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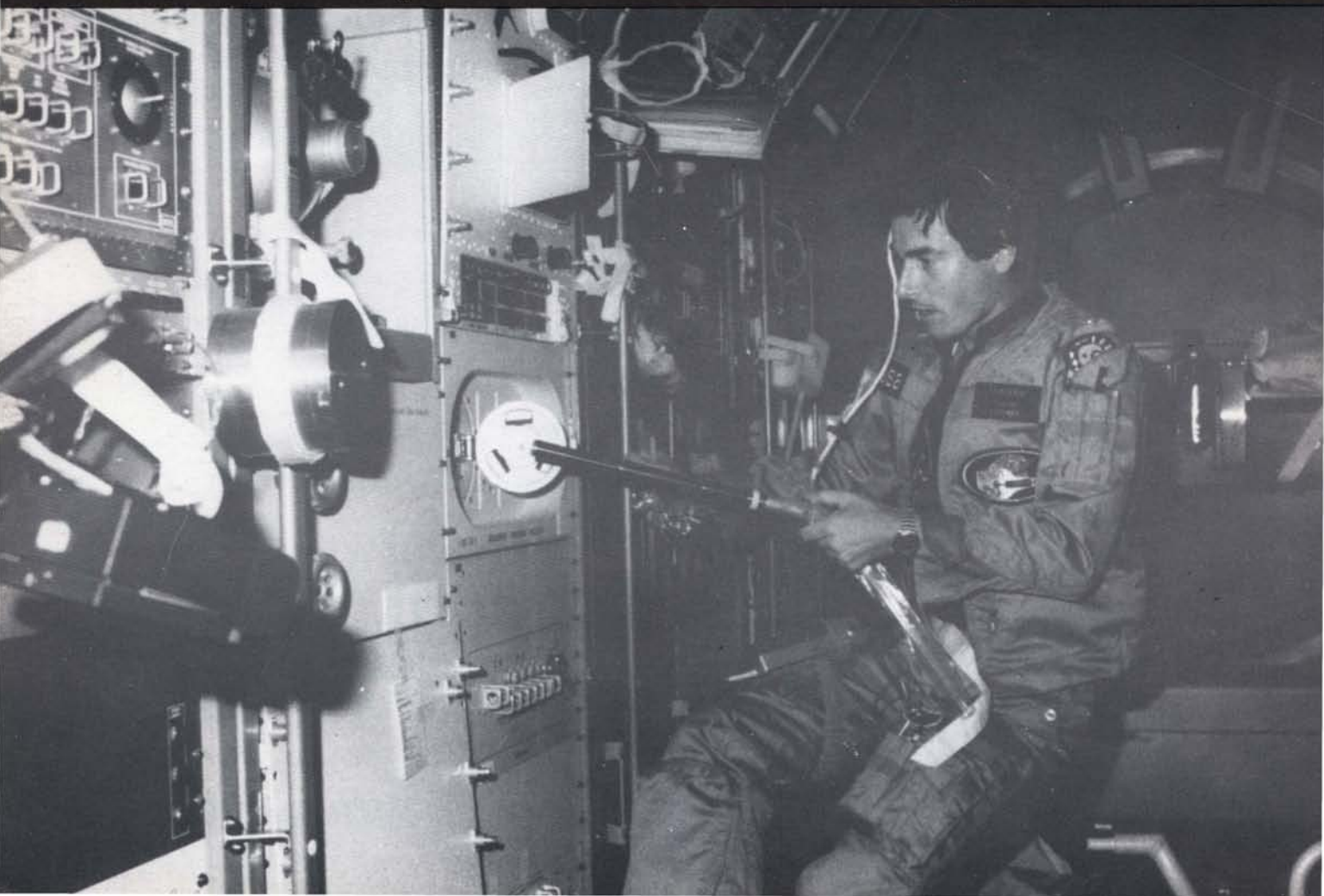
Executive Intelligence Review

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The Anglo-Soviet plot behind Sikh terrorism  
Congress's SDI cuts show Moscow's influence  
South Americans give Manatt a lesson in democracy

**LaRouche: How U.S.-European  
cooperation on SDI can improve**



# The Recovery That Never Was

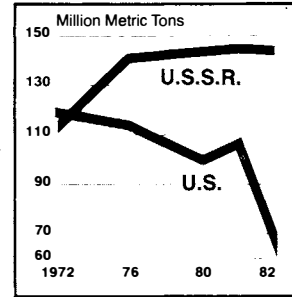
Find out what the White House should know . . . but doesn't

The *EIR Quarterly Economic Report*, prepared under the personal direction of Lyndon H. LaRouche, Jr., presents a devastating picture of the current economic crisis—a crisis with profound implications for the national security, as Moscow is only too well aware. The study demonstrates:

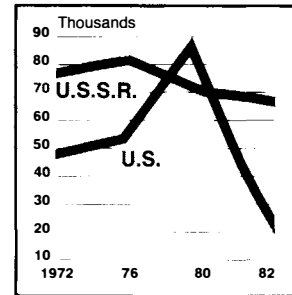
- Unless President Reagan replaces his present, foreign and domestic, monetary and economic policies, the U.S. economy will continue to describe an accelerating downward trend in output of goods and in balance of trade.
- The potential for a 1931-32-style deflationary blow-out or new skyrocketing of dollar exchange-rates, is approaching certainty. Either alternative would be associated with an acceleration of the rate of collapse of goods-output in both the world market and the U.S. economy; under either alternative, the federal budget deficit would soar.

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# EIR

## From the Editor

With the help of many of our subscribers, *EIR* magazine and the spring 1985 *Quarterly Report*, on the "The Recovery that Never Was," are being used to intervene directly into Washington. We have a drive to provide each congressman and senator, as well as members of the Executive Branch, with this vital information—targeting those legislators who just voted stupidly and treacherously to gut the budget, which is most of them.

In addition, supporters of the National Democratic Policy Committee have paid to place this week's *EIR* cover story, the policy document presented by Lyndon H. LaRouche, Jr. to the Düsseldorf conference of the Schiller Institute on May 12, as a two-page ad in the *Washington Times* on May 22.

The Citibank and Chase Manhattan bid to move in and take over wobbling Maryland savings & loan institutions (see *Banking*, page 18) is one of the moves being made now by "Dope, Inc."—the conspiracy that profits from illegal-drug trafficking and associated criminal activities. The big New York commercial banks are trying to shake down local and regional banking in order to shore up their own tottering accounts.

Savers of America: If you want to have savings, pull your money out of the commercial banks and make sure it goes nowhere near the S&Ls. Nothing will save anyone's money except the bankrupting of the Dope, Inc. apparatus.

The same cabal that is pushing for the Dope, Inc. banks to be saved, Volcker-Baker-Shultz-Regan, also showed their real colors when Shultz orchestrated the second "Congress of Vienna" to launch an all-out defense of Mutually Assured Destruction (MAD) in direct opposition to Ronald Reagan's SDI policy of Mutually Assured Survival (*International*, page 32).

Over the next two weeks, *EIR* will publish explosive information to bring down the Dope, Inc. apparatus. Our Ibero-American intelligence staff, which is feared by the drug traffickers and their bankers throughout South America, has a massive dossier, that shows how the drug traffickers, the U.S. Federal Bureau of Investigation, and the Washington, D.C.-based Heritage Foundation, are planning to use the excuse of the Mexican midterm elections this summer to unleash a total destabilization of the Mexican border. The border flareup is planned to occur around June 7, a month before the voting.

Nora Hamerman

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## Asset liquidation wave fuels collapse of U.S. economy

by Chris White

While the national press has been allotting scare story headlines to the latest collapse of privately insured savings and loan institutions in the state of Maryland, a potentially yet more ominous pattern has begun to surface nationwide, portending almost certain disaster, if present governing economic policies are not reversed.

A wave of asset liquidation, spreading through the country's basic industries, has begun to hit. In all cases, tangible assets, including plant and equipment, and real estate holdings, are being sold off to meet the bloated demands of debt-service payment.

This national pattern has so far surfaced in the case of the oil and gas industry, in the steel industry, in textiles and textile machinery, in fertilizer production, and in meat packing. It is combined with a new round of austerity layoffs now hitting the airlines and the automobile industry.

The asset liquidation, and austerity-impelled further reduction in the nation's shrunken economic base, combined with panic-engendering nationwide bank failures, a resurgent crisis over international indebtedness and the dollar, and efforts to drive the oil price down, threaten to set off the chain-reaction process leading into full-blown economic collapse.

### LaRouche warned

The crisis now unfolding, from the collapse of the Ohio savings and loan institutions in March, and the concomitant coordinated, if brief, run against the dollar, was predicted by economist Lyndon H. LaRouche, Jr., during his Labor Day televised address to U.S. citizens, during last year's election

campaign. At that time, LaRouche warned of the danger of the eruption of a crisis, over this spring and early summer, if prevailing policies were not changed. Now, as before, LaRouche's forecast warnings are coming true.

LaRouche's forecast was updated for the latest *EIR Quarterly Economic Report*. In that location, LaRouche reported that under the condition the policies associated with Jimmy Carter and Paul Volcker were continued, there are two options, and only two, that would be available. On the one hand, a classic 1931-style depression collapse, as the usurious speculative bubble associated with Paul Volcker's financial policy, burst. On the other hand, a hyperinflationary blowout, resulting from the printing of more paper, Weimar Germany-style, to cover over emerging illiquidity crises.

LaRouche further warned that efforts to avoid a hyperinflationary blowout would fuel the impulses tending toward a deflationary collapse, and also the reverse, that efforts to avoid a deflationary collapse would fuel the momentum behind the hyperinflationary alternative.

Now, it is happening. Preston Martin, and his friends on the Federal Reserve Board of Governors, have been lobbying for, and acting to increase the paper flow in the economy. Their efforts are reflected in the further, more than \$8 billion increase in consumer credit in the month of March, bringing the total outstanding consumer installment credit up almost to the range of \$500 billion, more than the nation's manufacturing workers' total wage bill. The reduction in internal interest rates, led off by Manufacturers Hanover Bank, with the approval of the Fed, is also part of this pattern.

Though Volcker recently reported that he "was in the

middle,” on the question of hyperinflation versus deflation, he has repeatedly made it known, since the eruption of the Ibero-American debt crisis in August of 1982, that he would “float the banking system into the sunset on a sea of liquidity,” rather than let the banking system succumb to collapse.

Meanwhile, the debt-bloated sectors that still represent the productive economy, are under the deflationary pressure to liquidate assets in order to pay their outstanding debt obligations.

With more and more paper, chasing fewer and fewer tangible assets, the process Volcker and his friends at the International Monetary Fund have set into motion, will soon tend to transform itself into a self-feeding collapse.

### **The liquidation pattern**

The liquidation pattern is typified by developments in the oil and gas industry, and also in steel. Atlantic Richfield led the way for the energy sector, when, at the end of April, the company announced that it was divesting itself of its Eastern refining and related operations, and shifting in entirety to the West Coast. Phillips Petroleum, from headquarters in Bartlesville, Oklahoma, then announced plans to sell off assets, and offer early retirement to 10% of the company’s workforce. Assets to be sold include oil fields in California, fertilizer, chemical, and natural gas plants in North Dakota, coal facilities in Britain, the corporate office building in Denver, and real-estate holdings in the Houston area. Texaco has also announced plans to sell off its non-oil operations.

Meanwhile, in the Texas and Louisiana Gulf Coast area there is a spreading wave of bankruptcy liquidations of oil and gas industry companies, and their equipment suppliers.

The Phillips case typifies the pattern. The company had run up a debt bill of approximately \$14 billion fighting off two successive takeover bids over the past year. The assets offered for sale amount to nearly \$2 billion, roughly the cost of service and amortization of the debt.

A similar pattern has hit the steel industry, with Wheeling-Pittsburgh filing for Chapter 11 protection under bankruptcy law, and Inland Steel and Hannah Mining, selling off iron ore and related assets in order to cover their debt bill.

Pundit Robert Crandall, steel expert for the Democrats at the Brookings Institution, stated on the April 16 edition of the televised McNeil-Lehrer Report: “Well, that’s one of the fallacies of the current policy prescriptions for the steel industry, namely, that they must reinvest large amounts of money in order to become efficient. The equipment that they have to buy is so expensive that they can’t afford to amortize and operate it after they invest in it. . . . The larger older companies are going to have to shrink by somewhere between 40-50% by the end of the century.”

Under the recipe he considers “successful,” the U.S. steel industry would be reduced in scale to that of a power of the third class, less in capacity than West Germany.

Equally radical measures have been proposed for the

nation’s railroad systems, now convulsed by mergers, as in the case of Union Trunk and Canadian National, or takeovers, as in the case of Conrail, or doubts about continued federal funding, as in the case of Amtrak. On April 29, David Stockman testified to the sub-committee on Surface Transportation of the Senate Committee on Commerce, Science and Transportation: “There are few programs that I can think of,” he said, “that rank lower than Amtrak in terms of the good they do, the purpose they serve, and the national need they respond to. If we don’t have the courage, the foresight, the comprehension of our problem, that is sufficient enough to get rid of Amtrak, I don’t think we’re going to shave much off the budget at all.”

### **National bankruptcy reorganization**

Under this kind of policy thinking, this year may be the last for the United States, as we have known it. The reality fueling the liquidation wave, is that the United States must pay service and amortization charges on nearly \$7 trillion worth of debt this year. The amount due, nominally, has been estimated at about \$2 trillion, or \$500 billion every three months, more than the country produces in a year.

The pump priming by the Fed, the liquidation of assets by productive industry, are both fueled by the effort to keep this apparently sacrosanct debt bubble afloat. It cannot be done. The level of usury required to maintain, even the pretense, that the identified amount of debt is being serviced as required, will break the back of the national economy, and nation.

This result may be joyously awaited, by Marshal Ogarov, Mikhail Gorbachov, and the KGB’s North America expert, Georgii Arbatov, who already consider the United States a second-rate power, that has doomed itself to virtual extinction by the folly permitted, and tolerated, in its economic policy.

The nation, and its monetary system, thanks in large part to Paul Volcker personally, and his friends at the International Monetary Fund, is technically bankrupt. Like any bankrupt corporation, there will have to be a bankruptcy reorganization. The question is, on whose terms will that bankruptcy reorganization take place?

Volcker, acting with and on behalf of the financial institutions represented by the International Monetary Fund, has made it clear, that he intends the Federal Reserve to emerge as the de facto ruling power of a reorganized United States, as the instrument for the policy of a combination of foreign central and money-center banks.

Nations, including especially the United States, have powers available to their executive agencies, which are far broader than those pertaining to even the largest of individual corporations. Judicious use of those powers, under conditions of the emerging, deepening crisis, can provide an alternative, before the chain reaction, portended by the emerging liquidation crisis, fully hits.

# Communists: 'IMF works for us'

In its May 1, 1985 issue, the weekly magazine *Jeune Afrique*, published the following brief item: "Fidel Castro no longer wishes to export revolution in other Latin American countries, according to the Financial Times. He no longer even believes in the virtues of Marxism-Leninism. Moreover, the Cuban leader recently confided to one of his visitors: 'The International Monetary Fund alone still inspires confidence in me. It is the IMF that will realize all my plans.'"

The "visitor" in whom Castro was confiding his estimation that the IMF itself will export revolution throughout Latin America, it turns out, was not just one person, but several officials of various Latin American governments passing through Havana in the course of their duties, since mid-March of this year. During that period, the Soviet government initially, and afterwards the Soviet Academy's Latin American Institute, started aiming their propagandistic arrows against the International Monetary Fund's policies in Latin America. Subsequent to this Soviet initiative, Fidel Castro himself joined in this pious condemnation of IMF policies. Later in April, he gave a long, rambling interview in which, among his sundry condemnations of the IMF's debt collection policies, he also made certain apparently reasonable proposals for debt reorganization.

According to the Mexico City newspaper *Excelsior* of May 11, when the communist parties of Ibero-America gathered in Moscow as part of the Russian celebrations of the 40th anniversary of the defeat of Hitler's Nazism, they met to discuss the question of foreign debt.

Athos Fava, the General Secretary of the Communist Party of Argentina, reported that those present were in general agreement with Fidel Castro. "We are in favor of achieving a moratorium for 10 years at least," he is reported to have said, "due to the fact that our peoples need a breathing space which will permit them to conceive a way out of the galloping crisis, which is at the point of bringing down a catastrophe south of the Rio Bravo [Rio Grande]."

But the Communist Party leaders were doing more than echo Fidel Castro. Fava said he was told personally by Mikhail Gorbachov, General Secretary of the Communist Party of the Soviet Union, that the Soviets will back all kinds of initiatives coming from Latin America which tend toward a debt moratorium on the foreign debt.

Why have the Soviet Union and Fidel Castro decided to

launch an anti-IMF campaign in spring 1985? Why not in 1945, or in 1971, or in 1979, or in 1982, all remarkable years of imperialist policy initiatives by the IMF? Very simple: Moscow, and Fidel Castro in his own way, started the simulated attacks against the IMF only after they were assured that the financial coup d'état of Donald Regan and James Baker had succeeded in Washington, and only after they became reasonably reassured that President Reagan, for the time being at least, is locked into going along with the IMF's genocidal policies. The turning point was the April 16 IMF interim committee meeting, where Treasury Secretary James Baker announced that U.S. budget is now "under IMF surveillance."

It was in his May 9 anniversary speech that Gorbachov announced that the Soviet Union has become the world's leading economic power.

Back in December of 1984, at a Soviet Communist Party ideological conference, Gorbachov asserted that world hegemony in the next millennium would fall to the Soviet Union. He said that over the next years, the Soviet Union would become the world's number-one economic power. In the last months, this triumphalism has been echoed by Marshal Ogarkov, the commander in chief of the western Soviet military front. And also by Georgii Arbatov, the KGB official responsible for North America, who, during his latest visit to these shores, told U.S. congressmen, that the United States was no longer in a position to dictate anything to anyone. He bluntly asserted that the economic collapse of the United States has rendered it a second-rate power.

The pious communist polemics against IMF policies are a fraud: Moscow is carrying out, in Ethiopia, Mozambique, and Afghanistan, systematic policies of genocide which rival those of the IMF in ruthlessness and intensity. If the communists were against the IMF's genocide in the Third World, they would have offered at least a sample of alternative policy somewhere. Moscow's only dispute with the IMF is that Moscow wishes the genocide to be administered by political cliques friendly to Moscow.

It just so happens that the IMF's policies of economic mass murder invariably create chaotic political destabilizations in their wake, which make pro-communist political takeovers all the easier. That is why Moscow waited until the IMF policies were well entrenched before launching its "anti-IMF" propaganda. The Soviets' public anti-IMF protestations are invariably accompanied by smug private comments, such as Fidel Castro's above, to the effect that "the IMF is exporting revolution" for them.

Their claim is not without merit. Evidence is accumulating that the IMF and World Bank bureaucracy is deliberately inviting communist political advances with its policies of "conditionalities."

For example, for what other reason should the IMF have imposed on the United States, the "conditionality" of severely cutting the U.S. defense budget—an IMF policy not yet protested by either Moscow or Fidel Castro?



# South Americans tell KGB Democrats: Democracy needs economic progress

by Dolia Estévez-Pettingell

Thirty-four representatives from ten South American nations were invited, all expenses paid, to the U.S. capital on May 7-11 for a three day "historic" conference sponsored by the National Democratic Institute for International Affairs led by Charles Manatt, the former chairman of the Democratic National Committee.

Aimed at "educating" the South American leaders on the wonders of the U.S. two-party system, the NDI-sponsored conference was not planned to discuss real issues. They were to be trained in party fundraising, "electoral polling" techniques and, above all, the need for party-affiliated "foundations"—such as the Democratic Party's NDI. The idea was to get into the South Americans' heads that democratic electoral processes have nothing to do with economic development.

The South Americans, however, were far from buying the gimmick. "Our children and our blood is all we have left to export," the governor of Rio de Janeiro, Brazil, Lionel Brizola told them as he demanded in the name of the South American political leaders present that the International Monetary Fund stop looting South America to collect the international bankers' debt. The message: There is no basis for "democracy" with a starving population.

To the astonishment of Manatt and the conference moderator, Jimmy Carter's ambassador to Venezuela and New York Council on Foreign Relations member Viron Vaky, the party leaders from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela, described one by one the inhuman conditions that their people are going through due to the IMF's policies, backed by the Carter gang and now the Reagan administration. They let their American hosts know the dilemma of wanting to stay friends of the United States when this has become almost impossible, as the Ibero-American population identifies the IMF with the United States. Their concern drew no response. Some Ibero-American leaders wondered if Manatt and his friends are not really communists, working for the enemy.

"The IMF is turning Latin America into an open season where not only one, but 20 Nicaraguas, 20 Cubas could emerge," Ecuador's Democratic Left Party leader Alejandro Carrión told *EIR*. "The IMF policies are so horrible and radical that they can be compared to the effects of a nuclear



NSIPS/Stuart Lewis

*Charles Manatt's new institute invited South American leaders to Washington for a lecture on "democracy," but when participants demanded a discussion of the debt crisis, the microphone was turned off! Manatt is shown here at a 1984 Democratic National Committee fundraiser.*

bomb." The conference was behind closed doors. No journalists or "outsiders" were allowed in.

## Cold-blooded demands

IMF economist William Cline's "International Debt: from Crisis to Adjustment" keynote speech, set the confrontationist tone. "One would almost think that Professor Cline's diatribe was aimed to be a provocation," one South American participant commented.

Cline scolded the South Americans for not showing enough "political will" to overcome their countries' "internal crisis" since, he argued, the "external problems are now over." "For the sake of your own political-economic stability," he said, you must "comply" with the IMF "adjustment

programs.” “Without an IMF program in place,” he said, “the carefully constructed package of bank financing and rescheduling cannot move forward, because the banks have learned to rely on the IMF as the guarantor of reliable country policies.” Cline referred to how Argentina and Brazil are currently “under suspension under their IMF programs.”

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*“Our children and our blood is all we have left to export,” the governor of Rio de Janeiro told them, as he demanded that the IMF stop looting South America to pay the international bankers’ debt.*

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His remarks created an uproar. Chile’s Christian Democratic opposition leader Gabriel Valdéz, in the name of the rest, told Cline bluntly that his proposals would throw the continent as a whole into “social explosion.” The population has already gone beyond the limit of tolerance, he explained.

Other scheduled speakers, such as Senators Daniel Moynihan and Dodd, were not any better. “They [the Americans] seem to be flying in the sky,” a South American commented. “They definitely do not have their feet on the ground,” he added, referring to the absolute ignorance and racist indifference shown by the NDI crowd toward Ibero-America’s desperate situation.

### **Uproar over two ‘final documents’**

In the last day of the conference, disagreements between the two parties came into the open as NDI organizers prepared to ram through a “final document.” The statement endorsed “human rights” and “democracy.”

The representative of Argentina’s Peronist Party, Ruben Contesti, came prepared with a different “final document” reflecting the Ibero-Americans’ views. It called for the continent’s “integration and unity” as the only way to achieve the “realization of people with one same destiny.” It called for facing foreign creditors “jointly” and encouraged governments not to accept “formulas” like those of the IMF, that attack nations. It condemned the U.S. embargo on Nicaragua and defended Argentina’s right to the Malvinas Islands in the South Atlantic, currently under British colonial domination. The declaration was soon signed by representatives of 90% of the parties.

Venezuela’s AD leader, former ambassador to the U.S. Enrique Tejera Paris, was the only one that made a point of not signing the Ibero-American declaration on the basis that “it could hurt our friends from the Democratic Party.” Tejera is not only very close to Manatt, but is known to be part of

KGB-run German Social Democratic leader Willy Brandt’s intimate circles.

The press conference scheduled to release the final statement and brief the press on the meeting’s achievements, was delayed by two hours. Finally, in a chaotic press conference, Vaky went to great pains to explain why there were two different documents. Several South American leaders took the microphone to explain how, in their view, the conference was a failure because their organizers refused to deal with the main problems preventing democracy from consolidating in Ibero-America.

To guarantee that an official final document would be issued, Manatt and his cabal were forced to concede to the Ibero-American demand that the debt problem be included in the otherwise insignificant statement.

“The debt is more than anything a political problem,” the Manatt-approved document reads, “and requires an international collective solution under sponsorship of the countries.” “Any postponement in the acceptance of these criteria, will, in our view, lead to unforeseeable negative consequences with grave political and social repercussions.”

## **The dissenting statement**

*The following text, translated from Spanish, is the dissenting statement signed by the majority of delegates to the NDI conference in Washington on May 10. Presented as the alternative to the Manatt-approved document, it was regarded as more accurately representing their views by most of the South Americans present.*

### **Latin American unity:**

- We pledge to defend the idea of Latin American integration and unity because it is the unrenounceable path to our full realization as a people with a common destiny.

### **Self-determination:**

- We reject any attempt that, under any excuse, tries to intervene into the internal life of any Latin American nation, and we defend the right to self-determination of peoples.

### **Embargo:**

- We reject the economic embargo of our fraternal people of Nicaragua. We affirm that the Contadora way is the Latin American solution for peace and progress.

### **Malvinas:**

- We express our repudiation of all attempts to perpetuate any colonial enclave and, faithful to our peoples’ will, we reiterate our solidarity with the Argentine Republic for the sovereignty of the Malvinas Islands, a cause which we assume as a commitment of all of Latin America. We reject, as an offense to the security and peace of Latin America, the installation of a NATO base in the South Atlantic.

## Debt:

- The foreign debt is a common Latin American cause, and as such, its treatment and resolution calls for joint work by all of Latin America, the governments of which must not accept formulas which offend the peace and development of our peoples.

- We understand democracy in its integral form where the political democracy expressed in respect for the people's will to make their own governing forms and rulers, must be joined by the contents of national independence and social justice, without which all democracy is weak and runs the risk of disappearing. *Democracy* is the only way to achieve the happiness of our peoples and the greatness of our nation.

- We reaffirm our defense, unrestricted and without concessions, of human rights, both individual and social, and we condemn their violation under whatever form or pretext, pledging ourselves to denounce [such violations], wherever they occur.

- We are in solidarity with all political parties and trade-union and social movements which are fighting to recover democracy in the countries which, like Chile and Paraguay, continue to be subjugated.

- We condemn as unjust and contrary to the order of world peace, the present international economic system which despoils impoverished countries in favor of the [great] powers, in their insane arms race.

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## Interviews

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### Gen. Morales Bermúdez: 'The problem is life or death for us'

*Gen. Francisco Morales Bermúdez was President of Peru from 1975 to 1979, and was minister of war under Peruvian President Velasco. This interview, and the ones which follow, were conducted by Dolia Pettingell on May 8-10 at the Washington, D.C. meeting, "Democracy in South America."*

**EIR:** In the speech this morning by Dr. Cline, governments were asked for more "political will" to impose programs of greater austerity. What do you think of Cline's statements?

