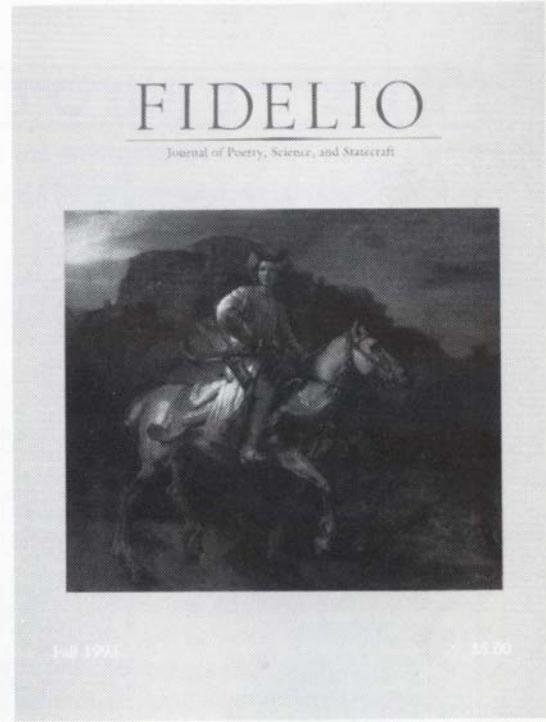
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