**Morales:** Prof. William Cline has his own ideas. Personally, I absolutely do not share what was laid out by this professor, given that I believe I was listening to a functionary of the International Monetary Fund, and these are tendencies we know exist among economists. I have sometimes noted that these economists want to manipulate something we could call a kind of economic arithmetic, something we find very

linear. They don't want to use geometry—not plane geometry, but solid geometry. Solid geometry is that which sees the entire context of what a country means, which is not just a balanced budget and a positive balance of payments, but it also means unemployment, hunger, people's desperation and some effects which are perhaps not so direct but can cause desperation in people, above all among youth, and can align them into movements including the subversive type such as we have in Peru.

**EIR:** What does Peru want from U.S. policy?

**Morales:** Comprehension. There is no comprehension, not only on the part of the U.S. government but also from the governments of the industrialized countries who are all-powerful members of the IMF. So there are demands that go beyond the permissible.

**EIR:** How do you propose to deal with the problem of the foreign debt?

**Morales:** The party I preside over, the Democratic Front of National Unity, is proposing a long-term restructuring of the debt of at least 17 years, with five years of grace. It is the only formula to free resources on the order of \$1.2 billion per year. Naturally, if we were to spend these freed-up resources in aspects which have also worried people at this conference, such as arms buildups, consumer spending, and not spend on the investments which the country has to make in order to create productive jobs, then we would do badly in a debt restructuring in such conditions. It is therefore a question of restructuring the debt, but together with a coherent economic program which will allow us to create jobs and increase the productive forces in the country, and decrease the social pressure which the country is under right now.

**EIR:** What is the main threat to democracy on the continent?

**Morales:** This point which we have touched on today and which has been almost the center of all the speeches by the different leaders of the political parties—i.e., the foreign debt. A government which lacks the resources to solve the problems of jobs, of food, of education, of family life, is exposed to sharpening internal subversion.

**EIR:** What future do you see for Iberó-American unity, for a joint proposal on the debt problem?

**Morales:** What is missing is political will in the ruling parties—if the ruling parties got together in a kind of, let's not say a syndicate or debtors' club, but established a common, overall position. Because naturally negotiations have to be bilateral, between debtor and creditor, but within a framework of understanding. What is lacking on the part of the industrialized countries and the international entities themselves, is this framework of understanding. They don't seem to understand that the problem is one of life or death for our countries.

## Aristides Calvani: 'Don't kill the goose that lays golden eggs'

*Aristides Calvani is the leader of Venezuela's Christian Democratic Party, the COPEI.*

**EIR:** Do you agree with the view of ex-President [of Venezuela] Herrera Campins that the IMF is the best ally of subversion?

**Calvani:** If you look at the debt problem only as a trade problem, international trade, payment or non-payment, we are committing a serious mistake, because we are missing the overall dimension of this problem. If I comply with payments and force on the person who wants to pay, a profoundly difficult socio-economic situation, I provoke profound crises in the people, and no one knows where these crises will end up. It is an economic error to think that way, because I cannot kill the goose that lays the golden eggs. If I want to be paid, I must allow my debtor to grow and develop, even in the most economic sense. So I cannot impose conditions which cause him to not pay.

**EIR:** Do you believe that within the IMF parameters these economies will be allowed to grow, to give them the possibility to pay in the future?

**Calvani:** One has the impression they are not taking this into consideration as something fundamental, that they put the accent more on payment. The results which are sometimes gotten by tremendous efforts of internal comprehension are considered successes, when they are only temporary things which are, in turn, being converted into a generative cause of social problems. Nor are social problems ever created in 24 hours. They are gradually created and act like the freshets of little rivers, streams which quickly take on enormous volume—suddenly an immense mass of water appears which you don't know where it came from.

## Marcelo Velarde Ortiz: 'Not one Latin country can pay its debt today'

*Mr. Velarde is the vice-presidential candidate of the ruling Nationalist Revolutionary Movement in Bolivia.*

**EIR:** Recently Senator Paula Hawkins proposed in the Senate a bill to suspend the small amount of economic aid still received by the government of President Siles Suazo, until

his government convinces the United States of its political will to fight drug-trafficking. Has this type of economic pressure given any positive results?

**Velarde:** I wish to denounce the fact that we have been, since the democratic government was installed in 1982 in October, constantly sabotaged by the U.S. government. We have negotiated over these three years for more than \$900 million with various international institutions, they are approved, but we have received disbursements of no more than \$90 million. Everything else has been sabotaged or is still waiting. I don't know how the Senator can have viewed this perspective. We had the country which in 1980 was dominated by a coup of drug-traffickers using a Bolivian general named García Meza. For the entire citizenry it is a reality that this was a government run by drug traffickers. After democracy was installed and the Siles government, this did not exist. That we were able to shut down the drug traffic is a reality; but also a great blame goes to the United States, where drugs are worth more every day and every day more and more Americans are involved in the dope mafia. Secondly, of an aid package of \$60 million to fight drugs, the government of Hernán Siles Zuazo only received \$1 million. What are they waiting for?

**EIR:** What will Bolivia propose to face the problem of foreign debt?

**Velarde:** The drama is that with present interest rates, not one Latin American country can deal with paying its debt. President Siles already three years ago was insisting that negotiations between creditors and debtors must be global. They must also warrant a treatment which is not purely technical and economic but political. This is the basis for the survival of the democratic system in all Latin America. We want to tell you, our biggest sister, the United States, that there cannot be democracy with hunger, with social injustice, with children who have no prospects for life. We here together call upon the United States, which is the crux of the Western World, that we must have a serious and responsible negotiation with all the Latin American countries.

## Alejandro Carrión Pérez: 'IMF recipes mean 20 Cubas, 20 Nicaraguas'

*Mr. Carrión is director of international affairs of the Democratic Left party of Ecuador.*

**EIR:** Why is it said that the IMF is the best ally of subversion?

**Carrión:** The IMF recipes are provoking a social chaos which seems not to be understood either by the IMF, nor the great

powers, nor international banking, nor the intermediary financiers. It seems that the IMF prescriptions have to be applied with the coldness of any prescription which is filled out and has to be executed. It is forgotten that the only thing these prescriptions do is provoke more social problems and foment violence. With all the IMF prescriptions, Latin America is being turned into a hotbed where what can appear is not one Nicaragua, or one Cuba, but 20 Nicaraguas and 20 Cubas, and moreover, a total takeover by the extreme left. Because the moment unemployment spreads, the moment misery worsens, and poverty is an issue that creates more of a crisis that it already has, not even the armies with all their military power can silence the people, nor can the great powers with all their interventions correct the great evils they are causing. The IMF prescriptions in their global context are causing a situation so serious and so radical, that they could be called similar to the effects of nuclear bombs. Because they provoke a collective psychosis, they provoke unrest in people and they also provoke responses that can lead to total social, economic, and political disintegration. As a result, what will reign is anarchy and violence, and probably doctrines very alien to those which are being sought, are going to prevail.

**EIR:** What alternative do you propose to the IMF recipes?  
**Carrión:** The Quito Charter, the Cartagena meeting, the meeting in Santo Domingo made proposals. A first proposal is that of the Latin American peoples working together, with the clarification that it is not a debtors' club, because we want to pay the debt, despite the financial conditions and the high financial cost which is unsuitable and unacceptable, imposed by holders of the money. But we hope that this will be a multilateral arrangement. Hence the success of this afternoon's statement in which the problem is presented as a political problem, breaking with the concept of mere negotiations. In this ordering of things, a moratorium can also be proposed: a negotiated moratorium, of course, which permits economic recovery. A moratorium of a decade would be enough to get us into shape to pay, and not worsen the social and economic situation.

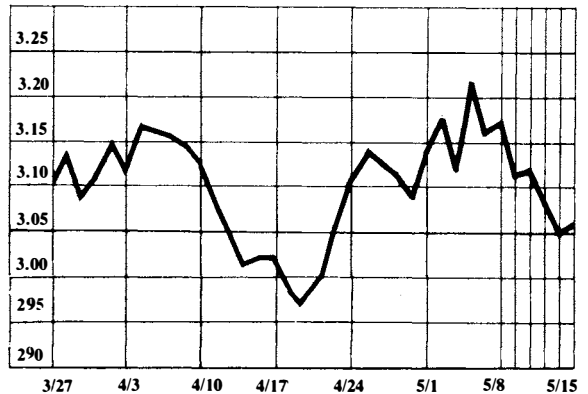
**EIR:** There are nations in the continent which have been considered by the World Bank as the "fourth world." Do you believe that such nations will be able to pay the debt, even under the softer terms you propose?

**Carrión:** There are cases like the Bolivian case, the Peruvian case and others where it seems that something will definitely have to be done to arrive at forgiveness of the debts in the context of the need for reordering the world economy. Enough profit has already been drawn from the relation between the money holders and these debtor countries. At the moment what has to be accepted are new kinds of economic bases, so that everything can survive. If this does not happen, we will witness a general collapse of the capitalist system.

# Currency Rates

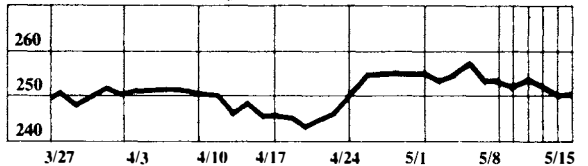
## The dollar in deutschemarks

New York late afternoon fixing



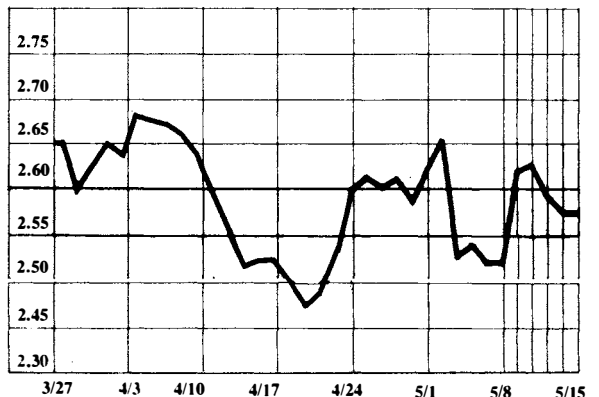
## The dollar in yen

New York late afternoon fixing



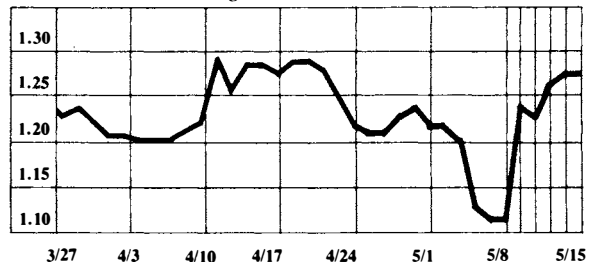
## The dollar in Swiss francs

New York late afternoon fixing



## The British pound in dollars

New York late afternoon fixing



# Blast furnace technology: A case study

Robert Gallagher shows how economic development is the history of distinct species of action, as LaRouche argues.

In northern New Jersey, there exists a monument of sorts, to the principles of the LaRouche-Riemann economic model. Any nearby state park ranger can give directions to the Longpond Iron Works, the decaying ruin of a mid-19th-century iron mill, along the Wanaque River. In an effort to compete with the more advanced anthracite-coal-fired mills of Pennsylvania, the firm's owners attempted to extend the backward technology of the water-wheel-powered and charcoal-fired blast furnace, beyond its range of effective action. As a result, they went bankrupt.

One encounters, in this Civil War-era industrial park, a kind of pyramid: a huge brick housing for a water wheel, 150 feet in diameter, intended to provide power for the air blast for two blast furnaces. The housing is so wide that a Mack truck could drive through it. Behind this structure, the proprietors constructed a canal, 4 feet deep and 15 feet broad, that runs for a distance of over a mile, to redirect the water of a nearby river, to power the water wheel. The huge wheel itself was never installed; the owners went out of business; the obsolete equipment was never used.

At that time, the U.S. iron industry was undergoing a *phase change*, deliberately created by the Philadelphia patriots, Nicholas and Thomas Biddle, to make the nation independent of the British iron industry. The new anthracite furnaces, products of the Biddles' dirigist intervention, existed in a different *phase space* of labor productivity and energy density, than the obsolete charcoal furnaces. The pathetic owners of Longpond could compete with Biddle's project about as well as the Egyptians could have reached the moon, using the level of technology which built pyramids.

Prior to the Biddles' intervention, the U.S. iron and steel industry was in crisis. In 1837 and 1838, the nation imported a total of \$24 million in iron and steel products, primarily from the British. Were the supply available, this sum could have commanded, in each year, 292,000 tons of American iron, an amount 50% greater than total annual U.S. iron shipments at that time. America was dependent on British rails to build railroads. And northern patriots knew, on which side the British would stand, in the inevitable conflict with the South.

From colonial days to 1839, American iron production had been based on the antiquated charcoal-fueled blast fur-

nace. These machines originally sprang up all over the colonies on farms and plantations, as an adjunct to agriculture, to produce implements. (George Washington's father owned one such furnace on his plantation.) But due to the low energy-flux-density through the furnace, productivity was rock-bottom and their scale of production could not practically be extended. The scarcity and high cost of charcoal, produced in a manual process from wood, made such extension of scale prohibitively expensive.

Though Pennsylvania was rich with anthracite coal, the energy densities achievable with the old techniques made use of anthracite in them impossible. In 1838, Nicholas Biddle offered the prize of \$5,000 to the first person, who could sustain operation of a blast furnace fueled with anthracite, for at least three months. He added: "Old Pennsylvania has plenty of coal to warm her friends and can also make plenty of iron to cool her enemies." By the end of 1839, William Lyman's *Pioneer* furnace won the race: He heated the air of the blast to 600 degrees Fahrenheit, to achieve the energy density required to fire his furnace with anthracite coal. Thomas Biddle announced that the event represented "our second Declaration of Independence."

Anthracite-fired blast furnaces sprung up throughout the region near Pennsylvania's anthracite mines, made America independent of British iron, and helped defeat the South. With an energy flux-density twice that of the charcoal furnaces, labor productivity more than doubled, and the power available to the furnace operative, the output per unit of energy consumption, leaped four-fold. The metrical characteristics of the iron industry, the metrics of "man-hour," of "energy," underwent an abrupt, discontinuous shift forward. As Lyndon H. LaRouche, Jr. recently wrote (see *EIR*, May 14, 1985):

When a true singularity, such as the indicated sort of discontinuity, is generated within an efficiently continuous process, that determines an alteration of the metrical characteristics of the local (or larger) physical space-time of the process affected. The characteristic action of the continuous function continues to operate, but the action occurs in a physical space-time whose metrical characteristics have been altered. . . .

The hyperbolic step functions shown in **Figure 1** illustrate these concepts. The figure is a plot of productivity (measured in tons of iron output per worker per year) as a function of the energy flux through a horizontal cross-sectional area of the furnace per unit time. The first hyperbolic curve shows this relationship for charcoal furnaces; the second, for anthracite furnaces; the remainder represent phase changes produced by further technology transformations.

LaRouche continues:

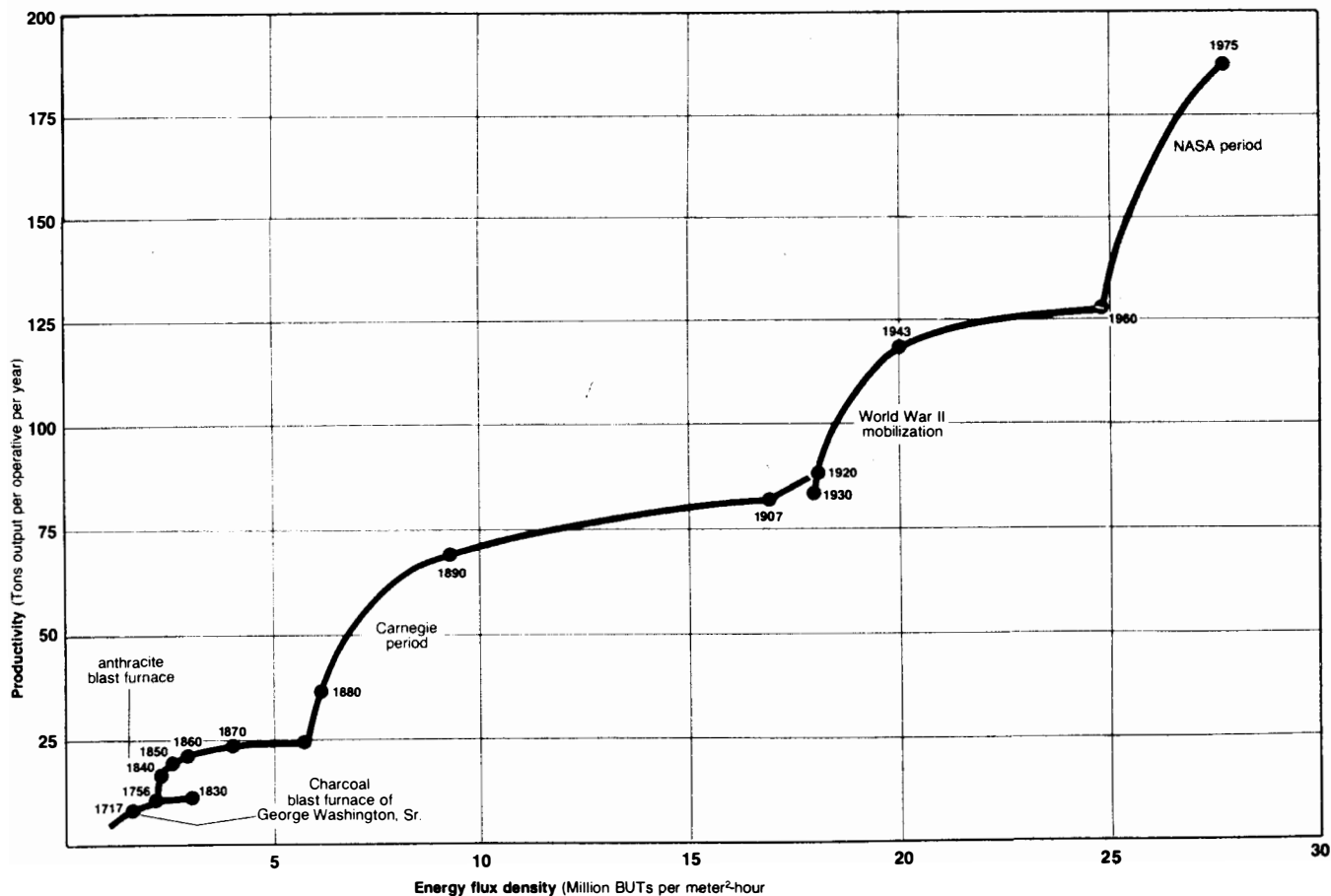
In the sort of idealized economic process, which we have portrayed, at the flaring mouth of the hyperbola, a new hyperbolic curving, in an altered “economic physical space-time,” begins. The second curve flares into a discontinuity, as did the first, with an analogous continuation of the function. And, so forth and so on. Relative to the time-axis, the interval between these discontinuities becomes shorter.

Were dates written in on Figure 1 for the individual data points, they would show the increasing density of these discontinuities. The development of the charcoal-fueled blast furnace occurred over a 100 to 200 year period; that of the anthracite furnace, over a 40-year period (1830-70); the first phase of furnaces fueled by coke, over 30 years (1870-1900); the phase produced by the World War II mobilization, over 20 years (1940-60); and the phase associated with computerization during the Apollo program over only 10 years (1960-70).

### The Carnegie era

The victory of the North in the Civil War set the stage for the superseding of the Biddle anthracite furnace with the tremendous developments in American iron and steel associated with the name of Andrew Carnegie. Having no respect for budgetary economics, Carnegie tore down old furnaces and replaced them with more advanced ones, as fast as he

Figure 1.  
**How technology elevated the power of labor in blast furnaces (1700-1974)**



Productivity (iron output per worker per year) jumps with the introduction of new technologies as measured by energy flux density (EFD) in blast furnaces. The graph shows a series of hyperbolic relationships between the two parameters, one hyperbola for each of the following blast furnace types: charcoal fueled, anthracite-coal fueled, the coke-fueled furnaces built by Andrew Carnegie, the World War II period, and the period of the rocket program. EFD data measures total energy passing through a cross-section of the bosh of a blast furnace.

Source: Fusion Energy Foundation.

could apply new technology. The technological basis of the Carnegie “boom” in steel productivity (the third step function in Figure 1) was several-fold:

- 1) The invention of cooked bituminous coal (“coke”) as the reductant of iron ore;
- 2) The use of steam engines, and eventually electricity, to lift materials and load them into blast furnaces; and
- 3) The use of a blast super-heated to 900 degrees F. and injected at high pressures.

The high energy flux densities achievable with these methods enabled the redesign of the hydrodynamic lines of the blast furnace, that determine the rate of descent of the ore, coke, and limestone, and, consequently, the rate of the reduction of the ore. In 1870, a furnace’s interior had the shape of a bottle turned upside down, with a constricting throat above the hearth, the locus of the highest temperature, to slow the rate of descent, since furnaces were not able to reduce ore as fast as the material could fall. By 1907, typical furnace lines approximated a cylinder. In the course of these transformations, productivity went through the roof, until U.S. Steel bought out Carnegie around the turn of the century.

### Species of ‘energy’

Figure 1, however, does not adequately represent the phase changes, from one mode of ore reduction to another, nor the real time scale on which they occurred. To show this, it is necessary to display the data of Figure 1 in a way that represents the self-similar nature of economic growth and the transfinite succession of species of “man-hour” (productivity) and “energy” (reducing power, output per unit energy consumption). The man-hour of the skilled operative in a modern blast furnace is of a different *order* from that of the laborer who operated charcoal furnaces or other less advanced types. They are distinct *species* of labor. **Table II** shows this from one standpoint, by displaying the jumps in the productivity of labor with distinct furnace technologies.

Secondly, energy consumed in industrial processes is not homogeneous. The value of energy and the ability to perform work with it, are determined by technology. Available developed technology determines what is energy and what is not. Prior to Biddle’s initiative, anthracite coal was not energy for blast furnaces; practically speaking, for blast furnaces, it was indistinguishable from rock. Because its value is truly determined by technology, energy cannot really be measured by calories or British Thermal Units; it does not have a heat content in any general sense. If it did, then the consumption of a given quantity of calories by machines of different species of technology, could, generally speaking, coincide with the performance of an equal amount of work, and different forms of energy would be interchangeable among distinct species of machines.

**Table I** shows how ridiculous this conventional Helmholtzian notion of energy is. Per unit of “heat,” modern blast furnaces produce 20 times more iron than the charcoal furnaces of the 18th century. Accordingly, charcoal furnaces

Table 1.

### The power of technology

Blast furnace type	Tons output per billion BTUs
Charcoal era	4
Anthracite era	16
Carnegie era	45
WWII era	75
Space era	80

Jumps in the power of the blast-furnace operative to perform work actually show the change in the metric of “energy” with changes in technology. The table shows tons output of iron per unit of energy consumption (in British thermal units) by blast-furnace type.

Source: Fusion Energy Foundation

Table 2.

### The power of labor

Blast furnace type	Tons annual output per operative	Representative year
Charcoal era	10	1830
Anthracite era	21	1860
Carnegie era	70	1900
World War II era	120	1950
Space era	183	1970
Carter era	174	1980
Reagan era	148	1982

The jumps in the annual blast furnace output per worker per year shows the change in the metric of “man-hour” with changes in technology.

Source: Fusion Energy Foundation. (Figures for work force are “Primary Iron and Steel Wage Earners” in: U.S. Bureau of Census, *Historical Statistics of the United States*, and *Statistical Abstract of the United States*, various years.)

broke down when operators tried to substitute anthracite coal for charcoal without otherwise raising the energy density of the furnace. A modern furnace “fueled” with charcoal would grind to a halt.

In **Figure 2**, we attempt to show this succession of species, these discontinuities in the metrics of “man-hour” and “energy” by overlaying distinct axes of energy flux density for distinct regimes of technology. This shows the progression of reducing power over time along a vertical axis of increasing labor productivity. Since development is always self-similar within a given technological regime, *all axes are logarithmic*. The result is a series of hyperbolae of increasing density. (Due to insufficient data, it was not possible to plot in Figure 1, the step function in productivity and energy flux density that resulted from the introduction of raw bituminous coal in furnaces in the Midwest just after the Civil War. A hyperbola for this regime is sketched in Figure 2 between the curves for anthracite and the Carnegie period.) Figure 2 begins to get at what LaRouche has termed “triply self-reflective, conic, self-similar spiral action”:



The growth of per-capita potential relative population density, generates a bell-mouthed horn, whose side-view cross-section describes an hyperbolic curve, seeming to zoom off into Cartesian "infinity." The central axis of that horn represents a uniform time-scale.

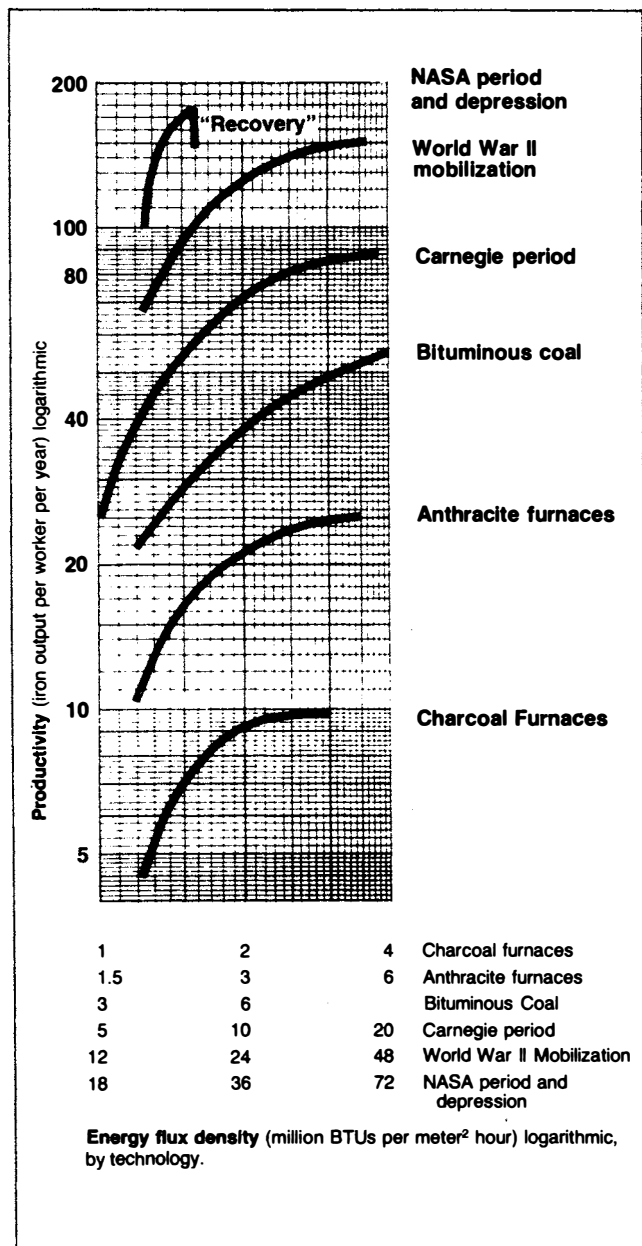
### The crisis in steel today

Not surprisingly, no development of significance, aside from decline, occurred through World War I and the Great Depression. In 1930, productivity was lower than in 1910 and the average energy flux-density of furnaces had remained approximately the same. The World War II mobilization reversed this trend, and took U.S. iron production into yet another phase-space lasting until 1960. The mobilization forced through further improvements in furnace design and operation along the lines begun by Carnegie. The replacement of raw ore in the furnace with treated, concentrated iron ore agglomerates, and the use of pure oxygen in the blast, produced a leap in furnace throughput and energy flux density that boosted productivity in the war and postwar years. In the 1960s, productivity took another leap with the widespread computerization of blast furnace operations. Since 1974, as is indicated in Table II, the industry has collapsed.

There are two reasons for this collapse. One is the post-1972 abandoning of technologically vectored economic growth in the United States. However, the increasing density of species transformations in basic industry, indicated in Figure 2, points to another problem facing economic development for all advanced sector nations, including Japan. The next great phase of economic development will likely require the creation of a new genus of reducing power, transcending even the impressive achievements of the Japanese industry, transcending the mere chemical-based reducing power that characterizes the entire succession of species of blast furnace technology developed to date. The obvious candidate for such an industrial process is the fusion torch, the reduction of ores in the plasma state to directly refine purified metals and other materials. Such a further transformation in man's reducing power, is the only human solution to the so-called population problem of the developing nations. To quote LaRouche:

Whereas a primitive form of human society is capable of sustaining a worldwide population of not more than approximately 10 million individuals, there exist nearly 5 billion today. This growth in the potential relative population density of the human species, by nearly three orders of magnitude, is the most characteristic distinction of the human form from all inferior species. No lower species could willfully increase its potential relative population density by a single order of magnitude. No lower species can willfully improve its day-to-day behavior by aid of advances in scientific and related knowledge.

Figure 2. Increasing density of technology transformations with economic development



The figure (at right) represents the data of Figure 1 in the form of a transfinite progression of species of reducing power, a series of increasingly dense transformations in the power of labor. To show the changes in the metric of "energy," there are six distinct logarithmic axes for "energy flux density" (million BTUs per meter-squared hour), one for each species of energy. Table I justifies this overlaying of energy flux density scales. It shows that the "energy" used by distinct technologies is incommensurable. The vertical axis represents time, measured in the development of the power of labor (iron output per worker, in tons). All axes are logarithmic to represent the self-similar nature of development.

Source: Fusion Energy Foundation.

# The 'xraser' comes to the laboratory

by Charles B. Stevens

The most important message from the meeting on "Lasers and Particle Beams for Fusion and Strategic Defense," held at the University of Rochester April 17-19, is that "xrasers" (x-ray lasers) have come to the laboratory, to stay. While this topic was not the focus of the conference, important new insights on how xrasers can be developed and improved, emerged during informal poster sessions held as part of a tour of the University of Rochester Laboratory for Laser Energetics (LLE).

Last fall, fusion scientists from Lawrence Livermore National Laboratory in California and Princeton Plasma Physics Laboratory in New Jersey announced that they had demonstrated the physical conditions needed to construct x-ray lasers in the laboratory for the first time. They had achieved a five-fold increase in the electromagnetic frequency of lasers. In terms of the application to science and industry, the potential impact of this is to be measured in orders of magnitude. More general considerations show that bringing x-ray lasers into the lab will profoundly affect every aspect of science and technology.

For example, to date, living processes on a microscopic scale have been opaque to human observation. X-ray laser microholography will make it possible for the first time to see the dynamics of living processes on an atomic scale—in terms of both spatial and temporal scales. Similarly, the atom itself is opaque; atomic processes must be inferred from observations of the effects of atomic transformations on other materials. The x-ray laser will permit the coherent probing of the atom for the first time. Since all forms of human physical economy are currently based on, or mediated by, living processes and/or atomic/chemical transformations, the x-ray laser will provide a unique tool to revolutionize the full range of current scientific and technological practice.

### The Livermore selenium x-ray laser

At the fall meeting of the American Physical Society Plasma Physics Division, scientists from Lawrence Livermore National Laboratory reported the first unambiguous measurement of amplified spontaneous emission of x-rays obtained in a scientific laboratory. The configuration utilized consisted of irradiating a thin, metal foil with a concentrated beam of ultraviolet laser light. The ultraviolet laser pulse

transformed the thin foil into an expanding plasma. Collisions between free, plasma electrons and ions produced inner orbital excited states that support x-rasing. When the expanding plasma—and this was the trick—reached a specified density and temperature, which determine the ion-electron plasma collision rate, x-ray lasing was generated.

One of the major experimental difficulties involved was that this density-temperature condition had to be generated uniformly throughout a length-wise region of the expanding foil plasma and maintained over a sufficient period of time to permit the emergence of the x-ray laser beam.

Lasing was achieved with foils made from two elements, selenium and yttrium.

### The Princeton x-ray laser

While the Livermore xraser is based on plasma electron pumping, that of Princeton Plasma Physics Lab is based on plasma recombination pumping. In this case, a thin rod of carbon is irradiated by a powerful pulse from a CO<sub>2</sub> 10-micron wavelength laser. The resulting plasma is confined by a powerful magnetic field (on the order of 100,000 Gauss) and consists at first of completely stripped carbon ions and free plasma electrons. The incident laser light is sufficiently powerful to remove all 12 of the carbon atom's electrons. But on a very short time-scale, many of the free electrons will recombine with the completely stripped carbon ions to form lower charged ions. These recombination ions, when formed, constitute excited-state ions capable of x-ray lasing.

Princeton scientists produce carbon plasma columns two to five centimeters in length and held to a one to two millimeter diameter by the 100,000 Gauss magnetic field. A 100-fold increase in the .0182 micron x-ray wavelength is observed.

### Overview

Contrary to the Cassandras who doubted the 1981 reports of Livermore's bomb-pumped xraser, documented laboratory experiments have now demonstrated that xrasers are feasible and, within the coming year, will be made fully operational for laboratory experiments and applications. This is underlined by an xraser applications workshop held by Livermore in February, to which were invited the world's

leading experts in a number of scientific fields that will be affected.

The remaining question is, to what extent and at what rate can x-raser capabilities be proliferated throughout industry and academia? An important determinant of this is how quickly x-rasers can achieve higher outputs and shorter wavelengths.

### **Advanced collisional pumping designs**

A number of suggested improvements to the Livermore expanding plasma foil, collisionally pumped x-raser, intended to make it more efficient, emerged from discussions at Rochester. Inefficiency arises from several factors. First, only a small portion of the expanding plasma lases. Second, most of the incident laser light simply passes through the expanding plasma. Reversing the plasma motion from an outward expansion to an inward implosion could substantially reduce both of these built-in inefficiencies.

For example, instead of irradiation of a plane foil, a foil made into a cylinder could be utilized. If the cylindrical foil could be made to implode in such a way that it achieved the

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## *Bringing x-ray lasers into the laboratory will profoundly affect every aspect of scientific and technological research.*

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required temperature and density when it attained its maximum compression, most of the plasma could lase. Furthermore, this implosion geometry is far better for achieving more efficient optical laser light absorption, since the plasma density increases as it is imploded.

Another improvement suggested at Rochester would consist of utilizing a combination of incoherent soft x-rays and hard line x-ray radiation. In this case, the x-raser foil would be surrounded by a number of other foils. These outer foils would absorb the incident optical laser light and generate various spectrums of x-rays—a sort of x-ray flash lamp. It would be these optical laser-generated, incoherent x-rays that would heat and implode the inner, x-raser foil.

While this general configuration has application to various x-raser pumping methods, its potential can readily be seen in the case of the Livermore collisional x-raser.

First of all, as demonstrated by the Japanese Cannonball laser fusion hohlraum target, configurations already exist for both effectively trapping and converting optical laser light into x-rays.

Second, the steep density gradients produced by efficient, soft x-ray implosion could provide the most efficient assem-

bly of the desired x-rasing plasma. In this case, the plasma implosion would be designed to create a sort of square wave density profile—steep on the edges and flat across the plasma width. As a result, most of the plasma would x-rase. And concomitantly, most of the energy absorbed by this plasma would be going into generating x-ray lasing. Most significantly, it would appear that soft x-rays are the best means of producing this most desirable plasma-density configuration.

Third, a variety of specific hard x-ray line radiations could be generated simultaneously with that of the soft x-ray spectrum. Foil layers acting as filters could further limit and thereby tune the actual hard lines which irradiate the x-raser foil. These hard lines would provide the means of penetrating and heating the interior of the dense, imploded plasma. As a result, the ability to “tune” the plasma temperature within a specific density configuration would be greatly improved.

Fourth, the great symmetry of blackbody x-rays provides the means of producing great uniformity throughout the full dimensions of the imploded plasma column. Along these lines, the x-ray flashlamp provides a ready means of temporally and spatially shaping the energy flux incident upon the imploding x-raser foil. This last capability will become increasingly important as the lengths—and consequently, the gains and total outputs—of x-rasers are increased.

As can be seen from the above, the achievement of plasma conditions required for collisionally pumped x-rasers are primarily determined by carefully arranging the hydrodynamic evolution of an imploded plasma. X-ray flashlamps and blackbody radiation are currently the most effective and versatile means of hydrodynamically imploding matter. And at the same time, the methods and means of predicting the atomic physics side of x-rasing are demonstrably at a very primitive stage of development. Therefore, it is essential that this hydrodynamic capability be most extensively explored in order to provide the experimental base for realizing collisionally pumped x-rasers.

### **Future prospects**

Given the investment of sufficient funds, a wide range of existing facilities will produce operational laboratory x-rasers over the coming year: Lawrence Livermore National Lab's Nova Laser, Japan's Osaka Grekko XII laser, the University of Rochester's Omega laser. Once mastered, the capability could be rapidly expanded to scores of other existing high power laser facilities that exist throughout the world, but operate at about one-tenth the power level of the mainline systems.

Another possibility is to use pulsed power devices, like those used for electron and light ion beam generation. These machines can be readily reconfigured to implode cylindrical foils. Successful x-raser demonstration on this type of machines could increase proliferation by orders of magnitude, since hundreds of them already exist.

## We warned of Maryland crisis

*Paul Volcker plans bank panics nationwide to force the United States into IMF Chapter 11.*

**T**he depositors' panic which started in Ohio in March, and shut down the savings banks in Maryland on May 14, will spread nationally if Federal Reserve Chairman Paul Volcker and the International Monetary Fund (IMF) have their way.

The IMF "troika" in Washington, Volcker, Donald Regan, and Treasury Secretary James Baker III, want to use the panic to put the United States under IMF "surveillance." IMF Director for the United States Ernesto Hernández-Cata, *EIR* reported on Feb. 19, stated flatly that U.S. S&Ls and smaller banks ought to be shut down because they are issuing too much credit to the local economy. "Let the regional banks and S&Ls go down. . . . Let the farm sector banks go down," he said. "We've been supporting them too long." "We can handle one or two more Continental Illinoises," said a Volcker aide, referring to the collapse on May 11, 1984 of the regional bank, as long as "it doesn't threaten the whole system," i.e., threaten Citibank and Chase.

Volcker plans to sell off Americans' savings in the S&Ls to the big Trilateral Commission banks who run drugs: Citibank, Chase Manhattan, First Boston, Chemical Bank, and the other "top 100" money-center banks.

Depositors have only one defense: Turn the panic against the IMF! Pull your money out of Citibank and the other big Trilateral banks instead, and demand that President Reagan pull U.S. taxpayers' \$100 billion plus deposits from the IMF!

*EIR* warned on April 9 that Ohio

was no "isolated case" and named the very S&Ls Volcker had targeted. "Ohio is just the beginning," we wrote. "The draconian regulations by the Fed and Treasury put many other small banks in peril. *Maryland S&Ls* are paying some of the highest rates nationally, in a desperate bid to keep depositors. Merritt Commercial S&L and Old Court S&L are paying the highest rates in the United States. . . . Runs could start at these Maryland S&Ls."

As *EIR* predicted, Volcker caused the Maryland panic when Federal Reserve and FDIC regulators announced harsh crackdowns on Maryland and other state-insured S&Ls, and leaked stories of impending failures to the *Baltimore Sun* May 9. The *Sun* articles caused frightened Maryland savers to pull \$650 million from state S&Ls, beginning with those *EIR* had warned about: Old Court S&L and Merritt Commercial S&L, which lost \$30 million each and had to be shut by the state May 13.

By May 14, runs had closed 10 S&Ls, and caused Gov. Harry Hughes to declare a bank holiday and shut all 102 state-insured S&Ls.

North Carolina, Pennsylvania, and Massachusetts S&LS are under the Fed's gun next. The Ohio-Maryland S&L crisis will set off runs in those states whose S&Ls are not federally insured, at least. "State regulators in these other states are panicking," laughed a former Carter official.

The big Trilateral banks are moving in fast to grab Americans' savings. Citibank Chairman Walter Wriston

told *Fortune* magazine in September 1982 that he planned to move out of the Third World, and into a "robbery" of U.S. savers' deposits. "Willie Sutton said he robbed banks because that's where the money is. I see that \$1.2 trillion (in consumer deposits) out there, and I don't see any number that looks like that anywhere else."

On May 16, Maryland Governor Hughes announced negotiations with Citibank and Chase Manhattan to buy up Old Court and Merritt S&Ls in Baltimore. Hughes has a team of state financial experts "studying the [New York] proposals" and will recommend them. Representatives for Chase and Citibank took over the emergency Maryland legislature hearings May 17 with their "generous" offer to bail out the state S&Ls, since the state treasury can't afford to do so.

Volcker wants to nationalize the entire banking system, was the way one Carter Democrat put it. The nation's 5,000 S&Ls and 14,000 local banks are chaotically giving too much credit to housing and the real economy, Volcker believes. If they can be shut down and depositors' savings moved over to the "top 100" Trilateral Commission banks, then all lending can be controlled by the Fed.

Volcker will crack down on state banks until "he has everything that calls itself a bank in the country under his thumb and they are all in effect nationalized, and regulated tightly like a public utility," said John Mingo, former Carter Treasury official, in an interview May 17. "This crisis of confidence and runs will continue across the country until the public is taught that only things federally guaranteed are safe to put your money in."

"Maryland is the final euthanasia of the state insurance system," Mingo laughed. "Volcker has targeted these states for crackdown."

## Operation Juárez makes headway

*Leaders on the continent are beginning to talk of "harnessing Africa's debt power."*

**T**he policy proposal issued back in April 1982 by *EIR* founder Lyndon H. LaRouche, Jr. and circulated widely in Ibero-America under the title, *Operation Juárez*, that indebted Third World nations must form a "debtors' cartel" to wield the weapon of collective default against international users, is now being talked of in Africa, whose nations are burdened with a foreign debt of \$150 billion, \$97 billion in sub-Saharan Africa.

A three-day meeting begun on May 13 in Nairobi, Kenya, for the first time brought together the IMF leadership and the governors of the 33 African central banks. First reports on the meeting indicated that African representatives were critical of the IMF's conditions. While the governor of the Tanzanian central bank, Mr. C.M. Nyirabu, reportedly regretted the disappearance of the "excellent" relations which used to exist between the IMF and African nations, and phrased things very mildly—IMF conditions were "legitimate," but he doubted their efficacy—according to the Tunisian daily *La Presse*, IMF programs were roundly condemned, and the gathering could only be considered "a failure for the IMF."

Elsewhere, President Denis Sassou-Nguesso of Congo warned that developing countries were being "asphyxiated" by their foreign debt, and told a meeting of the African Development Bank in Brazzaville that Africa was being increasingly pushed to the margin of the world economy.

President Nyerere of Tanzania spoke most directly of the creation of

a debtors' cartel in a speech given in London in March, to the Royal Commonwealth Society. The speech was entitled: "Harnessing Africa's Debt Power."

"The Third World is now blamed for its own poverty. Each country is analyzed separately by international institutions and by political commentators. Its problems are then explained in terms of its socialism, its corruption, the laziness of its people, and such-like alleged national attributes. The fact that virtually all Third World countries, and certainly all the poorest of them, are in the same plight is largely ignored.

"Debts and the very high interest rates are very important among the reasons why Third World countries become desperately short of foreign exchange—which is a self-reinforcing process. A shortage of foreign exchange in the import-dependent modern sector of our economies leads to a shortage of agricultural and industrial inputs, spares, transport, etc., and so to reduced productivity and reduced ability to pay debt service due, or anything else. But high interest rates are only one of the many mechanisms by which the resources transferred to developing countries through aid are all the time countered by the automatic working of the international economy. . . ."

"Should we continue to beg for charity from the ordinary people of the developed countries in order to support the existing international economic and financial structures of the world? The old age pensioner, who

contributes his or her money to succour the hungry in Africa, would not like to know that if Africa did not have to pay billions of dollars in interest to bankers, it would be able to do more for itself.

"If dialogue continues to be refused . . . should the Third World not use the power of its debt to force discussion? When Tanzania—or some other poor country—is simply unable to make due payments . . . it will not shake the international financial system; by itself such a country has no power except to scream and struggle, and keep itself afloat by whatever means it can. But if Africa decides to act as a group, the world's financial system would take note, and if the Third World . . . stood together in seeking better terms, then there would be a real threat to financial stability, and discussions would be held."

Nyerere warned that the current situation could not last. "I cannot see how responsible leaders of the Third World can continue watching their people sink further and further into poverty and misery without any kind of protest against an international system which produces that poverty and misery. When the poor of the South eventually revolt against their condition, it is always their governments which bear the brunt. I do not say that those governments are always blameless. But all of them, good and bad, victims or surrogates, act within the confines of an iniquitous international economic system. Can such a system go on forever?"

The question is whether the nations of these areas can actually unite: The IMF is skilled at offering deals to individual countries to pull them back from unity. If that fails, there is the Henry Kissinger school of diplomacy: Border wars erupt, governments topple, and leaders die.

## Return of the White Plague

*The threat of returning tuberculosis epidemics—thought a thing of the past—is directly related to budget cuts.*

**T**uberculosis, a disease classically associated with poverty and social collapse, is making its anticipated comeback as these conditions continue to spread, in both the underdeveloped and advanced sector. In addition to destitute countries, such as Peru, northern Brazil, and Mexico, TB is breaking out in countries such as France, where 13,000 new cases were reported last year.

In order to appreciate the magnitude of the problem it is necessary to know that tuberculosis is the number one communicable disease killer in the world right now. Approximately one-half of the world's population has been infected by the tuberculosis organism (*Mycobacterium tuberculosis*) and there are at least 20 million active cases worldwide.

Tuberculosis had been declining steadily in the economically developed areas of the world over the last 100 years, and had become predominantly a disease of the urban poor. Recently, the decline has slowed, as a result of imported cases among refugees from poorer countries, such as immigrant workers, and the deteriorating conditions in urban centers in the United States and Europe.

The French cases represent the tip of an iceberg whose true dimensions will rapidly become apparent as the present economic collapse continues to unfold. Even the association of physicians in northern France (Nord-Pas-de-Calais), which warned of "a

dangerous recrudescence of tuberculosis in France," believes that the real number of new TB cases is at least twice the 13,000 reported.

In Peru, whose economy has been totally ravaged by IMF austerity measures, the incidence of tuberculosis is 25 cases per 10,000 population, for a total of 36,000 active cases, accounting for 4,000 deaths a year. These cases are directly related to starvation and worsening living conditions, and the increase in other Ibero-American countries, such as Argentina, points to the spread of such conditions.

The number of infected individuals who develop active disease, and the severity of the disease, is a direct function of the health and nutritional status of the population. The vast majority of people infected by the tubercle bacillus do not develop active disease on their initial exposure, except for children and debilitated elderly people who can manifest a fulminant infection, formerly known as "galloping consumption," which can lead to death in days to weeks. Most tuberculosis represents reactivation of a previous infection as a consequence of decreased immune function. It is the widespread exposure to the organism, affecting approximately half the world's population, which creates the potential for the reemergence of tuberculosis as a mass epidemic.

The component of the immune system responsible for resistance to tuberculosis is the so-called T-cell

system, the same system which is selectively destroyed in AIDS (Acquired Immune Deficiency Syndrome). In addition to being responsible for a number of cases of classical tuberculosis, AIDS is also responsible for infections by other members of the *Mycobacterium* species, which normally do not cause human disease.

Another ominous development is the emergence of drug-resistant strains of tuberculosis. In Asia and Ibero-America only the drug of choice, INH (Isoniazid), is used, rather than the current treatment using four drugs at once. This has led to the development of INH resistant strains of tuberculosis. Among Asians and Mexicans entering the United States, 5% of those with tuberculosis have INH resistant disease. However, in Hidalgo County in Texas, 10-15% of Mexicans with TB have the INH resistant form. In addition, resistance is developing to other drugs.

The reason only INH is used in Asia, rather than four-drug therapy, is *budget cuts*, which have eliminated the ability to buy the other drugs. In Ibero-America, lack of health infrastructure has created a situation in which INH is sold over the counter and used without adequate medical supervision and followup.

As conditions in the United States continue to decline, especially in our decaying urban centers, we are beginning to see an increase in childhood tuberculosis being reported. Even if treated, these children are an ongoing reservoir of the disease, which, combined with imported cases, is setting the stage for a major comeback of TB in the years ahead as the standard of living of the population continues to decline. The significance of the French cases is that *it can happen here*, and will, unless prompt steps are taken to alter present trends in nutrition, sanitation, and health care.

## Food cartels get government handout

*A "PIK plan" for exports is the latest swindle concocted by the USDA and congressional traitors.*

**T**he week of May 13, the U.S. Department of Agriculture and congressional agriculture subcommittees concurred on a blatant swindle—the “food export enhancement” program, otherwise known as the infamous “export PIK.” The program is a giveaway of scarce national food stocks, at the expense of taxpayers, to the international food cartel companies.

According to the details of the plan, announced on May 15 by Agriculture Secretary John Block, \$2 billion worth of government-owned Commodity Credit Corporation (CCC) food stocks will be released to food exporter companies over the next three years, for use as giveaways to sweeten sales deals to certain nations importing U.S. food. Since only seven companies handle the bulk of U.S. grain and major commodity exports (preeminently, Cargill, Inc., Continental Co., Bunge, Louis Dreyfus, and André), the giveaway program is a direct boon to the international food cartel. Nothing is written into the program for farmers, who, under the government rhetoric, are supposed to gain by virtue of the expanding food exports.

Block justified this plan in terms of need to counter subsidized agriculture exports from other nations, and in terms of the need to reduce “surplus” food stocks in the United States. Both conditions are myths of the media and the food cartels.

For example, one of the often cited major competitors of the United States for grain markets in Egypt and North Africa, is France, the nation the USDA

most attacks as having subsidized exports. However, the bulk of the grain exports of France are handled by the same companies monopolizing U.S. grain exports. Either way—whether Egypt buys flour from France or the United States—Cargill, Inc. wins, and both French and U.S. farmers lose.

The USDA’s so-called proof of huge surplus grain stocks in the U.S. is the empty logic that since the annual tonnage of U.S. food exports has fallen since the peak of 1980, there must be large surpluses. The official USDA figures given show a drop from over 160 million metric tons exported in 1980, to an annual rate of about 143 million metric tons this year. However, national harvests and stocks have been declining under the combined impact of the depression collapse, the disastrous 1983 PIK plan, and the continued government land set-aside programs. Even USDA staff spokesmen, reached after the Block announcement, had to describe CCC held stocks as “reasonably short.”

There is now so little grain in storage in the United States that the normal channels of farmer and country elevator supplies for commercial grain purchases and exports have all but dried up in many regions. In Kansas, the world’s wheat capital, last October there was only about 10% of the crop on hand, when there would normally have been 50% of the harvest.

In the main facilities of Cargill, Inc. and the other cartel companies in the Missouri-Mississippi River elevator centers, the grain flow has fallen

to a trickle. It has been an open secret in the grain trade for the last six months, that there would be some gimmick by which the cartels would soon lay hands on government-held grain, and through the blatant “export enhancement scheme,” they have now done so—and for free.

The day after the program was announced, U.S. grain prices fell, a sign grain traders attributed to the new government supplies being released. Grains fell 2 to 2.5 cents a bushel, and soy beans fell 4 cents a bushel. Farmers report they heard Block, in a private conversation recently, jokingly say that corn will go down to \$2.00 by fall, and soy beans down to \$4.00.

Congressional approval of this cartel-serving scheme was orchestrated while President Reagan was in Europe, and Sen. Robert Dole was maneuvering on the infamous Senate defense budget “compromise.” Block and David Stockman collaborated with Dole and offered their “farm export enhancement” scheme to farm state congressmen in exchange for their vote against defense expenditures. The traitors and fools went for it.

Dole calls the new giveaway plan the Bonus Incentive Commodity Export Program, or BI-CEP.

The question of whether the giveaway plan will be deliberately used by Cargill and other companies to give the Soviets free food was raised at Block’s press conference, even by the Soviet-loving Washington press corps. Block declined to comment about the possibility, and indicated that he presumed the Soviet Union would not qualify for the subsidy. He said details on the first phase of the “initiative” would be released in June. He added, defensively, that the plan will not be “scattershot” but very targeted at importing nations where the U.S. is competing against exporting nations that subsidize farm exports.

# Business Briefs

## Energy

### ARCO set off oil industry retrenchment

It was the Atlantic Richfield Oil Company—headed by Robert O. Anderson, of the Club of Rome and board of directors of Kissinger Associates—which kicked off the recent wave of oil-company retrenchments and “rationalizations.” Both Phillips Petroleum and Texaco announced the week of May 13 that they will be selling off parts of their operations.

ARCO announced at the beginning of May that it was closing down its headquarters, and all retail-marketing operations, in Philadelphia. The Philadelphia *Inquirer* editorially welcomed the ARCO move, as a “painful, but necessary and hopeful” step toward bringing Philadelphia into the “post-industrial society.”

A former ARCO official told a journalist May 16 that he had “predicted” the Phillips Petroleum move, as reported at the time in *Business Week*. “ARCO has been looking to rationalize for a long time,” the former official stated.

The *Wall Street Journal* reported on May 14 that the Department of Energy is now investigating ARCO for dealings with oil speculator Marc Rich. A former ARCO officer, Frank Smith, told the DOE that there were billions of dollars of oil sales between ARCO and Marc Rich & Co., which enabled ARCO to get a higher price for its oil. Rich is now in Switzerland, a fugitive from U.S. justice.

## The Oligarchy

### Thurn und Taxis caught in bank scandal

The recently bankrupted Treuwo Investment Corporation, owned by funds of the family of “black” oligarch Prince Johannes von Thurn und Taxis, has been exposed for running a major bond-trading swindle with three other banks.

Rothschild's Bank of Zurich, Metzler &

Co. of Frankfurt, and Marcard & Co. of Hamburg had traded about 100,000 investment bonds issued by Treuwo—although the investment company was not officially licensed to issue such bonds. Thousands of bondholders lost their money when Treuwo went bankrupt recently.

The case is under official investigation for violation of German banking laws.

Investigative journalists in Munich learned on May 13 that a key figure in the Treuwo bond swindle was investment broker Rainer Burmeister, one of the German operatives of the Investors Overseas Services swindle of Bernie Cornfeld and dope-runner Robert Vesco. It is suspected that Burmeister was the one to contact Dr. Engels, the investment and real-estate manager of Prince Johannes von Thurn und Taxis, to help set up the Treuwo real-estate operation.

## Biological Holocaust

### AIDS rampant in Brazil

Brazilian Health Minister Carlos Sant'anna reported on May 15 that AIDS has now been detected in 10 states in Brazil. Sant'anna submitted a bill to the Brazilian Congress to set up a national program to deal with the rapidly spreading disease.

“The incidence [of AIDS]s took off in the past three months, and this is very serious,” Sant'anna stated. Known cases already total 292, and 125 deaths from AIDS have been recorded. Brazil is now the country second-hardest hit by the AIDS epidemic in the Western Hemisphere, after the United States.

## Dope, Inc.

### HongShang moves into Spain

The Hongkong and Shanghai Bank, the “central bank” of the drug trade in the Far East, has opened up an office in the Spanish capital of Madrid.

HongShang president Michael Sandberg recently told the Madrid daily *El Pais* that he decided to open up a branch office because “Spain's economic philosophy has changed, and the protectionism rampant for years has ceased. . . . The sky is the limit to what we can do.”

The bank intends to play the principal role in Spanish trade with Communist China, Sandberg said.

The bank's leading role in heroin trade financing and money-laundering, principally through the Golden Triangle region of Southeast Asia, was documented in the 1978 best-seller, *Dope, Inc.*, commissioned by *EIR* founder Lyndon LaRouche. The charges led New York State banking authorities to deny the HongShang permission to purchase New York's Marine Midland Bank in the following year—although Federal Reserve chairman Paul Volcker overrode state law to allow the takeover.

## International Debt

### IMF puts Yugoslavia through the mill

The International Coordinating Committee of Yugoslavia's creditor banks will descend on Belgrade the week of May 20 to discuss rescheduling Yugoslavia's 1985 debt. Fulvio Borich of Manufacturers Hanover Bank will lead the delegates.

New Yugoslav President Radovazn Zvlajkovic, of Vojvodina province, will have to face hard-currency foreign debt now amounting to \$19 billion, the London *Financial Times* reported on May 15. Together with interest, double that sum will have to be repaid over a period extending into the next century. Inflation in Yugoslavia is currently 80% annually, and total unemployment is over 1 million.

Living standards have fallen by nearly 50% in the last five years. The average monthly wage is only about \$100, but a four-member family needs double that sum for food alone. As a result, many families in Belgrade cannot even afford their rent, gas, or electricity.

Yugoslavia has already agreed with the



# Briefly

IMF on a \$300 million standby loan for 1985-86, and has arranged rescheduling of its 1985 debt payments to its Western government creditors. But an agreement with its commercial creditors in the West is stymied because of the bankers' insistence on 1.25% over Libor on rescheduled debt and retroactive application of this rate to 1983-84 debt—which has already been rescheduled.

The Yugoslav government reports only a 1% increase in exports for the first four months of 1985, against a higher increase in imports.

## Banking

### Conti shareholders to lose all

Continental Illinois, the nation's eighth-largest bank when it went under a year ago, announced May 8 that most of the old shareholders in the reorganized Conti-Illinois Corporation will see their stock values wiped out.

Under last June's \$4.5 billion federal bailout of the bank, the FDIC assumed some bad Conti loans, but reserved the right to buy out all Conti common stock for \$0.00001 each—i.e., expropriate the stock—if the loans turned out to be bad.

In the past year, the FDIC has lost some \$800 million on bad Conti loans, and has now called in the Conti stock. The Ohio bank run in May had disastrous results for Conti: Common stock had been over \$25 per share, with \$1.7 billion total shares outstanding. By May 8, the stock had plummeted to \$1 per share, at a \$40 million total. Since May 8, stock values have fallen to zero.

## Austerity

### IMF power over U.S. to grow: Morris

Assistant Secretary of State Robert Morris has asserted that IMF surveillance over the U.S. economy will be "more meaningful"

after the Group of 10 report comes out in June.

Speaking to the National Economics Club this week, Morris said the G-10 report's intent will be to extend surveillance powers over not only policy, but also national economic performance, aimed at regulating inflation and growth factors toward "global convergence."

This means, among other things, he said, slowing U.S. growth. Such moves are the IMF's "only hope of averting potential disaster that could arise from those who are pushing for fundamental reform in the world monetary system by holding world trade hostage to such reforms in a way that could trigger an orgy of protectionism."

## Defense

### No U.S. capability for war mobilization

The United States is no longer capable of the economic mobilization that carried it to victory in two world wars, warned Rep. Helen Delich Bentley (R-Md.). Bentley, chairwoman of the Federal Maritime Commission from 1969 to 1975 and a member of the House Merchant Marine and Fisheries Committee, was interviewed for the May 6 issue of *Sea Power*. The interview is entitled: "No Steel, No Weapons, and No Workers."

Said Bentley: "The myth that permeates this whole Washington mentality is that we revved up our engines in World War I and revved them up again in World War II and we can do it again. Number one, we are not going to have the time to rev up. Number two, we are not going to have the people with the skills to rev up. I look around my district now and see apartment buildings, office buildings, and shopping centers going up. I don't see any new manufacturing going up, or being expanded. In fact, manufacturing is going down, down, down.

"The people who knew how to make and operate machine-tools—where are they? They've gone to other jobs. And there are no replacements for them coming on. The skilled people in the steel mills, in the shipyards—same."

● **CHINA** and the United States have signed an economic deal whereby U.S. firms will refurbish 400,000 outmoded Chinese factories. In addition, U.S. computer firms will set up a training center in Dalian. Commerce Secretary Malcolm Baldrige, who signed the deal, wanted a comprehensive investment treaty, but the Chinese refused.

● **COLOMBIA'S** foreign minister, Augusto Ramirez Ocampo, told Italian Foreign Minister Giulio Andreotti of "Colombia's sadness as a member of the Cartagena consensus at the lack of response at the Bonn summit to the letter signed by Uruguayan President Julio Sanguinetti," which contained proposals for dealing with the world debt crisis. The summit did not even acknowledge the letter.

● **IOWA** is the number-one state in the United States when it comes to banking failures: Seven banks have folded up so far this year, all of them farm-related, and 48 others are reported to be in "trouble." California is number-two, with six failures this year.

● **HOUSTON** sets new records every week in the unenviable category of "Home Foreclosures," which are up 87% from one year ago. Foreclosures averaged 500-600 per month in the early 1980s. The present monthly average is nearly 2,000.

● **BANGLADESH'S** former Finance Minister A. M. A. Muhith has stated that the International Monetary Fund is "too demand-management oriented." Muhith, speaking at a Society for International Development conference in Washington, said that IMF efforts to "reduce demand" through austerity are exacerbating the international debt crisis, which is becoming "increasingly serious."

## How U.S.- European cooperation on the SDI can improve

by Lyndon Hermyle LaRouche, Jr.

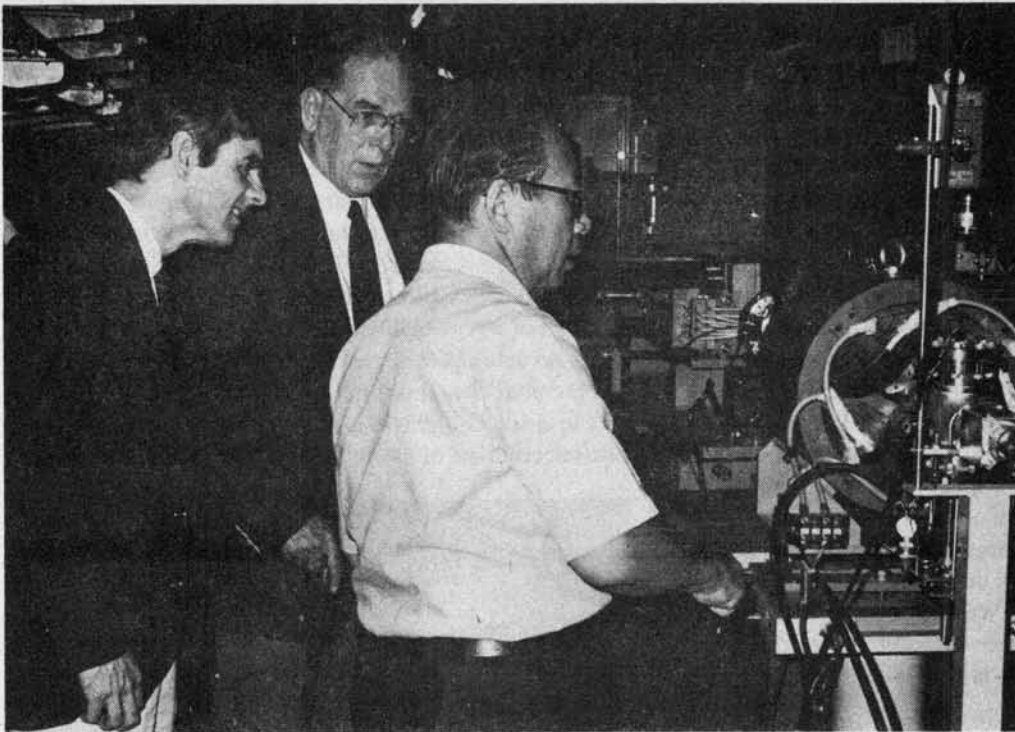
*The following speech, "Prospects for Improvements in U.S.A. Cooperation with Europe on SDI Development," was delivered to the conference of the Schiller Institute in Düsseldorf, Federal Republic of Germany, on May 12.*

A few days ago, most of the citizens of the Federal Republic of Germany met the real President Ronald Reagan for the first time. In the dignified ceremony at the Bitburg cemetery, in the statements the President made at Bergen-Belsen, and, most important, in the address which the President delivered at Hambach Castle, the citizens of Germany saw the real Ronald Reagan. I am as pleased with the way President Reagan addressed the German nation, as I was a little more than two years ago, on March 23, 1983, when the President broadcast his announcement of a new military doctrine for the United States, the Strategic Defense Initiative.

A few months before the President first announced his Strategic Defense Initiative, I participated in a presentation of the SDI policy to an audience in Munich. During the question and answer period that night, one member of the audience stated that since I could not expect much support for my proposals inside the United States, why was I so confident that the United States would adopt such a policy? I replied, that I had to convince only one man, President Ronald Reagan. Obviously, my confidence that the United States would adopt the new strategic doctrine I was proposing, was fully justified.

During the 12 months before the President's announcement on March 23, 1983, I spoke with officials of European governments, and others, to explain the Strategic Defense Initiative to them. I explained to all of them, over and over again, that the SDI could not be implemented properly without full cooperation in research and development among the United States, Japan, and Western Europe. I said three things repeatedly to those government officials and others, as I say them to you again today.

Over the recent 20 years, the level of scientific and industrial development, has collapsed so much, in both the United States and Western Europe, that the new defensive system could be built only with very high levels of scientific and



*Cooperation among the United States, Western Europe, and Japan to develop directed-energy technology is indispensable for the military and economic survival of the Alliance. Here the author (center) and Fusion Energy Foundation Research Director Uwe Henke v. Parpart (left) are shown touring a high-energy physics laboratory in Tsukuba City, Japan, in September 1984.*

NSIPS/Carlos de Hoyos

industrial collaboration among these nations, and in cooperation with Japan. I explained that fact to many back during 1982; the U.S. and European economies, are in much worse condition today, than they were in 1982. The United States today leads the world in rate of collapse of its industrial and agricultural potential.

I also said then, and it is still a fact today, that, compared to the costs of not developing such a defensive system, it would cost the United States and Europe absolutely nothing to develop such a system. I explained then, and I say again today, that the technological spill-overs of SDI's development, would transform the civilian economies of our nations, unleashing the greatest explosion of technological progress and production of wealth in the history of mankind. The benefits of those technological advances in our economies would more than pay the full costs of building and maintaining a strategic and tactical defense for the NATO allies.

The third point I made then, is that there is no difference between protecting the United States and its allies from Soviet thermonuclear missiles, and revolutionizing the defensive capabilities of Western Europe in general, and the Federal Republic of Germany in particular. The same technologies required to stop a Soviet intercontinental missile in mid-flight, are the technologies needed to stop Marshal Nikolai Ogarkov's planned 1988 military assault into Western Europe, through Germany, Greece, and the Baltic.

I confess, that there are influential supporters of the SDI inside the United States, who believe that the United States should not share the most advanced parts of its SDI technologies with European partners. Many of these people say, that

if those technologies are given to European nations, that U.S. military technology will be leaked to Moscow. I believe that some of the people who propose limited technological cooperation with Europe, are sincere in what they say. Sincere or not, their proposals have caused legitimate anger in Europe.

I believe that President Reagan will offer Europe full cooperation in all aspects of SDI-related research. I say this to you today, on the same grounds that I predicted to that Munich audience, that the President would adopt the SDI. Most of my remarks to you today, identify those fundamental self-interests of the United States, which the President must take into consideration, in making his decision on cooperation with Europe and Japan.

### **The danger of nuclear war**

Quite naturally, in Europe and the United States, it is the politicians who say that defensive weapons are "destabilizing," who are the Western politicians most admired by Moscow. Some such politicians argue, that Nuclear Deterrence has prevented nuclear war for 40 years. Therefore, they argue, replacing Nuclear Deterrence with defensive weapons, "destabilizes" peace. Former Chancellor Helmut Schmidt is among the politicians who have repeated that strange bit of rhetoric recently.

I'll tell you a very short story. Two fellows jumped out of a plane at about 10,000 feet elevation. When they reached 2,000 feet above the earth, the first fellow said to his companion, "Let's open our parachutes." The second fellow became very angry, and said: "We must never open our parachutes; it would destabilize our descent!"

If that second fellow were still alive today, he would be one of Helmut Schmidt's most enthusiastic supporters.

Nuclear Deterrence has not given the world 40 years of peace. The Nuclear Deterrence agreements, which were reached between Nikita Khrushchev and Henry Kissinger's sponsors, over the period between the years 1955 and 1972, have given the world 40 years of Soviet preparations for launching total thermonuclear war. They have also given us 20 years of tearing down the industrial and military potentialities of Western Europe and North America. If present trends in Soviet build-up and NATO tear-down continue, by about 1988 the Soviet forces will have a margin of superiority sufficient to guarantee in advance that Moscow could launch, survive, and win general thermonuclear war.

The first thing which Helmut Schmidt, and fellows like him, overlook, is the fact that the Soviet dictators may be crazy, but they are not stupid. Since the first edition of Marshal V.D. Sokolovskii's book, *Soviet Military Strategy*, appeared, in 1962, Soviet military doctrine has been, "Don't start thermonuclear attack on the West, until the Soviet forces have the margin of superiority needed to guarantee that the Soviet empire would not only win, but would survive that war."

If present military and economic trends in the United States and Western Europe continue another two years, the Soviet forces will have reached their goals of war-readiness, according to existing Soviet war-plans for conducting such a war, by approximately 1988.

The latest version of the Soviet Sokolovskii doctrine, is the updated war-plans, which were completed by Marshal Nikolai Ogarkov by 1983. Like any competent general staff's war-plan, the Ogarkov Plan provides several different options for fighting war, up to the maximum level of combined assault on the United States and Western Europe. The maximum level of assault, under the Ogarkov Plan, is a design for maximum surprise: total war launched on signal from a cold, standing start.

To help you defeat the foolish arguments of fellows such as Helmut Schmidt, I shall indicate some of the features of the maximum-level operation of the Ogarkov Plan.

World War III begins with a Soviet general strategic bombardment against all principal military targets, and certain major logistical targets, within NATO areas. The only warning given will be terrorist actions of selective assassinations and sabotage within the period just before the missiles are launched against both the United States and Western Europe. The Soviet logistical targets include certain key U.S. coastal cities, including New York City, the city of Philadelphia, the city of Baltimore, the area of the state of Virginia around Hampton Roads, Savannah, and the city of New Orleans.

In Europe, a general nuclear and bacteriological and chemical-warfare bombardment erupts, at the same time as the general missile attack against the United States. The first, second, and deeper echelons of military defense and logistics

within Europe will be more or less saturated by the opening barrages. As those salvos are launched, the general land, sea-borne, and air-borne assaults against the territory of Western Europe begin, bringing Soviet troops into occupation of Bristol, England within about two weeks of Soviet mopping-up operations.

The Soviet ability to survive NATO countermeasures depends chiefly upon three factors: First, elimination of most of the NATO missile-capability by the initial Soviet missile-attacks. Second, rapid completion of presently ongoing deployment of Soviet ballistic missile defense by 1988. Third, Soviet civilian defense measures of a type non-existent in NATO countries at this time.

The designer of this war-plan, Marshal Ogarkov, is presently in command of the entire combination, of Soviet land,



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**W**hy was I so confident that the United States would adopt the Strategic Defense Initiative? I had to convince only one man, President Ronald Reagan. Obviously, my confidence was fully justified.

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sea, and air forces which would be deployed from the Soviet Western Command. The first actions of the new Soviet General Secretary, Gorbachov, have been to launch the massive purges in the Soviet economic management demanded under the Ogarkov Plan.

Has 40 years of Nuclear Deterrence, actually prevented war, as Helmut Schmidt and others have insisted? Or, as the facts show, is it not the truth, that 40 years of Western reliance upon Nuclear Deterrence have been a step-by-step preparation for that global thermonuclear war which the peace-loving Soviets are preparing to launch approximately 1988? It is no exaggeration to say, that 40 years of Nuclear Deterrence, is a successful descent of a parachutist without a parachute, up to the point he reaches the ground!

When we look at the Nuclear Deterrence doctrine for the defense of the Federal Republic of Germany, any German citizen who is not a member of some reincarnation-cult, must agree that Nuclear Deterrence is simply insane. The assumption has been, that Soviet forces invading Germany, will begin the assault using only conventional weapons. It is assumed, that thermonuclear war will begin with a convention-

al assault in the European theater, and will escalate the level of tactical-nuclear weapons' use inside the European Theater. Then, if one of the superpowers fears it is losing the war in the European Theater, it might resort to a step-by-step escalation with thermonuclear weapons, to full-scale inter-continental warfare. NATO forces in Germany, are forced back to the west side of the Rhine, and counterattack with nuclear missiles against Soviet-occupied Germany.

It is shocking to me, that any German public figure, such as former Chancellor Schmidt, should have any objections to "destabilizing" Nuclear Deterrence doctrine. I admit that a nation like my own, which puts a President Jimmy Carter in the White House, can not be entirely sane. After seeing Jimmy Carter, I am not shocked that such lunacy comes from certain influential circles in my own country. I am truly shocked, that a German public figure could prefer Nuclear Deterrence to efficient defense against nuclear arsenals of assault.

With the launching of the so-called Schlesinger Doctrine, in 1974, and the level of Soviet deployment of SS-20 missiles in Eastern Europe, which began to be undeniable by about 1979, the world had come to the threshold of general thermonuclear war. There was nothing in the Schlesinger Doctrine which was not already agreed upon between Khrushchev and Henry Kissinger's sponsors, back during the second half of the 1950s. Leo Szilard, one of the leading negotiators, had laid down limited nuclear warfare as an agreed option as early as 1958. The Schlesinger-Doctrine debate and the Soviet deployment of SS-20s, introduced nothing new to the Nuclear Deterrence agreements. It merely brought Nuclear Deterrence to the condition at which that doctrine had been consciously aimed, from the beginning.

### **Ballistic missile defense**

During 1981, I saw that the arms-negotiations between NATO and the Soviets were leading the world straight toward a thermonuclear war during the 1980s, unless the doctrine of Nuclear Deterrence were dumped. To find a way out of this danger of thermonuclear war, I spent much of the last part of 1981, working out a conception, now known as the Strategic Defense Initiative. As soon as I had completed all of the essential features of the new military doctrine, I arranged with some friends, to convene a two-day public seminar in Washington, D.C., during February 1982, at which I unveiled my proposed doctrine to an audience of several hundred dignitaries from an assortment of nations. By October of the same year, Dr. Edward Teller publicized a similar proposal, and, on March 23, 1983, our President announced the adoption of the Strategic Defense Initiative.

I wish to draw your attention to certain important differences between my proposals of 1982, and earlier versions of ballistic missile defense dating back to the early 1960s.

Modern military science, at least since Lazare Carnot and Gerhard Scharnhorst, has understood that there is no "ultimate weapon" in warfare. Whenever developments tilt the

balance overwhelmingly in favor of the offense, it is possible to discover soon, other developments which can tilt the balance back to the advantage of the defense. It is true, that thermonuclear weapons have a destructive power orders of magnitude greater than any previous weapon, but even thermonuclear missiles are vulnerable to destruction before they reach their targets.

The group of U.S. rocket-designers centered around scientists and engineers from Peenemünde, produced high-speed anti-missile missiles, which could have provided a significant defense against thermonuclear weapons, which would have



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*Moscow. Some argue, that Nuclear Deterrence has prevented nuclear war for 40 years. . . . Former Chancellor Helmut Schmidt is among the politicians who have repeated that strange bit of rhetoric recently.*

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been significantly effective under conditions of the early 1960s.

Already, by 1962, Soviet Marshal Sokolovskii understood the reasons we must not continue to rely upon so-called "kinetic" weapons for ballistic missile defense. As assault missiles' systems became more sophisticated, the assaulting force could easily supersaturate the anti-missile defenses, by giving the defense one or two more missiles than the number of anti-missile missiles deployed to defend a target. Sokolovskii proposed that the Soviets concentrate on alternatives to anti-missile missiles, developing weapons such as lasers.

Kissinger killed U.S. work on ballistic missile defense, with the 1972 ABM treaty. The Soviets cheated on that treaty, as they always do, but the U.S. honored the treaty. Then, during the middle of the 1970s, a section of the U.S. military discovered that the Soviets were developing ballistic-missile-defense systems. It was discovered that these Soviet systems were based on advanced physical principles, rather than anti-missile missiles alone. However, a group around Gen. Daniel

Graham intervened to suppress the report of Soviet anti-missile developments. Since then, Graham has opposed U.S. development of advanced physics technology, such as lasers, but has supported going back to anti-missile designs of the year 1962.

So, by 1981, no NATO country had an up-to-date policy of defense against nuclear missiles. Many scientists, and some military professionals, knew of certain methods which might be developed as part of a ballistic missile defense; but, no general policy of comprehensive strategic missile defense existed, until my presentations at the February 1982 seminar.

My design of a policy of strategic defensive initiative, was based on four major considerations. First, as I have indicated, it was clearly urgent to rid NATO of the Nuclear Deterrence doctrine, for reasons I have already indicated, here, this morning. Second, through my knowledge of the nature of certain developments in scientific laboratories, I knew that a workable strategic ballistic missile defense could be developed in as short a period as five years, if a "crash program" were launched to accomplish this result. Third, I knew that such a "crash program" was economically feasible. Fourth, finally, if NATO's defensive strength were built up in this way, the Soviet forces could not expect to survive and win a war against NATO in the foreseeable future. Therefore, provided that our growing defensive strength were used to push Moscow into agreements for parallel development of defensive capabilities, instead of offensive-thermonuclear capabilities, the danger of war could be postponed, perhaps for several decades.

### **Misconceptions of SDI**

One of the reasons, there has been so much confusion, on the subject of U.S. cooperation with Europe, is the fact that governments and large numbers of military professionals, have been conditioned to accept the idea of some absolute division between "strategic" and "conventional" warfare. Under the doctrine of Nuclear Deterrence, the use of the term "strategic," has been degraded by habit, to signify weapons and war-plans for fighting wars it is assumed could never actually be fought, wars that are "unthinkable." Similarly, "conventional," has been caused to signify weapons and plans for fighting non-nuclear wars, which one must not attempt actually to win. Nuclear Deterrence degrades war of all kinds, both so-called "strategic" and so-called "conventional," into auxiliary features of diplomacy. Nuclear Deterrence degrades military science into a disgusting parody of eighteenth-century set-piece warfare.

So, when President Reagan announced a strategic defense initiative, there was a general tendency to assume that this meant replacing offensive "strategic weapons" with defensive "strategic weapons," leaving "conventional weapons-systems" untouched. The mythological delusions of Nuclear Deterrence had so saturated both policy-making and popular opinion, that even many military professionals who learned better sense at military academies, blocked out the

simple fact, that one can not tilt the balance in favor of the strategic defense, unless this means a change in tactics all the way down to the level of equipping and training the non-commissioned officer's squad. It was widely assumed that the technologies of strategic-defensive systems, had nothing to do with equipping and deployment of ground, air, and naval forces generally; it was assumed, that expenditure for defensive capabilities, must come out of the budgets for maintaining so-called conventional capabilities.

Permit me to remind some of you, who heard or read my proposals, back during 1982 and 1983, that from the beginning, my collaborators and I have insisted that we organize the division of labor, between Europe and the United States, in the following way. Both Western European nations and the United States should engage in both bilateral and multilateral development of the basic scientific principles and general applications of the strategic defense as a whole. On the level of development and production of prototypes, Europe should take the lead in developing and producing the kinds of weapons which must be deployed by the military forces of each nation of Europe; the United States should concentrate on applications against longer-range offensive weapons, including anti-submarine warfare.

Although my collaborators and I have always encouraged as much cooperation within Western Europe as was feasible, it either was understood, or should have been understood, that we should never foster the kind of multilateral agreements under which a Labour Party government in Britain, for example, could prevent France or the Federal Republic of Germany from proceeding in bilateral or multilateral cooperation with the United States.

I am certain that you will find, among the leading U.S. circles responsible for implementing the Strategic Defense Initiative, that they see no contradiction between independent efforts in Western Europe, and various forms of bilateral and multilateral cooperation with the United States. The broader and more diversified the forms of cooperation, the better the result will be.

In the development and deployment of SDI systems, high-quality auxiliary instruments, such as computing devices, are indispensable, but they should be seen only as indispensable auxiliaries. The heart of the SDI is a range of frontier developments in science, centered upon three areas of fundamental research. The first, is the electromagnetic and other effects of isentropic compression of plasmas. Thermonuclear devices, including enhanced-radiation devices, such as neutron bombs, microwave bombs, and so forth, are merely part of this first area. The second area, is directed forms of coherent radiation of energy. Lasers and particle-beams, as well as more exotic forms of these, such as muon-beam actions and gamma-ray lasers, are typical of this area. The third area, is a special branch of biophysics, most often referred to as "non-linear spectroscopy." This branch of biophysics touches upon defensive and offensive weapons of warfare; perhaps its most important role in SDI development, is that study of the optical

electrodynamics of living processes, touches upon the most advanced principles of the universe as a whole.

The essence of the military significance of these branches of scientific work, is that these systems provide the greatest firepower and mobility ever conceived, firepower and mobility which is as much as orders of magnitude greater than the weapons in use over the past 40 years. Wherever a military problem exists, from destroying Soviet ICBMs, to the tactical problems faced by the squad, and wherever such technologies can solve that problem by increasing firepower and mobility, the technologies of the SDI ought to be applied.

### **The economic 'spill-over'**

From the beginning, since early 1982, my collaborators and I emphasized, that the possibility of conducting a "crash program" for deployment of SDI technologies depended upon the accelerating effect of SDI research and development, in spreading new, more powerful technologies throughout much of the economy in general. Beginning early 1983, my collaborators in the economics section of the *Executive Intelligence Review*, have prepared reports, showing some of the ways in which the new technologies of SDI would revolutionize the power and efficiency of production. By April and May of that year, the economic "spill-over" of SDI technology became an increasingly commonplace part of the discussions around the world.

In the offices of the *Executive Intelligence Review*, we are refining a global data-base on world-population, land-use, employment, energy, and production. We have jammed-up the memory capacities of a few computers with this data, and spend a great deal of effort cross-checking and analyzing this data-base. Over the past 20 years, most of the economies of the world outside the Soviet empire, have been undergoing a collapse which is now at the edge of global catastrophe. Among the OECD nations, only Japan is a clear-cut exception to this collapse, and only the economy of the Federal Republic of Germany has resisted significantly the general economic collapse which has taken over the United States and continental Europe, to say nothing of the self-ruined, formerly industrial economy of Britain. The current quarterly economic report of the *Executive Intelligence Review* documents this general collapse of the world's economy.

At the same time, that we are measuring the degree of the ruin we of the OECD nations have brought upon ourselves, with our monetary policies and post-industrial drift, we are also studying the global patterns for another purpose. We are seeking to determine, where and how, with presently scarce resources, a general economic recovery might be set into motion.

Without increasing the average production of energy per capita, by two or three times present levels, over the coming 20 years, most of this planet will be plunged into the kind of famine, pandemics, and homicidal chaos, which nearly destroyed Europe during the fourteenth century. Even if we increase energy-supplies, that will not be enough. Civiliza-

tion will not survive the end of this present century, unless there is a crash program directed to force into production the kinds of technologies associated with the SDI. Political realities being as history instructs us on this point, unless there is a crash-program effort to develop and deploy strategic defense now, the needed technological revolutions in the civilian economy, simply will not occur.

The source of this transformation must come out of the cooperative efforts of Western Europe, the United States, and Japan. The economies of each of our nations, have been so greatly ruined over the past 20 years, that without putting together the Federal Republic's machine-tool industry with the electronics and other capabilities of Japan, and bringing the surviving pieces of basic industry of the rest of Europe and the United States into the same collaboration, civilization on this planet can not survive. There is no other part of the world which could replace what only our cooperation can accomplish.

To the degree each of our nations can be defined as a nation committed to scientific and technological progress in output of agriculture and industry, there is no conflict of national interests among us. Healthy competition, yes; but fundamental conflict in national economic interests, no. If we do not improve our scientific and economic cooperation, none of us will survive. We shall not survive either the ambitions of the Soviet empire, or the effects, such as famine, pandemics, and chaos, of a continuation of the past 20 years' downside of our economies, into "post-industrial" scrap-heaps.

Scientific and industrial cooperation in developing and deploying the SDI, is a question of military survival of each and all of our nations. That cooperation is also indispensable to our survival, even if the Soviet empire did not exist. If we can not learn to cooperate fully, both in science and in industrial development, some future Aeschylus will justly write over the graves of our dead nations, "These nations lost the moral fitness to survive."

This brings me to the last of the points included in this report to you this morning.

It is true, that over the past 40 years, the Soviets have stolen many top secrets from the United States. It is a simple matter of record, that, during most of those 40 years, the biggest chunk of these secrets was delivered to Moscow by British nationals, such as the famous cases of Philby and Maclean. Today, except what the Soviets obtain directly from their sources inside the United States, it is my best estimate that Switzerland and Trieste are two of the biggest pipelines for conveying U.S. technological secrets into Moscow. Soviet intelligence organization has penetrated so deeply into U.S. laboratories and other key points, that a few added leaks through continental Europe, would not increase the overall problem in any significant degree.

In any case, in terms of scientific knowledge as such, the Soviets probably have more military secrets to hide, today, than Western Europe, the United States, and Japan com-

bined. During the past 20 years, the United States and Western Europe have systematically destroyed a great portion of not only their industrial potential, but also have fallen far below the levels of scientific potential which existed during the nineteenth and early twentieth centuries.

Ask yourselves, "Why has Moscow been far more panic-stricken over the SDI, than over any other issue of the past 40 years?" Here we are, the mere industrial wreckage of our former power, our scientific potentialities systematically destroyed; the Soviets employ approximately twice the number of scientists as the United States. What have the Soviets to fear from such a collection of ruined and squabbling nations as we? I assure you, the reason is not any store of military-scientific secrets we have.

What frightens Moscow, is that the United States might suddenly unleash a "crash program" of development of the SDI, and revive not only its own economy, but the economies of Western Europe, through the "spill-over" of SDI and related U.S. technologies. They fear, that despite our presently ruined condition, that if we launch such a "crash program," we would be able to overtake them militarily. They fear, even more profoundly, that if we make our nations once again nations committed to scientific and technological progress in advancement of productivity of labor in agriculture and industry, we would become so strong economically and morally, that we could never be destroyed.

Among true Europeans, including the peoples of the Americas, all men and women, of every part of the world, are born politically equal by right, because each human being contains at birth that divine spark of creative reason, which distinguishes man above the animals, as in the image of the Creator. True Europeans in the footsteps of Leibniz and Schiller, desire nothing so much as that all men and women throughout the world secure the opportunity to realize that divine potential in each of them, to the highest possible degree. True Europeans, are neither racists nor chauvinists.

Yet, we know that we have been greatly blessed among all the modern peoples of the world, a blessing expressed for us by the heritages of St. Augustine and our Golden Renaissance. The Golden Renaissance was the revival of the Augustinian heritage, and of the heritage of Dante Alighieri, out of the ruins of the fourteenth-century collapse of our civilization. This Golden Renaissance, set into motion a cultural tradition, a culture which has imparted to our people, the greatest capability for scientific and technological progress yet seen on this planet.

This was the Golden Renaissance which King Louis XI used to create France out of the rubble left over from the fourteenth and early fifteenth centuries. This was Nicolaus of Cusa, Leonardo da Vinci, Kepler, Colbert, Leibniz, Schiller, and the great Gauss. This was the American Revolution, and the echoes of that Revolution in Humboldt's, Stein's, and Scharnhorst's leading of the great Liberation Wars. It was from these roots that the United States mobilized itself out of a deep Depression, to create seeming economic

and logistical miracles during the last World War.

Whenever we true Europeans, draw upon the Augustinian heritage of the Golden Renaissance, we are capable of such great things as have astonished the world in the past. We have available to us, from this cultural heritage, the greatest potential for scientific and technological progress known in the world so far.

That is what the current ruling dynasty of the Soviet empire fears in us. It fears, that if we act to reawaken this cultural heritage, we shall become once again our true selves, and once again we shall astonish and inspire the world with the great works of which we are capable.

That, my friends, is our most precious military secret. Let the Soviets steal that from us, if they choose to do so. Rather, let us offer it freely to them. If they once master the



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principles of our cultural heritage, they will be transformed, and then I think we shall have little to fear from them.

In the meantime, until they come to their senses, and steal that secret from us, whenever we mobilize our potential to do so, the superior capability of our people, to assimilate scientific and technological progress, can defeat their wicked imperial schemes. The question is not what scientific secrets the Soviet empire possesses, by theft or otherwise. The question is, which, we true Europeans, or they, can turn scientific knowledge into efficient production the more rapidly? That, the Soviets know; that superiority of our people, is what the Soviets fear most greatly in us. That is the reason they are terrified by the SDI. They are not terrified that we might do harm to them; they are terrified that the SDI will prevent them from eradicating our culture.

Marshal Ogarkov prepares and waits, to launch war upon us by approximately 1988. Of course, the Soviet dynasty will not risk war against us, as long as it believes it could "Finlan-



dize" the world without actually firing a single missile. Nonetheless, they prepare to launch war by as early as 1988, if they can conquer us in no other way.

What is our motive in this conflict? Do we wish war? The issue before us is a very simple one. The very existence of our civilization is in grave danger. Whether the Soviet empire conquers Western Europe by force of arms, or reduces Western Europe to a collection of nominally independent Soviet satrapies, through fear and corruption among politically powerful forces inside Western Europe, the ultimate result would be the same. Whether by brutal Soviet force, or by a generation or two under Soviet world-domination, the Augustinian heritage, and the heritage of the Golden Renaissance, would be eradicated from this planet.

We must defend that precious heritage at all costs. We must defend this heritage for the sake of those ancestors whose noblest purpose in living their lives would be made meaningless if this culture were destroyed. We defend this civilization, for the sake of our grandchildren, born and yet to be born. We defend this civilization, because three billion people on this planet need the precious contributions which European culture can give them, that they might discover more fully the divine potential which exists within every newborn child.

Today, the Soviets sit like vultures, over the dying remains of European and American nations. The destruction we have brought upon ourselves, especially during the past 20 years, assures the Soviet vultures that theirs is the culture of the future, and ours a worthless thing unfit to survive. The Soviet vultures wait for the feast of power, and assure themselves they will gorge their lust for power on the fallen bodies of our nations. But, persuade them by deeds, that our culture is not dead, but awakened once again, and then, as in the past, the best of Russia will visit among us, and will seek to transform the inferior culture of Russia to one cast in the mold of the European tradition.

When President Reagan spoke in Germany, he acted as a true ally. He spoke as a world-citizen as much as a patriot of his own nation. He spoke to Germany's youth, of Germany's great accomplishments of the past, and so he acted to inspire those youth to discover and to bring forth the best in themselves. We true Europeans of Europe and the Americas, need one another. We need to share the best of each of us with one another, and with our friends in Japan and in other parts of the world. Each of our nations has but one true interest, that our civilization be defended, and that the best our forefathers and we have to offer, be preserved for the advantage of every part of the human race.

Don't worry who attempts to steal what secret. Once we reawaken the heritage of the Golden Renaissance within ourselves, our capacity for profound and minor discoveries is limitless. If someone steals one of our secrets today, we shall discover a bigger one tomorrow.

Let us grasp the nature of our situation. Let us understand our desperate common interest. Let us cooperate accordingly.



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## Congress of Vienna, again, 170 years after Capodistria

by Criton Zoakos

A cabal of foreign ministers met in Vienna, Austria, May 13-16, for a conference whose secret proceedings, in many ways, were reminiscent of the infamous 1815 Congress of Vienna. For three days and three nights, all the foreign ministers of Western and Eastern Europe, as well as Andrei Gromyko of the Soviet Union and George Shultz of the United States, held meetings both private and public, bilateral and multilateral, official and unofficial but, above all, non-stop. What was going on?

The ostensible occasion for the gathering was the 30th anniversary of the Austrian State Treaty of 1955, which accorded Austria the status of a neutral power poised in the middle of the European continent between the Warsaw Pact and NATO. No treaty anniversary, however, has ever in the past merited the undivided attention of all senior foreign ministers of East and West for three days without interruption. The ministers and their chief aides were not there for the hoopla of celebration; they were there to arrange, behind the backs of their own peoples and governments, one of the most dramatic shifts in international relations: The subject of the secret dealings and negotiations was the ushering of an era in which "United States power and influence worldwide," in the words of Henry Kissinger, "is reduced to approximately 25% of its immediate post-World War II extent."

George Shultz has been dedicated to this perspective since his nomination as secretary of state in August of 1982. In fact, it was on the occasion of his nomination that Henry Kissinger, in a private lecture to Shultz, promulgated his "25%" theory. Shultz was in Vienna to supervise the liquidation of American international commitments, especially to Europe, the Middle East, and Africa. He was also attempting to coordinate with Gromyko a diplomatic gameplan designed

to smother President Reagan's Strategic Defense Initiative (SDI) in the course of the next 12 months.

### Shultz ready to sell out SDI

During his memorable six-and-a-half hour meeting with Gromyko, Secretary Shultz, pointedly, asked his Russian counterpart if he could elaborate on a proposal, made by Soviet General Secretary Gorbachov in a public speech in Warsaw, suggesting that, if the United States abandoned totally the President's Strategic Defense Initiative, then, the U.S.S.R. might consider "drastic reductions" in its offensive nuclear arsenal. Gromyko, reportedly, answered that no such proposal formally existed from the Soviet side. Shultz, however, made it clear that the United States would be interested in negotiating away the SDI under the terms suggested by Gorbachov.

Moreover, Shultz, in meetings with Hans-Dietrich Genscher, the West German foreign minister, Roland Dumas of France, Geoffrey Howe of Britain, and Giulio Andreotti of Italy, succeeded in producing a series of statements which variously reject and denigrate the strategic doctrine of "Mutually Assured Survival," initially promulgated by President Reagan in March of 1983. Mutually Assured Survival, the strategic concept which guides the development and deployment of the U.S. Strategic Defense Initiative program, is a doctrine which places emphasis on protecting populations from nuclear attack by means of defensive weapons and measures against nuclear bombs. It is designed to replace the existing doctrine of Mutually Assured Destruction, MAD, and its cognates such as "deterrence" and "flexible response," which are based on the idea that security in the nuclear age is only feasible if one offers one's own unprotected population

to one's adversary as a "nuclear hostage."

On Andrei Gromyko's insistence, and with the approving nod of George Shultz, West German Minister Genscher announced that in the view of all his NATO colleagues, certain "misunderstandings" on the matter of strategic doctrine arising from the SDI are being corrected and the alliance will once again emphasize Mutually Assured Destruction. Lord Carrington, NATO's Secretary General, warned the alliance against pinning any hopes on the SDI, "against any false optimism arising out of strategic defense programs," and advised that, in conformity with Gromyko's wishes, NATO's upcoming summit meeting in Lisbon will remedy the situation by issuing a policy which reemphasizes the validity of the MAD doctrine. Lord Carrington is a business partner of Henry Kissinger and was formerly co-chairman of the firm Kissinger Associates, Inc.

It is generally well known that the foreign ministers of all the major West European countries have, with direct encouragement from Secretary Shultz, formed a cabal to oppose President Reagan's Strategic Defense Initiative. The leading conspirators are Geoffrey Howe of Britain and Hans-Dietrich Genscher of the Federal Republic of Germany. Contrary to the foreign ministries, most of Western Europe's defense ministries and military establishments, already in desperation before the overwhelming military superiority of the Russians, strongly favor the American SDI. The split evident in Washington between George Shultz and Defense Secretary Caspar Weinberger, is replicated in virtually every Western European government, between foreign ministries and defense ministries.

The May 13-16 "Congress of Vienna," was a conference of all the anti-SDI forces, coordinated by Eastern and Western foreign ministers, which took a series of important steps for the purpose of killing the SDI. Neither Shultz, nor Howe, nor Genscher, have any illusions respecting the consequences of an American failure to develop and deploy the SDI: They know that it will immediately lead to an unbreakable Russian strategic monopoly over the globe. Having resolved to oppose the SDI, their remaining principal concern is how to stage-manage as smoothly and painlessly as possible, the imminently expected collapse of American power and influence to "approximately 25% of its immediate post-war extent," in Kissinger's classical formulation.

### **The Russian imperial scheme**

The scheme adopted by these latter-day Castlereaghs and Capodistrias of 1815 fame, is to soon transform all of Europe, East and West, into a more or less homogenized, albeit multilingual, satrapy of Russia, to be administered, on all important matters of strategic and economic policy, under the discreet or not-so-discreet dictation of Moscow. Inside Shultz's State Department, working under Shultz's direction, there is a clique of foreign service officers, originally appointed by Kissinger, Helmut Sonnenfeldt, and Lawrence Eagleburger, who are pursuing implementation of this policy

in minute detail. They include Richard Burt, head of the European section of the State Department, and deputy assistant secretaries John Kelly (Western European expert), Robie M. Palmer (Soviet expert), James F. Dobbins (arms-control expert). Also members of this cabal are the current U.S. ambassador to Sweden, L. Paul Bremer III, and the current ambassador to Greece, Monteagle Stearns, among others.

Whereas the process of transformation into Russian satrapies of nations such as Greece, Finland, Sweden, and Austria itself, has progressed significantly, the principal obstacle to Moscow's and Kissinger's design is the Federal Republic of Germany. The F.R.G.'s government, having adopted a policy of strong support for the American SDI (despite Foreign Minister Genscher), is the last remaining European rallying center against the planned Russian takeover. Whatever resistance against this cynical redrawing of Europe's political map is found in other Western European nations, it is pivoted around the Bonn government's continuing fight. Therefore, the Vienna cabal's principal tactical concern was how to break Germany.

Shultz, according to West German newspaper reports, while in Vienna, caused certain State Department officials to circulate the "analysis" that the present government of Chancellor Kohl is considered by Washington a lame duck government and that "the administration in Washington is not wedded to Chancellor Kohl." While this undermining of Bonn was going on, Foreign Minister Gromyko during a May 16 meeting with Genscher, announced bluntly that "the Soviet Union wishes the Federal Republic of Germany to stay out of the SDI." And, Gromyko continued, "the American plans to militarize space will shift the international strategic balance, which will not remain without severe consequences. If the German government participates in the SDI, the Federal Republic will have to bear these consequences, too."

Beyond these matters, the Vienna cabal of May 13-16, established a quasi-formal forum of regular meetings and consultations, between East European and West European foreign ministers, the idea being that such contacts will strengthen the "homogeneity" of a Europe which, abandoned by the United States, is being ordered by Moscow to find a "new identity."

When Secretary Shultz returned to Washington after 16 days of globe-trotting and selling out, he let it be known to the media and the public back home that "very little" was achieved by his strenuous diplomatic work, and even less by his six-and-a-half hour meeting with Gromyko. The truth of the matter is different: Shultz's trip and activities in Europe and the Middle East were undertaken for the purpose of undermining the ability of America's friends there to resist the unfolding Russian takeover. His message to Europe was: "We are not going to help you." His message to Gromyko was: "We are going to help you carry out a smooth takeover of Europe."

The subject of the mini-"Congress of Vienna" was Kissinger's "25% solution."

## Economic depression decides Ruhr elections

by Rainer Apel

West German Chancellor Helmut Kohl faces big problems—his party, the Christian Democrats (CDU), is losing one election after the other, and the opposition Social Democrats (SPD) keep winning. Starting with the municipal elections in North Rhine-Westphalia last September, when the CDU lost several percentage points, the decline of the party's popularity has sped up. The March 10 state elections in Saarland toppled the CDU state government and brought radical SPD politician Oskar Lafontaine to power. On the same day, the CDU lost more than 5% in the municipal elections in Hesse.

On May 12, the voters of North Rhine-Westphalia (NRW) voted on a new parliament. These were important elections, since NRW has almost one-third of the national electorate of West Germany, and the state is also Germany's industrial heartland. Elections in this state always tell a lot about workers' political preferences, and industrial workers are the most powerful voter-bloc.

The CDU lost 6.7% in NRW, the SPD gained 3.7%, and the Free Democrats (FDP), which was not in the parliament during the last term, got back in with 6%. An estimated 550,000 CDU voters did not vote at all; some 190,000 voted for the SPD; and about 60,000 CDU voters cast their ballots for the FDP. Compared to the last state elections in 1980, the CDU lost 800,000 votes. Vis-à-vis the last national elections in March 1983, the losses were even higher—about 1.2 million votes. Kohl was shocked: "This is to be taken very seriously—this is a very heavy defeat for our party." How did it happen?

Kohl himself gave the answer on May 13, when the CDU national executive convened in Bonn to evaluate the election. He admitted that the votes were lost because of the "high unemployment, because of the uncertainty around the future of pensions, and because our campaign did not take up these issues." But Kohl himself is to blame: Two months before the elections, he keynoted the national party convention of the CDU in Essen—in the NRW's Ruhr region—and pronounced: "The fight against unemployment has never been important at the beginning of an economic recovery." The CDU worker-base was enraged. The Ruhr region, harboring most of Germany's heavy industry, coal mining, and metal processing, looks like the Pittsburgh area in the United

States—with industrial unemployment rates 5-10% over the national average, and total numbers of social-welfare recipients increasing way beyond the average rate in the rest of the country.

Not only did the CDU workers abstain from the campaign, they also stayed away from the vote on May 12. Compared to the elections of 1980, voter participation dropped by 5%. INFAS, a top opinion poll in Germany, commented, "There is a process of deepening demoralization among CDU voters about the bad economic policy performance of the Chancellor in Bonn. This puts Chancellor Kohl in a very dangerous position."

It puts him in a very dangerous position, indeed, since the Social Democrats are profiting from the effects the monetarist policies of Kohl's government. As long as Kohl subscribes to the "free market" doctrine which tells him that subsidies to steel, mining, and construction are no good, and that budget consolidation and austerity measures are what the nation needs, unemployment will go up. The main problem is not the few billion marks in subsidies, but that most West German industry runs at only 40 or 50% of its capacity. The Green Party and the radical ecologist movement have blocked 150-200 billion deutschemarks in industrial contracts, by blocking road and plant construction, nuclear power generation, and so on. Foreigners visiting the Ruhr are always struck by the fact that this most-industrialized region of Germany does not have a single nuclear power plant operating.

None of the big political parties has ever fought back against the ecologists, but all of them have subscribed to zero-growth and post-industrial doctrines. The Social Democrats have even adopted most of the ecologist demands as "theirs." But the Social Democrats, who retain the image of the traditional "workers party," have also been more clever in blaming the effects of the world depression on Chancellor Kohl's Christian Democrats.

This does indeed put the Chancellor "in a very dangerous position," since he and his party face national elections in February 1987. The minor coalition partner in Kohl's government, the FDP, is very unreliable, and it opposes any German participation in the SDI project. If Kohl wants to ensure German cooperation with the Americans in developing beam weapons, he has to be able to govern without the FDP, and must fight for the absolute majority in 1987.

The problem is, the FDP opposes any deviation from the austerity course, and threatens a walk-out from the coalition, which would leave Kohl with a minority government, or lead to his overthrow before the end of the current term. What shall Kohl do, therefore?

Adopting an economic policy favoring industrial investments and long-term state-to-state contracts with other nations to help industrial exports is one immediate requirement. The other is an aggressive political campaign against the Green Party. This will set free the 150 to 200 billion marks in blocked domestic industrial projects, and bring the labor vote to the CDU.

# Soviets officially rehabilitate Stalin

by Luba George

On May 9, the day that Russia completed the celebration of the victory over Nazi Germany, Soviet leader Mikhail Gorbachov completed the full rehabilitation of Josef Stalin. This followed months during which Soviet television and cinemas crammed their schedules full of films and programs hailing the “Red Czar,” Stalin, the cruel and scheming dictator who brought Russia from a peripheral European power to a thermonuclear superpower, and a giant step toward the ultimate Russian imperial goal of ruling the Eurasian landmass, and achieving global hegemony.

At the six-hour-long VE-Day ceremony at the Kremlin on May 8, before an audience that included the top political and military leadership of the Russian Empire, plus the *crème de la crème* of World War II combat and partisan veterans, Gorbachov declared:

“The gigantic work at the front and in the rear was guided by the party, its central committee, and the State Defense Committee headed by the general-secretary of the Central Committee of the All-Union Communist Party, Josef Vissarionovich Stalin.”

The response to the mere mention of Stalin was electric: Sustained and unstoppable applause. It was unquestionably the psychological highpoint of the May 8-9 festivities.

Gorbachov also echoed Stalin’s wartime appeal to the old religious roots of Mother Russia, in one startling phrase: “The mortal danger overhanging the homeland and a tremendous force of patriotism raised the entire country to a people’s war—to a holy war.”

Together with the threats issued against the United States and West Germany by Gorbachov in his speech, and the display of old and new military hardware in the parade through Red Square—symbolizing victory not only in the last war, but in “the next war”—the image of an empire preparing for the final surge toward global domination, was unmistakable.

## Attacks on the United States

The praise of Stalin was accompanied by the most scurrilous rhetoric ever from the young Stalinist. Gorbachov accused President Reagan of being the “new Hitler.”

“Some politicians are ready to forget and even justify the SS cut-throats and, more than that, even to pay tribute to them,” he said.

This attack on President Reagan’s recent visit to Bitburg Cemetery in West Germany was accompanied by other tough attacks on the West for collusion with Hitler. It was “massive political sclerosis,” warned Gorbachov, not to remember that “Western capitalists had armed the Nazis and directed them to the East.” He denounced the United States as the “imperialist heir to Munich . . . at the forward edge of the war menace to mankind. The policy of the United States is growing more bellicose in character and has become a constant negative factor of international relations, a factor we cannot ignore.” America, said Gorbachov, “is actively reviving nationalism and revanchism in West Germany.”

Gorbachov also emphasized the “superiority” of the socialist system of economy, bragging that: “The Soviet Union is a powerful and flourishing power. . . . In the last 40 years, our industries have advanced twice as fast as in the capitalist countries. . . . It was the Soviet Union that built the first atomic plant in the world . . . the first nuclear-powered icebreaker . . . and was the first to launch the Sputnik into outer space. Our astronaut, Yuri Gagarin, was the first person to see the Earth from outer space.”

## The parade

The Soviet VE-Day celebrations culminated on May 9 in a massive Red Square military parade. The parade was the biggest in Moscow for many years, and was designed to carry a clear message. It was divided into two parts for maximum psychological impact upon the Russian population. The first part consisted of the weapons that won the Great Patriotic War, as the Russians call the Second World War—T-34 tanks and “Katyusha” multiple rocket launchers (“Stalin organs” was the nickname given them by the German Army).

The parade closed with a sampling of the weapons which are intended to “win the next war.” It featured the first display of the new generation of Soviet short- and medium-range missiles—the SS-21, now deployed in East Germany and Czechoslovakia. Given its 120-kilometer range, the weapon is only useable against targets—cruise and Pershing bases—in West Germany. Therefore, the decision to display it in the parade marked a deliberate threat to West Germany.

Defense Minister Marshal Sergei Sokolov, speaking at the parade, referred to the Nazis as the “crack forces of imperialism.” He declared that Russia, during the last war, “made the decisive contribution . . . to saving world civilization.” He repeated Gorbachov’s chauvinistic claim that the 1945 victory had been a victory of the “superiority” of Soviet ideology as well as Soviet military might.

He warned: “The Soviet Union firmly states that retribution will be inevitable for anyone who will encroach on the peaceful work of the Soviet people, on the security of the Soviet Union and its allies. Our glorious armed forces have everything necessary for this.”

# Russia secures the future, China the distant future

by Konstantin George

Next month, Chinese and Soviet representatives will meet in Moscow to sign a five-year trade accord. The occasion will mark the highest level diplomatic exchange, at the deputy prime minister level, in more than 20 years. The significance of the occasion is unmistakable: Peking and Moscow are together again.

The deans of the U.S. "Asia hand" community are looking the other way. Their tea leaves read differently. On April 18, former Carter State Department employee Leslie Gelb wrote in the *New York Times*, "Ten years after the defeat of South Vietnam, there is widespread agreement among policy analysts that the position of the United States in Asia is stronger now than at any time since the end of World War II." According to Gelb, that "strength" is premised on the unmitigated success of Henry Kissinger's notorious "China Card" policy, in which the United States made a deal to allow China to run amok in Asia, so long as Peking provided political and military cover for a steady U.S. strategic retreat from the region.

Never in the postwar period, have such dangerous delusions so threatened the strategic future of the United States, nor so jeopardized the national security of our regional allies in Asia.

Gelb insists that his view is the ruling consensus among Eastern Establishment and Berkeley mafia "Asia hands," from Kissinger's former national security assistant Winston Lord, now president of the Council on Foreign Relations, to the State Department's Michael Armacost and Paul D. Wolfowitz, to Carter appointee Richard C. Holbrooke, Berkeley Prof. Robert A. Scalapino, and Donald S. Zagoria.

This delusion dominates Reagan administration policy thinking toward Asia to this day. "It is clear that the whole condition of East Asia is today far better than the most optimistic would have predicted 10 years ago. Even compared to the end of World War II, it is far better because the countries of Asia are far more self-reliant, don't look to us as much as they did before," said Paul D. Wolfowitz, Assistant Secretary of State for Asia and Pacific Affairs. Wolfowitz, and the others, openly deny the overwhelming evidence of Sino-Soviet rapprochement. Were they to do otherwise, would

necessitate an overhaul of U.S. policy assumptions, namely, dumping the China Card.

The Soviet drive for a strategic accommodation with China has been made explicit in recent statements by the Soviet leadership. At the Kremlin, on the occasion of the Warsaw Pact's 30th anniversary, Soviet Central Committee Secretariat member, Konstantin Rusakov, called for a "broad anti-imperialist front, together with China," against the U.S. Strategic Defense Initiative. Soviet leader Gorbachov himself, speaking at the April 23 Central Committee Plenum, tacked on, at the end of a sentence in which he praised the "increasing unity of the Socialist Community," the goal of a full accommodation with China.

One day earlier, on the occasion of Lenin's 115th birthday, First Deputy Prime Minister and Politburo member Geidar Aliyev, the crowning figure of the Turanian-Muslim Division of the Soviet Empire, hailed the "increasing unity of the Socialist Community," stressing the need to reach agreement with China.

Reconciliation between Moscow and Peking exposes Kissinger's China card as having been, from the outset, a strategy of U.S. strategic retreat that only benefits the Soviet Union. Despite Leslie Gelb's self-delusion, the ruling consensus in Asia is that Moscow, not Washington, is the dominant superpower. Peking, Kissinger's "ace," obviously shares this view.

The June meeting in Moscow signals that Soviet-Chinese, post-Brezhnev "normalization" of relations, is in full, irreversible, swing under the Gorbachov collective leadership. The Five-Year Soviet-Chinese Trade Accord, covering the 1986-90 Five-Year Plan period, will inaugurate the next qualitative leap in Soviet-Chinese economic, and political, relations. It will "mesh" the Soviet and Chinese planned economies, not only for the 1986-90 period, but, through the standard automatic renewal clauses, will continue this process into the 1990s.

The first surge in improved Sino-Soviet relations occurred when Yuri Andropov came to power. In 1983, Soviet-Chinese trade more than doubled, to \$600 million. In 1984, it doubled again, reaching a value of almost \$1.2 billion. The

1985 minimum goal, decided upon during the two weeks of talks which began in Moscow on April 9 between Chinese Deputy Foreign Minister Qian Chi Chen and his Soviet counterpart, Leonid Ilyichev, is \$1.6 billion, a 35% increase over 1984. Those talks also prepared the agenda for the June deputy prime minister talks in Moscow.

News, "in between" the scheduled talks, betrayed the determination of both sides to accelerate the "normalization" process. On March 25, the Chinese ambassador to Moscow, requested, and got, a private meeting with Ivan Archipov, the Soviet deputy prime minister who will host the June talks, to discuss, according to *Pravda* of March 26, "the further development of trade and economic relations."

### Gaining time

For the Soviets, "reconciliation" with China is required to secure Russia's Eurasian "rear," in this decade when all confrontationist posture will be directed at the United States and Western Europe, with the strategic goal of severing Western Europe from the U.S.A., and bringing all Europe into a satrapial arrangement with the remaining world power, the Soviet Union. The Russian Empire thus desires no Asian imbroglios or entanglements.

Russia, to handle China, is building up Asiatic military power, backed by a Soviet nuclear umbrella, to cope with any contingency. Before the 1985 "normalization" with China, 1984 saw the biggest Soviet military build-up in post-war history, in the Soviet Far East, Sakhalin, and the Kuriles, facing China and Japan. Parallel to that, Cam Ranh Bay in Vietnam was turned into a permanent Soviet naval and air base for long-range nuclear-capable bombers. In December 1984, Soviet Marshal Vasili Petrov, then Commander in Chief of Soviet Ground Forces, and since then, promoted to first deputy defense minister, visited Vietnam, departing on December 23. Two days later, in an unmistakable demonstration to China, Vietnam launched its biggest offensive ever in Kampuchea. For the first time since Vietnamese troops entered Kampuchea in 1979, the military bases of the Kampuchean rebels straddling the Thai-Kampuchea border were overrun.

Late 1984 and early 1985 also marked the heaviest round of Vietnamese-Chinese border clashes since the February 1979 shellacking the Chinese received from the Vietnamese Army, when Chinese troops invaded Vietnam to, in the "famous last words" of Chinese leader Deng, "teach Vietnam a lesson." In the same time frame, the Russians have launched the biggest offensives in Afghanistan since their occupation began.

The United States, meanwhile, has become increasingly militarily irrelevant in the Pacific Basin since the time of Nixon's promulgation of the Guam Doctrine, in which Kissinger's China Card was put forward as Washington policy. IMF-instigated political insurgency and economic warfare

against the government of Philippines President Ferdinand Marcos have thrown into jeopardy the West's front-line strategic defense facilities at Subic Bay and Clark Field. In the South Pacific, the ANZUS pact of Australia, New Zealand, and the United States collapsed last fall, when New Zealand's newly elected Prime Minister Lange banned U.S. port calls in favor of the Soviet-backed proposal to turn the South Pacific into a nuclear-free zone. And, finally, it is only in the last few months, that genuine progress has been made in healing the wounds suffered when President Jimmy Carter decided to pull U.S. troops out of South Korea as part of his human rights campaign.

U.S. diplomacy, in recent months, has failed miserably to reassure Peking that Washington can, or will, fulfill its part of the China Card game. The round of "Jap-bashing" that seized the U.S. Congress in early April, with tacit encouragement from the U.S. Treasury, Commerce, and State departments, against the United States' strongest strategic ally in the region, speaks volumes in shaping Peking's, and Moscow's, perceptions. If "Jap-bashing" is U.S. policy toward its best ally in the region—what columnist Joseph Kraft has called a policy of "shooting itself in the foot first"—then being allied to the United States is no security at all.

If Washington is to have an effective "China policy," then it is clear that that policy must be on the basis of an overall policy toward the entire Pacific Basin, including Japan, Southeast Asia, and India.

### From 'equidistance' to accommodation

The perception in Peking is that China has no choice but to seek accommodation with the Soviet Union, as the super-power whose rise will dominate regional affairs over the next decade, and longer. Deng Xiaoping is known to have held this view since 1965, when the two communist giants broke off relations. Since the beginning of 1985, China has been making clear military concessions to what the Chinese perceive as "reality" for the next decade and beyond.

China is scaling down its military strength from the 4 million level to some 3 million. Secondly, hundreds of fighter planes, and ever more infantry divisions have been transferred from North China, facing Russia, to Kwangsi and Yunnan Provinces, facing Vietnam. Alone from mid-January to early March, two Chinese divisions were transferred.

The big political signal came on April 9, the day the Soviet-Chinese talks started, from Party General Secretary Hu Yao Bang. China has always cited "three obstacles" to normalization: 1) Soviet withdrawal from Afghanistan; 2) reduced Soviet military presence facing China; and 3) Vietnamese withdrawal from Kampuchea. Hu said: "Why shouldn't we have relations of friendship and good neighborliness with a Socialist country which shares with us the longest common border?" He added: "What are the three obstacles? I'm not sure."

## EIR seeks to remove ban on anti-drug book

Lawyers for *EIR* and the New Benjamin Franklin House Publishing Company, Inc. went before Venezuela's Supreme Court on May 6 to demand the overturning of the ban on the explosive book *Narcotráfico, SA (Dope, Inc.)*, which exposes the highest-level financiers and managers of the international dope trade, and the first book to be banned in Venezuela since the end of military dictatorship in 1957. Civil court Judge Alirio Abreu Burelli had ordered a ban on the distribution of *EIR*'s book on Feb. 15, to the satisfaction of the Venezuelan kingpins of the dope trade.

The publisher's lawyer, Randolph Rosal Machado, argued to the Supreme Court that the judicial decree banning the book lacked any legal basis and "restricted freedom of expression."

An *EIR* spokesman declared, in a press statement issued May 7, that the case must be seen "in relation to the war on drugs now being waged by several presidents of the Americas, including Venezuelan President Jaime Lusinchi, whose fight against the drug mafias we have supported from the beginning. . . . The financial side of the narcotics traffic, which is the main subject of *Narcotráfico, SA*, has come to light.

"The real issue at stake is whether or not it will be possible in Venezuela to publicly discuss this financial side of the drug trade. For that to happen, *Narcotráfico, SA* must circulate in Venezuela as it does in the rest of the Free World."

The Spanish-language edition of *Dope, Inc.* has been shaking up the entire continent of Ibero-America since it was published on Jan. 23, 1985. Venezuela was turned upside down, by the chapter linking Venezuelan "business" success-story Gustavo Cisneros to circles involved in international dirty-money laundering. Within three weeks of the book's first circulation in Venezuela, Cisneros and his associate, José Rafael Revenga, vice president of Cisneros' Venevision television chain, went to court to have the book banned.

On Feb. 5, the DISIP political police raided *EIR*'s office in Caracas, seizing all copies of *Narcotráfico, SA*, documents, and personal effects of staff members, and taking four

*EIR* foreign correspondents to jail. The journalists were interrogated for four days, and then expelled from the country.

The raid and book-banning 10 days later made the headlines across Ibero-America, and sales of *Narcotráfico, SA* skyrocketed, especially in Colombia and at the Miami International Airport.

### Cisneros defends his 'honor'

Cisneros and Revenga's lawyers went to court Feb. 12 to demand that Judge Abreu protect them "against acts which harm [their] honor and reputations," ostensibly committed by a book "not attributed to any specific author" and which they claimed "appears to be published by 'The Benjamin Franklin House, New York, New York, 1985,' when, in reality, and we are sure of this, it was published in Mexico City, where most anonymous editions and those seeking to evade author royalty payments tend to be published."

Abreu readily accepted these strange opinions, saying that the book "does not originate from an author nor even a publisher which could be identified."

Rosal Machado, lawyer for The New Benjamin Franklin House Publishing Company, Inc., told the Supreme Court that calling the book anonymous, "is a crude, and strange defamation and distortion of a manifestly evident fact"—the names of both *EIR* and the publisher "are clearly, repeatedly and boldly printed not only on the front cover, the spine and the back cover, but also on several pages of the book, along with its official registration number, as required by the federal laws of the United States of America, precisely to prevent any edition from being anonymous."

Cisneros and Revenga themselves seemed to have something to hide. The demand for an injunction they submitted to the court, Rosal Machado noted, "is some 23 typewritten pages, without any kind of letterhead or signature: that is, absolutely anonymous. Those sheets launch an implacable, rude, and distorting attack" against *EIR* and the book's publisher; against the American writer and politician Lyndon LaRouche; and against the well-known Venezuelan banker, José Vicente Pérez Sandoval, to whom, after he was subjected to a storm of improprieties, is imputed the financing of the book's publication.

Now, this is interesting, Rosal told the court, "because the petitioners for the injunction suddenly remember that 'Narcotráfico, SA' does have a responsible author and editor, forgetting that their principal argument had been the anonymity of the publication."

The entire proceeding, Rosal Machado continued, was intended to make it impossible for the authors and editors of *Narcotráfico, SA* to defend their assertions, since they were never allowed to present their case.

"Normal procedures have been established to impose legal sanctions as necessary," Rosal added. But by his peremptory action, "the judge . . . has trampled on the constitutional rights of my clients to free expression of ideas."



## May 1, dry run

*KGB-linked "ultras" used May Day for a practice session for bigger things to come—under State Department coordination.*

For those wondering what the June-July period of violence promised by the alliance of the Nazi-leaning National Action Party (PAN) and the communist PSUM party will look like, study for a moment a dry run in the art of provocation carried out on May Day.

For the second straight year, the ultra-left networks in the service of the Soviet KGB, tried to destabilize the traditional Labor Day celebrations in Mexico, May 1. On this occasion, unlike last year, when a Molotov cocktail was thrown at the presidential balcony, security kept even the slightest infiltration out of the official march.

Groups of provocateurs tried to break through the police lines, throwing themselves against the barricades and police dogs of the grenadiers and military police, who were closely guarding the demonstration. These groups included:

- The Authentic Labor Front (a Christian Democratic group patronized by the "red bishop" Sergio Méndez Arceo);
- The Trotskyist Socialist Workers Party;
- The Front Against Repression, sponsored by Mrs. Rosario Ibarra de Piedra, of the PRT—Revolutionary Party of Laborers (Trotskyist);
- The National Coordination of Education Laborers (Dissidents of the National Education Laborers Union);
- The Ayala Plan (the extremist Maoists), among other lefties.

In a round-up of the provocateurs, police discovered that some were armed. Others were carrying plans for a new attack on the presidential reviewing box.

This was enough for the real intellectual agents who are the sponsors of the Nazi-communist alliance, such as the former PAN party youth leader, former Jesuit seminarian, and current guru of KGB-left circles, Miguel Angel Granados Chapa, to write that security forces and the government had acted with "a strong paranoid tendency" in not allowing the "independents" to freely demonstrate.

Similarly, the Social-Democrat León García Soler, in the pages of *Excelsior* newspaper, labeled the arrest and detention of the extremists a "suspension of individual guarantees" of freedom.

If we recall that last year the so-called "students" of the People's High School (now closed) and the PRT Front, had the gall to throw Molotov cocktails at the president's balcony, and that in the course of investigation, it was discovered that they had strong ties with the Puerto Rican terrorist Willy Morales, whose activity in Mexico when he was arrested was to plan to bombing of the Mexico-U.S. Interparliamentary meeting; and that Morales was protected by the communist rector of the University of Puebla, Vélez Pliego, one sees clearly the larger, terrorist-linked environment in which such "spontaneous"

events are prepared.

What is interesting in this case is that the KGB operatives seem to work for the U.S. State Department, and that the U.S. embassy in Mexico is a conduit for the propaganda and disinformation of these extremist networks.

The Mexico section of the *Country Reports on Human Rights Practices for 1984*, issued by the State Department in February 1985, bases its 10 pages of allegations of human rights violations in Mexico on the testimony of precisely the groups which were involved in the May 1 provocations.

The *Human Rights Report* for Mexico has two cited principal sources: Amnesty International, and the "National Committee in Defense of Prisoners, Persecuted, Disappeared, and Political Exiles in Mexico," run by the very same Rosario Ibarra de Piedra of the Revolutionary Workers Party, involved in the May 1 melee.

The members of Ibarra's committee "continue to express their concern over the fate of Mexico's 'disappeared,'" the State Department solicitously reports in its summary of findings.

To make it clear to the U.S. State Department just what Mexico's real interest is, Mexican lawmakers at this year's interparliamentary meetings with U.S. congressmen, from May 11 to 14, escorted their U.S. colleagues to the famous Cerro de las Campanas, where the traitor and usurper Maximilian of Hapsburg was executed by a firing squad at the mandate of then-President Benito Juárez.

The ceremony was intended to show the world what should be done to the enemies of self-perfecting republics. In this commemoration, the Mexican legislators proposed that the real Mexico-U.S. relationship should be modeled on that of Juárez and Abraham Lincoln.

## **The Prince of Wales and the doges**

*Charles and Diana's visit intersected anti-republican plots by the Venetian nobility and the Communists.*

**F**ar from being a fairy tale in modern times, as the Italian press portrayed it, the state visit of Charles and Diana to Italy repeatedly intersected a plot to rip up the Italian republican constitution. In Rome, the Prince of Wales met at length with the Communist head of the Chamber of Deputies, Nilde Iotti, who was the mistress of Communist Party chief Palmiro Togliatti after the Second World War, at the time of the national referendum in Italy on whether to keep the monarchy or build a republic. At that time, Togliatti's Communist Party was in favor of the monarchy.

When Charles asked Nilde Iotti, "How come Italy is a republic," she answered, embarrassed, "It's because we had a referendum in 1948, and 12 million Italians were for the republic and 10 million for the monarchy." "More than I thought" was the comment of the Prince of Wales, who continued his conversation with the Communist leader, asking more details on the policy of the Italian Communist Party, the second largest party in Italy, which recently demanded that it be permitted to form a government, should it overtake the Christian Democracy in the May 12 administrative elections. This eventuality, fortunately, did not occur.

The day of Charles's visit to Rome, another prominent monarchical figure arrived in Rome, Marina Doria, wife of Victor Emmanuel of Savoy, the son of former King Humbert of Savoy, who, after Humbert's death, is the

main pretender to the throne, if such a throne were reestablished. Albeit Marina Doria was not invited to the Roman nobility's reception for the Prince of Wales, at the Circolo della Caccia, the only "British" club in Italy, the Savoy family thought it could exploit the pro-monarchical atmosphere created by the "fairy-tale" couple to relaunch its internal disputes on whether Victor Emmanuel or the Duke of Aosta, the third in the succession line, is the real pretender to the Italian throne. Both sent messages to "the Italians," and Victor Emmanuel announced a message to the Italians on May 12, the day of the elections.

Even more dangerous for the Italian republic, however, was the visit to Venice, which concluded the official state visit of the Prince of Wales with a reception on the royal yacht *Britannia* on May 5. To this reception, the only one offered by the royal couple, only the most ancient oligarchical families of Venice were invited, from Countess Vendramina Marcello, chairwoman of the Venice section of the Italian Red Cross, to Countess Foscari, of the ecologist association *Italia Nostra*, to the Hapsburgs, to the Valmaranas, the Venetian family which offered its palace in Vicenza to make the movie "Don Giovanni."

Besides the ancient Venetian families, with their centuries-old heritage of doges and admirals, one of the star guests at the reception was Bruno Visentini, head of the Cini Foundation, the Venetian think tank promoting

Venice as the European capital between East and West, and candidate for mayor (or "doge" as everybody calls him) of Venice of the Republican Party. To understand the importance of this reception in Venice, one has to consider that Visentini is the finance minister in the Italian government in Rome. Why should a finance minister prefer to become mayor of a city with only 80,000 inhabitants? And how is it that Visentini, the top contender for mayor in Venice, proposed on May 8 the creation of a super-economic ministry able to impose "precise two-to-three year programs" to pay back Italy's debts to the International Monetary Fund?

We asked this question of a Venetian journalist, expert on Visentini, and he replied: "Visentini is not a politician, he's a technocrat, and he is first of all a Venetian, and the head of the Cini Foundation. He outlines policies that will be implemented by others, but he takes care of state matters only from time to time. His main concern is Venice. If he could be doge of Venice with full powers, he would prefer it to being superminister."

"In Venice," he continued, "three top candidates for mayor are ministers in the present government: Visentini, Health Minister Degan, top candidate of the Christian Democrats, and Ecology Minister Biondi, top candidate of the Liberal Party." These are the same "technocrats" who are behind a recent proposal to change the Italian constitution by adding an article which would set a limit to domestic spending and "provoke the toppling of a government if this limit is not respected." This is Visentini's policy, as it is the policy of the Venetian oligarchy controlling him, and these outdated figures are ready to impose it, with Visentini either as minister, or doge, or President of the Republic, as the Venetian journalist told us.

## **TFP condemned by Church in Brazil**

*The Vatican has practically equated the "brainwashing" of the Tradition, Family, and Property cult with Liberation Theology.*

Upon his arrival in Brazil, Cardinal Agnelo Rossi practically equated the brainwashing practices of the Tradition, Family, and Property (TFP) to the results of decades of indoctrination by the "Theology of Liberation" in Ibero-America. He denounced the fruits of the latter, as "a decadence of theology, depreciated into sociology; a true brainwashing."

His denunciations are part of a recent offensive by the Catholic Church against these two Gnostic cults propagated by the oligarchy, which have taken root in Brazil.

Cardinal Rossi, who is of Brazilian origin, represented the Vatican at the funeral of President Tancredo Neves, and he currently occupies the position of prefect for the administration of the patrimony of the Holy See. On May 28 he gave a press conference to present his piece, "Truths, Errors, and Dangers of the Theology of Liberation," a solid denunciation of the dark-age character of this credo. In this writing he pointed to the dictators Qaddafi and Khomeini "as examples of the 'liberationist' genre."

The cardinal also asked for reforms "of the unjust national and international structures," since otherwise "the misery and famine which Latin America is living through" will not find any prompt solution. Before personally making his work known, he had it circulated at the 23rd Assembly of the National Conference of Bra-

zilian Bishops (CNDB), through the Cardinal of Rio de Janeiro, Eugenio Salles, a well-known enemy of the TFP, the "Theology of Liberation," and other cults.

The same assembly formally condemned Tradition, Family, and Property for "its esoteric character, its religious fanaticism. . . . We exhort Catholics not to enroll in TFP nor collaborate with it," concluded the bishops. Thus, the TFP was condemned in the same country where it maintains its general headquarters and where one of the oligarchical families that sponsor it, the Braganças, live. This fact is in itself of equal magnitude to the expulsion of the TFP from Venezuela late last year.

The offensive against Liberationist theology—the current which has succeeded in winning control over a vast sector of the Brazilian Catholic Church, the most powerful on the continent—reasserted itself with a warning from John Paul II in person. Upon receiving the Brazilian bishops of Belém and Manaus, who were making their traditional visit to Rome, the Pope warned them of the dangers of accepting "misunderstood pluralism and the tyranny of fashionable ideologies."

Already on March 21, the Sacred Congregation for the Doctrine of the Faith had publicly censured one of the books of a top representative of "Liberation Theology," the Franciscan Leonardo Boff. Last Sept. 7, after

being received in Rome in the Sacred Congregation for the Doctrine of the Faith, Boff gave an interview claiming that he and the Pope were "moving together toward the year 2000." Events have proved him far off the mark.

The Vatican even condemned Boff to a year of absolute silence, which caused a great uproar among the Liberationists, including an ostentatious defense of Boff by Cardinal Evaristo Arns, the bishop of Sao Paulo. Boff "is my personal friend," he declared. But even so, Boff's book, by order of the Church, was taken off the shelves of all the Catholic bookstores.

Boff's irrationality, his hatred for industrial progress and national sovereignty, has infected various political sectors of Brazil, especially a large number of unions belonging to the PT labor federation led by Luis Ignacio Dasilva, known as "Lula." Lula's craziness reached the extreme of threatening to destroy the auto plants where workers are currently on strike.

As *EIR* has shown, the political deployment of the so-called ultraleft and ultraright is controlled by the same European titled families. We only wish to report here a letter sent to Cardinal Arns, Boff's protector, published in the newspaper *Folha de São Paulo* on May 3, which up to now no one has taken the trouble to deny:

"Finally the CNDB condemned the TFP and asked Catholics not to support the sect of Dr. Plínio Corrêa de Oliveira. What I have never understood is how years ago Cardinal Arns—who is so progressive—ordered Father José Luis Villac to officiate at a traditionalist mass in the mysterious chapels of the TFP, erected by license of whom, no one knows. How does one explain this? The most leftist cardinal of the country gives a little assistance to the sect which theoretically should be its enemy. Strange bedfellows!"

# International Intelligence

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## **Brazilians hear LaRouche anti-drug plan**

Lorenzo Carrasco Bazua, *EIR*'s correspondent in Rio de Janeiro, opened the first meeting of the Federal Drug Commission of the new Brazilian government on May 7 with a 20-minute presentation on Lyndon LaRouche's 14-point "War on Drugs" program.

The Commission consists of representatives of all government agencies involved in the drug fight, including the foreign and health ministries, the army, and the Federal Police. Each representative received a copy of the LaRouche program, in Portuguese. The program was carried in full in English in the April 2, 1985 issue of *EIR* (page 36).

The program, which is in the form of a military general-staff order for the elimination of illegal drug traffic in the Western Hemisphere, proposes that the Hemisphere's governments enter into "a treaty of alliance for conduct of war," under which auspices a joint military command is to be established.

"The international drug traffic," LaRouche told a March 13 conference in Mexico City, where he first unveiled the proposal, "has become an evil and powerful government in its own right, a financial, political, and military power greater than that of entire nations. It is a government which is making a war against civilized nations, a government upon which we must declare war, a war which we must fight with the weapons of war and which we must win in the same spirit the United States fought for the unconditional defeat of Nazism."

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## **Christian Democrats regain lead in Italy**

The Italian Christian Democracy (DC) regained its status as the most popular party in Italy in recent regional, provincial, and municipal elections. The Communist-Socialist city councils of Rome, Turin, and Milan were defeated.

There was concern that the Italian Com-

munists, who had garnered the most votes during European parliamentary elections last year, would also come out on top in this polling. However, the May 12 voting proved otherwise.

A very important factor was the Vatican's support for the Christian Democracy—in Rome, for example, where a Communist regime fell before a "Re-Christianize Rome" campaign. Overall, the DC received an official 33.8% of the popular vote, the Communists only 28.7%.

Another critical element in the outcome was the up-front support for the U.S. Strategic Defense Initiative by Premier Bettino Craxi, a Socialist: A week before the elections, Craxi had a meeting with the secretaries of the five parties in the government and was able to obtain their unanimous support for President Reagan's policy. Craxi's Socialists received a record vote of 14.8%.

The Green Party slate got as high as 2% of the vote—the first time it fielded a slate—8% in Trento, 4.4% in Venice. They and the neo-fascist MSI of Giorgio Almirante were the big winners in Bolzano, a center of "Tyrolean separatism." The MSI jumped from 6.3% to 22.6% of the vote, and the Greens received 8%. The Christian Democrats and the Communists lost about 5% a piece.

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## **AFSC joins East Germans against SDI**

"We will be contacting the East German church, to join our campaign against 'Star Wars,'" an American Friends Services Committee official at the AFSC's Philadelphia headquarters told a caller. "We are, today, translating our anti-Star Wars petition into German, to circulate to the Protestant churches in East and West Germany. We have direct contacts in East Berlin, through the Theological Studies Department there, and with the East German Federation of Protestant Churches. We know the East German church is concerned with the Star Wars developments."

In the United States, the AFSC petition against "Star Wars" has been signed by two leading Roman Catholic Bishops, Gumble-

ton of Detroit and Sullivan of Richmond, Virginia. Called, "We Have No Faith in Star Wars," the petition has been signed by 37 individuals to date, including Rep. Walter Fauntroy and National Council of Churches International Affairs Director Duane Epps. Epps is chief NCC liaison with the Moscow Patriarchate of the Russian Orthodox Church.

"We reject any system of security based on fear and intimidation," the petition reads. "This plan would lead to the material and spiritual impoverishment of our people." How the SDI, and the industrial revolution that would accompany it, would impoverish anybody, the petition does not explain.

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## **Soviets publish Israeli communiqué**

For the first time since Israel and the U.S.S.R. broke diplomatic relations in 1967, the Soviet press has published a message from an Israeli leader. The government paper *Izvestia* published the May 8 message from Israeli President Chaim Herzog, praising the role of the Red Army in World War II.

According to one Middle East source, there are other recent signs of an Israeli-Soviet rapprochement, including the granting by Soviet authorities of a visa to a correspondent of Israel Radio, to cover the May 8-9 celebrations in Moscow of the World War II victory.

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## **Venezuelan calls ban on book political error**

The recent banning of *EIR*'s book, *Narcotráfico, SA (Dope, Inc.)* in Venezuela, was the subject of a question by *EIR* Washington correspondent Dolia E. Pettingell to Aristides Calvani, head of Venezuela's COPEI party, at the May 7-11 conference of the National Democratic Institute for International Affairs in Washington.

"A little while ago, an editorial in *Resumen* magazine of Caracas questioned the freedom of expression in your country be-

## Briefly

cause the circulation of a book entitled *Narcotráfico SA* was prohibited there. What commentary can you make?"

He replied: "This has set off a big scandal in Venezuela. This scandal is still on the table. I don't think it can be judged. I am absolutely not trying to defend the measure, but one simply cannot judge a political regime by one of its errors. I would say, the judicial structure is there. Make use of it and fight."

"Was it an error that this book was banned?" asked Pettingell.

"Look, I don't know the text of the book. So, in order to have an opinion, one should be informed first, and I am not informed. What I say is that in principle, I don't like prohibition measures. But there are also judicial regulations that have to be respected."

The book was banned, and *EIR* correspondents expelled, in January at the insistence of the powerful Cisneros family, which the book linked to international money-laundering networks.

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### Genscher goes public against the SDI

West German Foreign Minister Hans-Dietrich Genscher told the parliament in Bonn on May 14 that European governments "must still work out their position" on the U.S. Strategic Defense Initiative. He referred to the French Eureka program as a "possible European alternative to just being a sub-partner in the SDI." The Eureka envisages non-military research in technologies related to the SDI. The French have refused to participate in the American program.

Genscher added: "What is bad for the French can't be good for us, and vice versa."

Reportedly, the West German intelligence agency, BND, also attacked the SDI in a private study presented to the Chancellor's office at the end of 1984. According to *Der Spiegel* magazine, the BND cited "technological problems and possible counter-measures" to argue that successful defense of the United States "must be evaluated on a rather skeptical basis. Chances for the European allies of NATO to defend themselves

against strategic offensive weapons of the Warsaw Pact are even lower."

BND networks friendly to Genscher reportedly produced the evaluation.

When Genscher's Free Democrats (FDP), met in Bonn on May 13 to discuss how to capitalize on the election defeat of Chancellor Kohl's Christian Democrats in North Rhine-Westphalia a day earlier, party manager Helmut Haussmann told journalists that Kohl must "consider more thoroughly Genscher's proposals for peace and arms control"—i.e., Moscow's proposals.

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### Greek Socialists: U.S. is security threat

Greece's governing pro-Soviet Socialist Party released a policy program on May 13 which states that U.S. military bases on Greek soil, which provide support and anchorage facilities to the Sixth Fleet in the Mediterranean and serve as communications and surveillance centers for NATO's southern flank, are a security threat to Greece.

The program said the bases "undermine our national defense and expose us to the danger of extinction in the event of nuclear war."

The Socialist government is headed by Andreas Papandreou, and recently tore up the 1975 republican constitution of Greece, replacing its author, Constantine Karamanlis, with a figurehead President.

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### U.N. leader warns of African genocide

The president of the U.N.'s World Food Council, Eugene Whelan, said in an interview published in the *Toronto Star* on May 13 that developed countries must boost aid to Africa, or "be guilty of the worst bit of genocide the world has ever seen."

Whelan, formerly Canada's agriculture minister, said he visited six African countries where one million have died through drought and famine. "There's no excuse for it, because we know what's going on."

● **SPAIN'S** President Felipe Gonzalez guardedly endorsed the U.S. defense program in a May 13 interview with Mexico's *Excelsior*. "If you have a new arrow, man always seeks a shield. The Soviets are doing it discreetly. The research phase is not public."

● **MENDEZ ARCEO**, the former "Red Bishop of Cuernavaca," said on May 9 that a recent interview of Russian Metropolitan Filaret (Vakhromeyev) in the Italian communist paper *L'Unità*, praising Liberation Theology, shows the possibility of a dialogue between the Catholic and Orthodox churches.

● **GUSTAVO CISNEROS** told an *El Nacional* interviewer in Caracas that small parties "get in the way of democracy" and of a functioning "two-party system." His family had *EIR's Narcotráfico, SA* banned in Venezuela, and is now seeking to ban smaller parties opposed to drugs, such as the Venezuelan Labor Party (PLV). The PLV qualified for party status in February, but certification has been delayed while Cisneros's forces prepare changes in the law.

● **ARGENTINE** leaders of the Peronist CGT labor confederation met with Cardinal Raul Primatesta, head of the nation's bishops council, on May 8; they agreed to coordinate on economic issues. A working document presented by the CGT drew its first paragraph from Pope John Paul II's teachings on the dignity of labor, and condemned "international usury."

● **DAVID B. FUNDERBURK**, U.S. ambassador to Romania, resigned recently because the State Department had dismissed evidence collected by his embassy in Bucharest which testified to growing Romanian dependence on the Soviet Union.

## The Anglo-Soviet plot for the destruction of India

by Joseph Brewda and Nancy Spannaus

The recent upsurge of separatist violence in India, and the surfacing of Sikh assassin networks in the United States and Western Europe, raise once again the crucial questions provoked by the assassination of Indira Gandhi last October: Who is running the international network of Sikh terrorists?

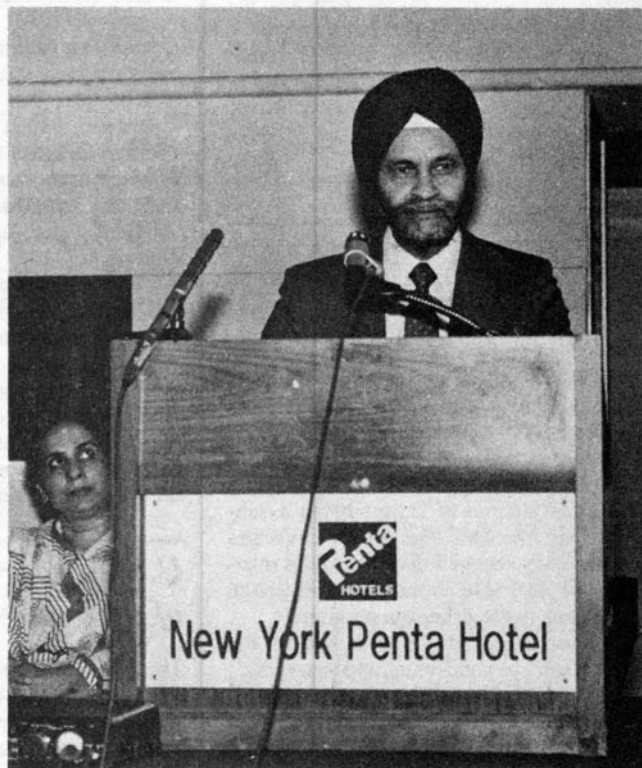
Despite arrests of key participants in the Gandhi assassination by the Indian government, there has been no hiatus in the activity of the network which deployed them. Threats against the current prime minister, Rajiv Gandhi, and against the integrity of India as a whole, continue to spew out of self-appointed Sikh spokesmen, and are taking increasingly violent form. Yet, except for a low-key but consistent, lying and self-serving Soviet propaganda campaign to blame the CIA, there has been deafening silence on the identity of the international controllers.

Immediately following the Gandhi assassination, *EIR* published a fact sheet with relevant leads on the controllers of the assassin networks, and announced that it was initiating work for a book entitled *Derivative Assassination*, that would outline both the special character of, and the guilty parties in, the murder of one of the world's most important political leaders. The work for that book is now close to completion.

Given the activation of the networks currently, we have decided to preview the book's publication by printing relevant sections from the chapter on the British controllers of the Sikh assassin cult.

There are four threads to the investigation which lead to the unravelling of the network that controls the Sikhs, three of which come under the general heading of Anthropology.

1) The Tavistock Institute for Social Research, British



NSIPS/Stuart Lewis

*In July of 1984, four months before the murder of Indira Gandhi, the World Sikh Organization was formed in New York City, in protest of the "desecration" of the Golden Temple by the Indian Army, and to promote a Sikh separatist state. Above, Dr. Gurcharan Singh, at a press conference that month in New York City, proclaimed the aims of the Sikh separatists.*

intelligence's leading brainwashing institute, which currently works hand in glove with the Soviet Oriental Institute, the leading London universities, and the KGB in profiling and steering ethnic groups.

2) The Swiss grain and pharmaceutical companies, which fund many of the international "anthropological" networks.

3) Certain history departments in U.S. universities, which have been given the franchise by the British to guide separatist insurgencies.

4) The World Bank bureaucracy, which is a direct carryover from the British Colonial Office.

In other words, the "citizens above suspicion" who are running the separatist terror against India, are precisely the same networks which succeeded, financed, and directed the movement which put the barbaric Khomeini regime in power, and have turned the entire Middle East into a seething cauldron of barbaric ethnic strife, and depopulation, under the military supervision of the Soviet Union.

Unless these networks outside India are stopped, we can expect to see the same process destroy the Indian subcontinent in the immediate months ahead.

## The assassins

It took British and Russian intelligence a long time to disturb the peaceful coexistence between Hindus and Sikhs in India. But as a result of that process, certain sections of the Sikh religion were turned into an anti-technology, mystic cult of assassins.

Two leading organizations of this cult are the Babbar Khalsa and the Dal Khalsa, both of which were founded in 1978, and are dedicated to separating the Punjab state from India in the cause of "religious purity."

From their beginnings, both organizations were involved in random and targeted shootings and bombings. By the time of the June 1984 Indian government siege of the Golden Temple, over 550 civilians had been killed by these groups.

Babbar Khalsa/Dal Khalsa has carried out murders of numerous prominent Sikhs who opposed their activity, as well as the hijacking of an Indian airplane.

Due to this pattern of activity, the leader of Babbar Khalsa, Talwinder Singh Parmar, was forced to leave India several years ago. Talwinder Parmar has taken credit for the murder of one of his opponents, Lala Jagat Narain, and has been involved in murders against other religious sects.

Since he has left India, Talwinder Parmar has by no means separated himself from terrorist activity. He first traveled through Nepal, Thailand, Singapore, and West Germany, where he was arrested, but then let free. Currently he resides in Vancouver, Canada, one of the major training centers for Sikh assassins. According to reliable sources in telephone contact with Constable Beant Singh—the assassin of Mrs. Gandhi—one week prior to the assassination!

Shall we then conclude that Talwinder Parmar is the conceptual author of the Gandhi assassination? No, not at all.

The clue is provided by an individual by the name of Brigadier (ret.) Iqbal Singh, a former strategist of the Indian army war college, and now a rabid promoter of the creation of a separate Sikh state. Singh is intimate with Talwinder Singh, and also with Gen. (ret.) Jaswant Singh Bhullar, chairman of the terrorist-supporting World Sikh Organization. He unabashedly defends the murder of Indira Gandhi.

And where is this terrorist controller located? At no place other than the University of Chicago, working under a professor of history!

In fact, this is the way the entire Sikh terror movement has been molded, and controlled, as our outline of the leading institutions and individuals below will show.

## The Tavistock network

The Sikh separatist movement, as distinct from the religious sect, came directly out of the Tavistock Institute for Human Relations, the center of British intelligence's psychological profiling, and the University of London. Both of these "academic" centers cooperate closely with the Oriental Institutes of Moscow and Tashkent.

The way these intelligence operations work is classic. Through field operations and profiling, an ideology of separatism is created, into which various individuals are recruited. By playing upon this ideological profile, the controllers can then manipulate its victims into any kind of action they want—particularly terrorism.

The result of this kind of activity is notorious in Northern Ireland, and other British counterintelligence havens: the bloody clashes of gang-vs.-countergang, the destruction of nation-states. What is less known, however, is that the Soviet academies have developed similarly sophisticated techniques for manipulating ethnic groups.

This is particularly relevant in the case of the Sikh movement, since the breaking-up of India and Pakistan, which is the aim of the Sikh fanatics, will serve to turn these areas directly over to the Soviet Union, and no one else.

Two of the British "academics" working most closely on the Sikh project are: 1) **Prof. W.H. McLeod**, an Oxford-trained scholar working at the University of New Zealand; and 2) **Prof. Christopher Shackle**, chairman of the Indology Department at the Oriental school at the University of London.

Shackle's mode of operation shows how the London network works. While maintaining the appearance of exclusive concern with Punjabi linguistics, Shackle fields a network of on-the-ground anthropologists including **Prof. David Taylor**, who was deployed to India immediately after the Gandhi murder. In addition, Shackle uses his "credentials" in order to produce reports that give credibility to the Sikh terrorists, like the report on the Punjab by the British Minority Rights Coalition.

Just how operational these professors' role is, is shown by the case of anthropologist **Joyce Pettigrew**, who was

trained by both McLeod and Shackle at various points in her career. Pettigrew was convinced through her "education" to convert to Sikh fanaticism, and she has married a Sikh. Currently she has become the adviser and aide to **Dr. Jagjit Singh Chauhan**, the fanatical Sikh spokesman who has proclaimed himself the president of a Khalistan government-in-exile.

Chauhan, who went public with his pleasure at Indira Gandhi's murder and has called for the murder of her son Rajiv, continues to live a protected, charmed life in London. Yet Chauhan is not only controlled through the Anglo-KGB networks in London; his strings are also pulled from Switzerland.

### The Swiss anthropologists

The evidence that the Sikh terrorist movement is directed from Switzerland is hard for any intelligence specialist to overlook. It has three tracks: first, the André grain company; second, the pharmaceutical companies; and third, the anthropological neo-Nazi movements themselves.

Chauhan himself has admitted to the first and third ties.

Chauhan and his leading Sikh financiers have both told reporters that the André grain family has put lots of money into their movement, and that Chauhan travels frequently to Switzerland to meet with the family head.

On the anthropological side, Chauhan cites as his "moral guide" **Richard Hauser**, a member of the editorial board of *Pogrom* magazine, the magazine of the West German-based

Society for Endangered Peoples. The SEP, and its U.S. branch, Cultural Survival, deploys approximately 8,000 anthropologists into the former colonial sector to organize against the nation-state among tribes such as the Misquito Indians.

Hauser is a specialist in creating separatist insurgencies, a job he learned at the knee of the former director of the Allied High Commission's Economic Branch in Rome directly after World War II, Harlan Cleveland. He went on from there to other work in social manipulation, including as head of the United Nations' Minorities Commission.

Hauser has nothing but praise for the Sikhs as "determined troublemakers." And when asked about Chauhan, right after Chauhan had taken credit for the Gandhi assassination, Hauser said, "I like Chauhan enormously, he's a very capable man. I first met him six to eight years ago. We have worked together quite a lot."

The Society for Endangered Peoples has a relatively high profile in India, supporting primitive tribes in Assam, Manipur, and other eastern states against the central government. One of its close Indian collaborators is Dr. Fizo of the Naga tribe, a former operative of the Nazi Abwehr, who, from his base in London, is seeking to separate Nagaland from India.

The Sikh separatists are also promoted by the Swiss pharmaceutical companies, through one of their major U.S. branches, Eli Lilly. **Eli Lilly Endowment** of Indianapolis is one of the most generous funders and creators of religious cults and counter-cults in the United States, as a history of the creation of Jonestown in Guyana and of Maurice Davis's

## The creation of postwar Sikh terrorism

**1953:** *Sikh Review* magazine is established in Calcutta, India, under British patronage, as funding conduit and propaganda arm for scholars, arguing that Sikhs constitute a separate people.

**1953:** Tara Singh, president of the Sikh Separatist Akali Dal, patronized by wartime Nazi collaborator the Maharajah of Patiala, begins first postwar agitations for Sikh independence from India.

**1960:** *Sikh Courier* established in London as British university arm of *Sikh Review*.

**1960:** UNESCO prints *Selections from the Sacred Writings of the Sikhs*, to foster illusion in West that Sikhs represent a distinct people in India.

**1962:** Punjabi University established in Patiala, as part of constellation of universities in Punjab patronized by the Maharajah of Patiala, to serve as propaganda centers for Sikh separatism.

**1966:** Indian government capitulates to Akali Dal demands and establishes Punjab as a separate Indian state; agrees to some of the linguistic demands of Akali Dal previously formulated by British anthropologists.

**1967:** Kapany Singh, graduate of the University of London and current top controller of General Bhullar's terrorist World Sikh Organization, forms Sikh Foundation in San Francisco.

**1968:** Research Committee on Punjab formed in the United States by Prof. Paul Wallace at the University of Missouri. Committee directs work on Sikh "revivalism."

**1970:** Smuts Memorial Fund sponsors top British anthropologist Hew McLeod, in lectures under the auspices of the Faculty of Oriental Studies, Kings College Cambridge, on "The Evolution of the Sikh community." British anthropology project to create "Sikh revivalism" and fragment India begins in earnest.

**1970:** Hew McLeod, Dr. Joyce Pettigrew—later on-the-ground controller of terrorist Bhindranwale—and Edward Shils of Tavistock, collaborate in a series of Sikh profiling projects. Work done in collaboration with London Institute of Race Relations.

**1971:** Former Punjab Finance Minister Dr. Jagjit Singh Chauhan calls for the creation of an independent "Khalistan" (separate Sikh state) at a press conference in London, his base of operations ever since.

**1978:** Terrorist Babbar Khalsa sect created in Punjab, which insists on separating Punjab from India to protect Sikh "religious purity." Babbar Khalsa begins assassinating other Sikh sects figures, such as the Nirankaris, on charges of heresy to Sikhism. Murders ritualistically modeled on Namdhari cult assassinations of 1870s, a period intensively studied by British anthropology's Research Committee on the Punjab.



deprogramming operation will show. Thus it is indeed appropriate that the longterm head of the Eli Lilly Endowment, **Landrum Bolling**, has been one of the most important backers of Chauhan in the United States, and was the sponsor of Chauhan's speaking tour in Indianapolis in 1982.

### The U.S. university circuit

Since World War II the lower levels of the anthropologist networks radiating out of Oxford and the University of London have been transferred to the United States, as part of an effort to give an American label to British insurgencies in the former colonial sector. The U.S.-based centers for Punjab destabilization on behalf of the Anglo-KGB include: the University of Chicago; Kansas State University; and the University of California at Berkeley.

By 1966 this project had reached sufficient maturity to begin centering the more public efforts for Sikh separatism in the United States.

In 1968, **Prof. Paul Wallace** at the University of Missouri formed the Research Committee on the Punjab, which he has chaired to the present date. The central focus of the Committee is "Sikh revivalism," which the members have been working on under British direction since that time. Wallace's role in the Gandhi assassination is indicated by his meeting with **Brig. Iqbal Singh** within days of the murder.

Iqbal Singh, currently based at the University of Chicago, is one of the most rabid promoters of the creation of a separate Sikh state, and admits maintaining very close contact with

the Sikh terrorist group Babbar Khalsa.

Among the first results presented by the Research Committee was the 1976 Berkeley Conference on Sikh Studies, which was funded by the Sikh Foundation, and organized by **Mark Juergensmeyer**, a Berkeley-based leading figure in the Research Committee on the Punjab. The Conference brought together leading scholars and anthropologists, including such close collaborators with the Sikh Foundation as: **Prof. W.H. McLeod**, whom we have met before; and **Dr. Ainslee Embree**, who was cultural attaché in the Indian embassy during the Carter administration, when a Kissinger-orchestrated coup brought Moraji Desai's Hindu extremist Janata Party into power, together with putting the Akali Dal Party (the Sikh separatist political party) into power in the Punjab.

After Indira Gandhi's assassination, Ainslee Embree told an interviewer: "Violence has been the characteristic of Mrs. Gandhi's regime. It is the result of the failure of her policies. Her death came as no surprise to anyone who knew of her activities. A change in government might be the only hope to end the violence. She created this violence in the Punjab." Ainslee Embree, the man upon whom Juergensmeyer relies for his political contacts, is today chairman of the History Department at Columbia University.

Embree sponsored a follow-up conference to the one at U.C.-Berkeley, which continued the profiling of the potential for the destabilization of India. This conference, in turn, became the model for one held at the Cathedral of St. John's

**1978:** Terrorist Dal Khalsa formed in Punjab with intention of creating a Sikh separate state. Founder is Giani Baksh Singh of Birmingham, England, a Naxalite (Indian communist terrorist).

**1979:** Chauhan escalates pro-separatist actions in Punjab, leading marches with the daughter of Tara Singh.

**1980:** Babbar Khalsa murder of Nirankari leader Babba Gurbachan Singh.

**1981:** Murder of publicist Lala Jagat Narain for criticism of Nirankari leader murder. Babbar Khalsa leader Talwinder Singh Parmar takes public credit for Narain assassination.

**1981:** Sant Bwindranwale—associate of Dr. Joyce Pettigrew—arrested in connection with Narain murder. Dal Khalsa hijacks plane to Pakistan in protest.

**1981-June 1984:** Escalating random killings by Babbar Khalsa in Punjab lead into Indian army raid of the Armitisar Golden Temple, where Babbar Khalsa, Dal Khalsa and Bhindranwale's following maintain an armed camp.

**1982-83:** Chauhan travels to United States on two separate trips, sponsored by publicist Jon Speller. Trips used to propagandize for an independent Kalistan.

**1983:** Babbar Khalsa leader Talwinder Singh Parmar is based in Vancouver, Canada following flight from India, and jail in West Germany, for involvement in terrorist assassinations. Terrorist training begins by former bodyguard of Queen Elizabeth,

Jon Vanderhorst, in British Columbia. Links of Parmar to University of Chicago Brigadier Iqbal Singh upgraded.

**June 1984:** Indian army forced to raid Golden Temple, which then housed a thousand armed men.

**July 1984:** World Sikh Organization (WSO) formed in New York City, in protest of "desecration" of Golden Temple by Indian Army and to promote a Sikh separatist state. Founding members include Generals Bhullar and Iqbal Singh, former close associates of Bhindranwale's military adviser. Sponsors informally include the Committee for a Free Afganistan of Lord Nicholas Bethell; the American Jewish Committee; then U.S. State Department Human Rights director Elliott Abrams.

**July 1984-Oct. 31, 1984:** WSO and Chauhan call for the assassination of Indira Gandhi for alleged desecration of Golden Temple. Assassination of Gandhi proclaimed as God's vengeance, with credit for killing taken by Chauhan. Assassin Beant Singh had held meetings with Chauhan a year prior to the assassination.

**November 1984 to the present:** WSO, Babbar Khalsa and other terrorist organizations call for murder of Rajiv Gandhi for alleged repression of Sikhs; call for independent Kalistan.

**Jan.-Feb. 1985:** British Minority Rights Coalition issues report on "oppression" of Sikhs by Indian government.

**May 1985:** Sikh assassins arrested in United States, as wave of blind terror by Sikhs against Hindus escalates in India.

Peace Research Center in New York shortly after the assassination of Egyptian President Anwar Sadat. It is this Cathedral with which Richard Hauser most closely works.

The Cathedral's conference brought together the controllers of Islamic fundamentalism who had run the coup on the ground that toppled the Shah of Iran. Among those present at the Cathedral conference were: Carter Secretary of State **Cyrus Vance**; **Richard Falk** of the Princeton Institute for Advanced Studies, who had led the Mujahaddin riots against the Shah with former Attorney General Ramsey Clark; **Bernard Lewis**, also of the Princeton Institute for Advanced Studies, who was the architect of the "Bernard Lewis Plan" that calls for a tribal, separatist, and religious cult breakdown of the Middle East, spilling over into India; and, **Hamid Algar**, who, as one of British SIS's leading experts on Sufi mysticism and a Sufi himself, shares close ties with the Iranian mullahs to this day.

Algar is today a colleague of Mark Juergensmeyer at the U.C.-Berkeley South and Southeast Asia Study Center. Shortly after the murder, Hamid Algar said that Indira Gandhi's assassination may lead "to the breaking up of India into a more natural configuration." Algar was a classmate at Cambridge University of **Lord Nicholas Bethell**, who plays a key role in controlling Chauhan. Although he has not been directly involved with Bethell's Committee for a Free Afghanistan program, he has carefully monitored the influence of Sufism upon those sheiks who are guerrilla leaders there.

The top terrorist and anthropologist controllers within, or tied to, the Research Committee on the Punjab are:

**Lloyd Randolph**, University of Chicago

**Ainslee Embree**, chairman of the History Department, Columbia University

**Mark Juergensmeyer**, Pacific School of Religion at Berkeley

**Murray Laes**, University of Texas in Dallas

**Kenneth Jones**, Kansas State University and author of a study of Indian religious movements for Cambridge

**Jerry Barrier**, University of Missouri

**Steve Cohen**, close collaborator with Iqbal Singh and major profiler of the vulnerability of the Indian Army to communal tensions

**Brigadier Iqbal Singh**

**Professor Christopher Shackle**

**Selig Harrison**, Carnegie Endowment and director of its Indian project.

### World Bank sponsors

The economic policy of the murderers of Indira Gandhi is totally in keeping with the British-KGB imperial design for the subcontinent: the destruction of India's agriculture. The area targeted by the Sikh movement is the Punjab, the most productive agricultural area of India, which has made the difference between the starvation of the early 1970s and the survival of today. But if Jagjit Singh Chauhan, the titular

head of an independent Khalistan, succeeds in taking over the region, the entire area will be turned over to the British colonialists at the World Bank, and destroyed!

Chauhan admits that his proposed economic policy for an independent Punjab has been formulated by such British intelligence and World Bank agents as:

**Professor Agit Singh** of Cambridge University, a protégé of Lord Kaldor

**Shamsher Singh**, Office of Economic Planning, director's office, World Bank; recently reassigned to finance ministry of Ghana

**Mr. Kalcat**, Agricultural Division of the South Asia Project of the World Bank

**Dr. Inderit Singh**, senior economist of the South Asia project of the World Bank, and son of Dr. Kapur Singh, former adviser to the Sikh separatist patron, the Maharajah of Patiala

**Dr. Bagicha Singh**, U.S. Department of Agriculture, water conservation economics division.

This fact is totally coherent with the London roots of the Sikh separatist movement. For in fact, the World Bank is, in function and policy, the successor to the British East India Company. Its economic arguments are coherent with, and based upon, anthropological assertions of tribal identity and culture, each of whose functions is to prevent industrial and high-technology development of the Third World.

This is more than documented by looking at World Bank programs, which call for so-called "appropriate technology," "labor-intensive development," and "indigenous projects."

Chauhan and his collaborators insist that even if the Punjab does not become independent in the short term, it must be granted regional control over food, water, and related policies. Chauhan and all of his economic advisers repeatedly condemn the Indian national government's setting of wheat and other agricultural prices, so that the population can afford to eat. This condemnation is repeated by the anthropologist advisers of the Research Committee on the Punjab.

Chauhan and his advisers specifically demand the right, immediately, of increasing the price of Punjabi wheat by 100%. This demand also coheres with Chauhan's close relationship with the André grain family of Switzerland.

Perhaps the document which best summarizes the views of these Sikh separatist advisers is Inderit Singh's study for the World Bank, entitled "The Small Farmers and Landless in Asia." Inderit Singh explicitly condemns modern agricultural technology in favor of primitive "appropriate technologies," whose implementation would mean starvation in India. He then condemns farm mechanization, as offsetting increases in labor intensive, as opposed to capital intensive agriculture employment. Singh demagogically attacks large-scale, and hence productive, Indian farming as the "enemy" to the rural poor. He even goes so far as to endorse high interest rates—because they are detrimental to high-technology farms!

# U.S. Sikh networks are still operative

by an EIR investigative team

On the morning of May 13, the FBI moved in and arrested five Sikh terrorists, on charges of conspiring to murder Indian Prime Minister Rajiv Gandhi during his scheduled visit to the United States June 11-15. Intelligence sources report the arrests were made on direct orders from Attorney General Edwin Meese, over the strong opposition of the Bureau. Unhindered, the FBI would have permitted the Sikh group to carry out its terror operations, covering its own complicity by arguing that the FBI was in the process of conducting deeper penetration of the terrorist organization.

Although the arrests have placed a damper on one potential source of violence against the Indian prime minister, intelligence agencies in Western Europe and the U.S. remain on high alert for broader assassination plots against Mr. Gandhi, reportedly run out of Western Europe. These aim to assassinate the Indian prime minister during his June 10 visit to Paris, his short stopover in London, or during his four-day visit to the United States.

Intelligence agencies responsible for the prime minister's safety have identified an underground railway for Sikh terrorists out of Punjab into Western Europe, Canada, and the United States. This route is identical to the course taken by Ali Agca, who tried to murder Pope John Paul II in May 1981. The Sikhs, like Agca before them, cross into Western Europe through Bulgaria. Further, Agca is known to have entered Bulgaria on an Indian passport, using the Sikh name "Joginder Singh."

In the aftermath of the June 1984 Indian Army assault on the Golden Temple, reports surfaced in the Indian press that Sikh terrorists were being airlifted out of Punjab by the Bulgarian airlines. While that report has not been confirmed, the route now known to be followed by the Sikhs—through Bulgaria, Western Europe, Britain, and then Canada into the United States—is one and the same as the shipment routes for Indian subcontinent and Middle Eastern opium and heroin.

The five Sikh terrorists arrested May 13 were reportedly among the terrorists trained in British Columbia, Canada, under the direction of Johannes Vanderhorst. Vanderhorst was an ex-member of the British Cold Stream Guard, the elite security force which guards the royal family. Reports specify that Vanderhorst's Canadian camp trains not only Sikhs, but the ASALA (Armenian terror group) and the Italian Red Brigades.

This places the Sikh terrorists in the crossroads of the international terrorist circuit, which operates under the shared

control of Soviet and British intelligence, and the Swiss-based Nazi International.

## Jon Speller: contact point

The key question in the investigation into the Sikh terrorists threatening India and its prime minister, is how long the activities of one Jon Speller will be permitted to continue? Speller has been named both by Jagjit Singh Chauhan, the so-called "president of Khalistan" based in London, and by Sikh Maj.-Gen. J. S. Bhullar, now based in the U.S. and considered to be in operational command of the Sikh drive, as the man who has "opened the doors" for them in the United States.

Speller paved the way for Chauhan's two trips to the United States in the early 1980s, and introduced him to numbers of congressmen, including a credulous Sen. Jesse Helms.

Speller has close links to the Anti-Defamation League, particularly through Rabbi Rosenthal, who is in charge of the ADL's Latin American section. Through Speller's introductions to the ADL and through Rabbi Rudin, American Jewish Committee interreligious affairs director, Chauhan and the World Sikh Organization were put in contact with Elliott Abrams, former head of the Human Rights Division of the State Department, and now Assistant Secretary for Latin American Affairs. Abrams, report WSO officials, has been helpful to their cause.

Aside from his interest in the Sikhs, Speller has played a similarly helpful role for the Israeli fundamentalist-terrorists, around the conspiracy to rebuild Solomon's Temple on the site of the current Dome of the Rock on Temple Mount in Jerusalem, the second holiest shrine of Islam.

In Britain, Speller's closest ties are to Lord Nicholas Bethel, whose Committee for a Free Afghanistan has promoted the Sikh "cause" on both sides of the Atlantic, and to British intelligence operative, Sir Julian Amery.

Speller's dossier also contains numerous ties to the East bloc. He boasts that he has permanent access to Mount Athos as well as to every major monastery in Eastern Europe and the Soviet Union. He has repeatedly told contacts that he has a standing residency at a Russian Orthodox monastery in the Soviet Union, should the need arise. Speller's ties to these churches ran through his now-defunct *East Europe* magazine and the underground Russian railway run by him and his father, New York-based publisher and theosophist Robert Speller.

However, most relevant to the current investigation, are Speller's connections to Bulgaria. According to his own testimony, Speller is a not-unimportant figure with the Bulgarian Orthodox Church. He was, for example, instrumental in bringing Bulgarian Orthodox Bishop Simeone, formerly of Akron, Ohio, back into Bulgaria. At least one source has reported that Speller's Bulgarian Church connections were peripherally involved in the attempted assassination of Pope John Paul II.

## Baker-Regan 'cold coup' threatens U.S. defense

by Kathleen Klenetsky

Ronald Reagan's startling decision to accept a Senate-imposed freeze on defense spending is the direct result of a cold coup now being carried out against the President by agents of the International Monetary Fund (IMF). There is no other explanation for Reagan's sudden acquiescence to a level of military spending which he had previously termed "irresponsible"—and one which can only be interpreted by Moscow as a sign that America simply lacks the will to survive.

Reliable sources have told *EIR* that Reagan was bluntly informed (blackmailed would be more accurate) by the so-called palace guard—led by Treasury Secretary James Baker III, Budget Director David Stockman, and Senate Majority Leader Bob Dole—that if he didn't give in on the Pentagon budget, the plug would be pulled on the economy, the United States would be blackballed on the international credit markets, and the banking crises which have hit Ohio and Maryland would engulf the entire country. Reagan would be left in the same political position as Herbert Hoover in 1929.

The President is being shoved to the sidelines, brainwashed into thinking that his "tax reform" will salvage his presidency. Word is now that Reagan will go on national television—not to appeal to the country to force Congress into restoring the defense cuts, but to unveil his tax reform package, a package which will eliminate any incentives for productive activity.

The shape of the coup was outlined by syndicated columnists Evans and Novak, who reported on May 11 that White House Chief of Staff Donald Regan, who was traveling with Reagan in Europe, personally intervened to block an urgent call from Secretary of Defense Caspar Weinberger to

the President on May 8. Weinberger was trying to warn Reagan that the defense-freeze then being put together imperiled national security. Regan intercepted the call, lied that the President was "in transit," and told the President that Weinberger had okayed the defense freeze.

"Stockman and Dole have pulled a major coup," Evans and Novak quoted one Pentagon source as saying. Another defense insider accused them of "betrayal" of the President, who had insisted that U.S. defense spending would not, and could not, be cut without jeopardizing national security. Don Regan was the "indispensable ally" of Stockman and Dole, the columnists charged. He "not only pushed zero-growth [for defense], but blocked Weinberger's access" in fighting defense cuts.

The defense-freeze compromise negotiated by these usurpers would give this administration a lower level of defense spending than that pushed in 1984 by Soviet agent of influence Walter Mondale, and threatens to destroy the Strategic Defense Initiative (SDI). As Evans and Novak put it, the freeze means "Reagan is likely to find himself with a budget well below the projected level bequeathed by Jimmy Carter. . . . That endangers Ronald Reagan's Strategic Defense Initiative and MX missile."

In remarks to reporters May 14, Weinberger charged that those in Congress who are cutting defense "aren't sufficiently concerned with this nation's security." He warned that the most dangerous effects of the defense freeze will be felt in the 1987-90 period—precisely the time-frame in which the Soviet leadership is planning to launch a major military offensive against the West.

## IMF hands U.S. to Soviets

The massive cuts made by Congress in the Pentagon budget represent the implementation of the IMF's decision at its Interim Committee meeting in mid-April, to extend its "conditionalities" policy to the United States. The IMF demanded that the United States make even greater efforts to reduce its federal deficit; IMF officials privately stated that a top priority was slashing Pentagon spending.

This assault on U.S. national sovereignty has been wholeheartedly endorsed by Treasury Secretary James Baker III, Assistant Secretary of State Robert Morris, and Undersecretary of State W. Allen Wallis. Baker and his closest collaborators now are implementing those conditionalities, and U.S. national security is in jeopardy as a result.

Reagan himself indirectly acknowledged that the defense budget was slashed because of blackmail from the international financial community, when he told the press in Lisbon May 10, "There's no questioning the importance of sending a signal, not only to the world, but to our own business and financial communities, that we are determined to deal with the deficit problem. . . ."

As *EIR* has predicted, the IMF isn't satisfied. On May 16, the House Budget Committee voted 21-12 to impose an absolute freeze on the defense budget, in other words, eliminating the inflation allowance permitted by the Senate freeze. A group of "moderate" Republicans, called the 92 Group, had issued such a proposal last week, and there is every reason to believe that the full House will endorse it.

The two weapons systems which are being hit hardest are the SDI and the MX. The Senate Armed Services Committee, which had voted in April to pare \$300 million from the administration's \$3.7 billion SDI request, voted May 16 to more than double that cut, in order to meet the freeze requirements. The House Armed Services Committee has already taken \$1.2 billion out of the SDI budget, and further cuts are being contemplated. The MX missile has met a similar fate.

Dr. Edward Teller, the physicist who helped develop Reagan's strategic defense concept, told *EIR* on May 16 that the SDI cuts are "tragic." Teller disclosed that he had spent the morning on Capitol Hill giving a highly classified briefing on the SDI. "I tried to say that we must not decrease SDI funding, but we must increase it. The Soviets are way ahead of us! Defense is the wave of the future. To cut the SDI now, is absolutely the wrong thing to do." In a similar vein, SDI Director Lt.-Gen. James Abrahamson told *EIR* that the SDI cuts represented a "serious threat" to the program.

## Weinberger fights back

Weinberger is also trying to counterattack. In an interview in the *Washington Times* on May 13, he slammed Congress and the press for acting like Soviet dupes, terming the Senate defense freeze "very good news for the new Soviet leadership, and bad news for the United States," an act which "shows that Soviet propaganda is having an impact."

Weinberger also charged that Moscow is peddling a "pro-

paganda line that intelligent people swallow hook, line, and missile. SDI is not an arms race, nor an arm, nor even a weapon. It's a harmless means of destroying weapons. . . . I think it's very significant that the Soviet propaganda effort, their disinformation campaigns, their negotiating posture, every effort you can think of, are all focused on destroying the SDI. They're pulling out all the stops to convince the world and a lot of elements in our own public opinion, that everything will be all right, if only we stop our SDI research. . . .

"The whole world would suddenly become vulnerable to Soviet political blackmail," Weinberger cautioned, "if the Soviets made a breakthrough [in strategic defense], and we were the ones whose missiles were rendered obsolete. . . . I cannot imagine that the Soviets, if they had a monopoly position, would do anything other than try to blackmail the rest of the world."

On May 12, the *Washington Post* lied that the SDI is undergoing a major shift in emphasis, away from "exotic" directed-energy weapons, to less-advanced kinetic-energy technologies. The next day, an angry Abrahamson issued a press advisory: "The *Washington Post* story . . . that claims that the SDIO has concluded that space-based lasers are 'beyond technical reach for the foreseeable future,' is a misinterpretation of both fact and opinion. This negative conclusion is *not* correct. The SDIO is optimistic about many of the advanced-technology systems, including lasers and other directed-energy weapons programs."

Abrahamson said the "ultimate disservice" of the *Post* "is to twist progress on several fronts into an implication for potential increased costs. . . . It's less important to stress which concept can be ready soonest, but vital to realize that a mutually self-supporting and effective mixture of systems is the objective of the SDI research program."

## Will Reagan break out?

President Reagan reacted angrily to the House budget panel's action, telling a Republican fundraiser May 16 that he had already "compromised greatly" by agreeing to the Senate freeze. "This was not an easy decision," the President said. "There's no question about it. This will temporarily slow down our vitally needed defense buildup at a time when the Soviet Union is pouring unprecedented amounts of resources into their offensive arsenals."

Having been told by Senate leaders that he could request supplemental funds for defense if "I feel our national security is imperiled," Reagan warned that if the House "persists in making further reductions which could jeopardize our negotiations position in Geneva, I may take them up on that offer."

Certain political sources in Washington have told this news service that the President's threat to throw over the chess board of compromises is not an idle one, and that groupings of patriotic congressmen and senators have begun to hold emergency meetings to develop a strategy. It may just be that the KGB Congress has gone too far.

# Congress's defense budget cuts show influence of Moscow

by Paul Gallagher

*The following testimony on the Strategic Defense Initiative budget was delivered by Paul Gallagher, executive director, Fusion Energy Foundation, to the House Appropriations Committee, Subcommittee on Defense Appropriations on May 15, 1985.*

Thank you for the invitation to address this appropriations committee today.

The Fusion Energy Foundation has published mass-circulation materials since 1977 on the potentials for a revolution in military firepower through relativistic energy and particle-beam technologies. In these materials we have demonstrated the 20-year determination of the Soviet Union to use these technologies for strategic anti-missile defense; and the necessity for the U.S. policy shift which became known as the Strategic Defense Initiative. These books and pamphlets have been the most widely circulated unclassified materials internationally on the subject, informing military and civilians in all allied countries of this potential technological revolution. They have forecast the impact of these technologies on the industrial economies of the West: a "productivity revolution" accomplished by applying a science and technology driver to an industrial recovery, paying for the military investment many times over.

The full funding level for SDI requested by the President for Fiscal Year 1986, is still dwarfed by demonstrable Soviet levels of manpower and expenditures on strategic, air, tactical, and civil defense. The President's request, in our judgment, is the absolute minimum level necessary for U.S. national security in the most crucial, frontier areas of military technology development, which are known to be such by the Soviet leadership. The President has provided for an acceleration of the program to initial technology demonstrations. His request is the minimum level necessary to prepare to develop these ABM technologies, if the Soviets continue their provocative confrontation policy, as in the shooting down of our officer in East Berlin and the refusal to apologize or even forego new such killings as policy.

Congress should fully fund the President's request, as the very least of its responsibilities.

Those calling for cuts in the SDI program from both

inside and outside of Congress have stated as their goal, to prevent the program from entering the stage of broad-scale technology demonstrations and tests, such as the HOE demonstration of July 11, 1984. The proposed cuts in the requested funds will clearly accomplish that goal of the program's opponents.

These cuts would prevent the Shuttle-based demonstrations of sensing, pointing, and tracking technologies; the complementary aircraft-based technology demonstrations; the demonstration of ground-based lasers and fabrications technologies for large, segmented optics; and other technologies essential to developing principles of mid-course, boost-phase and terminal defense.

It is precisely this strategy of technology demonstrations under the SDI, which have forced the Soviets to take the *potential* of this U.S. effort seriously, and which have generated the interest on the part of our allies in throwing their own capabilities into the effort.

Secondly, these demonstrations and tests of ABM technologies, have been conducted by the Soviet military with increasing frequency for seven years! The continuous *testing and upgrading* of their ABM interceptor system and of capabilities for making it a mobile national system, are undeniable facts. The Soviet *demonstration and testing* of capabilities for a national ABM radar tracking system, are undeniable facts.

In addition, U.S. satellite and other intelligence since the 1970s has shown the Soviet military testing: the firing of ground-based lasers at reentry vehicles; the firing of ground-based lasers at objects in space; the relay of ground-based lasers from mirrors in orbit to submarines; the propagation of high-power electron beams in the atmosphere; the demonstration of high-power x-ray lasers with various pumping modes at sites administered by the Lebedev Institute; and possibly both pointing and tracking and mirror fabrication from the Salyut space stations.

In fact, the design conceptions being pursued by the SDIO for both the neutral particle beam, and electromagnetic launchers, were in fact borrowed from Soviet design conceptions developed earlier.

Soviet Defense Minister Sokolov, attacking the SDI in

an interview with Soviet television May 6, stated that the Soviet Union "is developing all of the advanced technologies for space," but has not *yet* used them to develop space weapons—Soviet code words for ABM weapons. Sokolov clearly implied to his Soviet audience that Soviet advanced technology ABM defense is nearing the shift to weapons development, testing, and deployment. If the Congress would direct its attention to Soviet policy discussions and writings other than those explicitly intended for the eyes and ears of the Congress, then Soviet ABM policy, including the suppression of the U.S. SDI, would become clear to them.

The secretary of defense, in the most recent review of *Soviet Military Power*, has compiled for Congress the evidence that the Soviet strategic high-power laser and neutral particle beam programs can reach the *deployment of first layers of defensive weapons systems* during this decade. Even that first stage of deployment, if it is unilateral on the Soviet side, would irreversibly establish Soviet strategic superiority over the United States and hegemony over Europe and Asia.

### **The role of the ABM Treaty**

The history of the writing of the 1972 ABM Treaty shows, that it was on Soviet insistence, that ABM technologies using new and advanced physical principles were *exempted* in the language of that Treaty. ABM defense centered on high-power directed-energy and plasma weapons has been stated Soviet military doctrine and policy since 1962. They have never shown the slightest willingness to deflect from that course, spending ultimately half of their military budget on defense.

In the face of that reality, a rollback in the Fiscal 1986 SDI budget to the levels of the Carter years' research program, would tell the Soviet command that it will achieve its goal—military dominance over the United States and decoupling of its allies by 1988-89. You are being told to cut SDI by washed-up former government military and scientific officials, weapons advisers and designers from the MAD era—individuals and groups who publicly joined the Soviet leadership to declare war on this program immediately in 1983—and by representatives of international bankers who demand the United States relinquish sovereignty over its own credit system and national budget.

Anyone proposing now, not to rapidly expand the Strategic Defense Initiative to involve the entire Western alliance, exploit our lab, industry, and university capabilities fully, and *at least match the Soviet beam-weapons program in manpower and engineering experience*, is proposing strategic disaster and capitulation, by the alliance, to the loud public demands of the Soviet Union. Anyone proposing to do this "for reasons of fiscal constraints," is simply finding an excuse to meet the brutal, daily repeated Soviet demand.

For Congress to be stampeded by this International Monetary Fund pressure is Soviet policy. On Soviet national television March 30, Russia's leading "U.S. expert" Georgii

Arbatov bragged to the Russian population that the SDI would be sabotaged: "In the next spiral of the arms race, the Washington leadership has apparently made a very serious mistake. The . . . resources of the American economy have been overestimated and the scale of the arms race has exceeded its resources. . . . It is an objective fact—the current level of military expenditure is a backbreaking burden for the U.S. economy. Appropriate modifications must be made."

*Prior to the SDI, U.S. programs in this area, relative to the Soviet level of effort, were a joke, and the Fiscal 1985 SDI program was reduced by Congress below the inflation-adjusted level of the previous programs. The Fiscal 1985 program funds are now being obligated, and spent, at a rate greater than the defense budget as a whole—recent fraudulent claims to Congress notwithstanding. The Fiscal 1986 request*

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*Vote full funding for SDI technology research and development. Vote in addition industrial mobilization credits to allow this science driver to have full impact on our industrial base. The wealth produced and revenues flowing back to the Treasury will more than pay for the expenditures, and can start a genuine U.S. industrial revival based on the frontier of technology.*

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would, for the first time, place the United States and NATO seriously into the defensive weapons technology race with the U.S.S.R.

### **The future of the Western alliance**

The potential of the Strategic Defense Initiative is now the *only* thing holding the alliance with Western Europe and Japan together against overwhelming Soviet strategic superiority in those theaters. Without the potential of the SDI, the deployment of the Pershing missiles in Europe would not have been politically possible. It is the sole reason for the Soviet presence at the Geneva negotiations. These are well-known facts among our European allies. They publicly state that they require two things: a full U.S. commitment to a program large enough to involve them in developing strategic, tactical, and air defense; and a full share in large-scale industrial technology spinoffs. West German military spe-

cialists have in fact begun to evolve a strategic design conception for the entire European theater side of SDI, which they have informally titled the Tactical Defense Initiative.

The European opinion, communicated to U.S. military officials, is that the "sleeping giant" of American technological and industrial strength can be focused for the first time since the NASA program, through the SDI, in order to accomplish a genuine economic and strategic recovery.

The United States has requested aid for this program from its allies, in the form of national spending and private industrial participation. The allies, with the present exception of France, have offered this aid. *Their participation and aid will be lost overnight if the expansion of the U.S. program is now canceled*, for reasons that should be obvious to anyone who sees strategic programs in real terms, rather than through the haze of budgetary numerology.

### For a crash program

SDI is a program developing the most advanced technologies known to man, the universal tools of the next century, into defensive weapons technologies with almost immediate revolutionary impact on industry. Those denying its "feasibility" are challenging the industrial wisdom of scientists, engineers, and high-technology firms throughout the West. They are also disagreeing with the leading laser scientists in the Soviet Union before March 23, 1983, when they were all placed under state orders to lie about the subject.

In all past American experience, such breakthroughs have been achieved by crash programs, conducted by the largest possible scientific and engineering task forces. Each such program has been opposed and decried by government advisers of all kinds. Each led to success in its immediate objective, and leaps forward in U.S. industrial/technological strength.

If you cut this program back, you not only capitulate to Soviet demands and the blackmail of international financiers speculating in U.S. government deficit and debt instruments. You also ignore the clear evidence of Edison's electrification projects, of World War II, the Manhattan and Apollo Projects, and many other "crash programs" going back to the 1690s' smallpox vaccination program in the New England colonies, which was equally violently opposed.

The SDIO is on record, proposing to develop these technological breakthroughs for civilian as well as military purposes, through open as well as classified research, involving the nation's major universities and small firms as well as national labs and aerospace firms.

This effort depends on the Fiscal 1986 budget request, not the pitiful previous levels of research funding, which were so impotent that until 1983 the Soviets contemptuously published general reports of their own beam-weapons research in their open literature.

In addition to the funding of the SDI itself, by the Congress at levels of \$5 billion or more per year starting imme-

diately, Congress should be providing *industrial mobilization credits* of an at least equivalent amount to SDI spending, in order rapidly to develop the industrial base for the success of the program. The FEF has proposed legislation for this in detail, which has been discussed with members of this committee.

Defense Secretary Weinberger stated, in his internationally televised press conference on SDI April 10, that International Monetary Fund "surveillance" of U.S. budgetary policy including its defense budget, as demanded by the IMF and other agencies of the international private central banks and money center banks, would be an intolerable loss of national sovereignty and threat to national security.

Yet whether the Secretary is aware of this or not, the United States has granted such surveillance to the IMF, in documents agreed upon by Treasury Secretary James Baker at the IMF meeting in Washington April 15. The U.S. dollar was driven down by those international banks and private "central banks" from 3.45 DM to 2.97 DM during March and early April, in order to enforce that demand. When the demand for "surveillance" was met, the dollar was allowed to rise again, to 3.23 DM as of this week. At the same time, the drive for a defense budget freeze and massive cuts in the request for SDI funds, was launched, by Robert Strange McNamara and Clark Clifford—both leading representatives of international credit agencies and investment banks—and by the Council on Economic Priorities, a project of the Rockefeller family and Chase Manhattan Bank since 1968.

The opponents of the SDI budget have absolutely no basis for their "estimates" of how, why, and what strategic defense will eventually cost. They are attacking the White House on behalf of the IMF and, in particular, Federal Reserve chairman Paul Volcker. Volcker has been coming before Congress demanding these defense budget cuts for four consecutive years, while himself ballooning the federal deficit through his interest-rate policies and their effect on the U.S. economy. He would willfully sacrifice U.S. national security needs to the "conditionalities" imposed by the IMF on international credit, just as other nations have been forced to sacrifice the means of economic development and subsistence itself to these "conditionalities."

Furthermore, these opponents have consciously colluded with Soviet representatives to try to eliminate SDI or roll it back to an impotent research program, while pursuing their own goal of taking the costs of international *usury* out of the U.S. defense budget.

Congress, in the U.S. national interest, must do the opposite. Vote full funding for SDI technology research and development. Vote in addition industrial mobilization credits to allow this science driver to have full impact on our industrial base. The wealth produced and revenues flowing back to the Treasury from this effort will more than pay for the expenditures, and can start a genuine U.S. industrial revival based on the frontier of technology.



## The budget cuts: crippling the SDI

Both Moscow and its allies in the Eastern Liberal Establishment, such as recently decorated recipient of the Soviet Order of the Patriotic War, Averell Harriman, have been explicit on how the SDI program can be effectively crippled. Gorbachov and Soviet beam-weapon scientists have demanded that the U.S. carry out no demonstration-level experiments or construction of prototype systems, while preparing precisely such demonstrations and prototypes in the Soviet Union.

The Council on Economic Priorities details how to carry out Moscow's orders in its anti-SDI diatribe, "The Strategic Defense Initiative: Costs, Contractors and Consequences." They demand that: 1) the U.S. must "reduce SDI's emphasis on developing prototype systems"; 2) "Congress should significantly slow the SDI's funding growth"; 3) the U.S. must solely depend on "arms control"; 4) Congress must tie up the SDI in unending "reviews," "assessments," and "blue ribbon panels."

The essential effect of the above proposed House Armed Services Committee's (HASC) \$1.2 billion cuts in the \$3.7 billion SDI budget request is to remove the capability of realizing demonstration prototypes any time in this decade and to prevent the realization of any significant level of industrial infrastructure for laser and optics hardware. Thus the SDI is gutted.

The largest cutbacks would be in Surveillance and Tracking, \$496 million. This technology is "passive" in that it is directed toward merely determining when and where Soviet attacks

## The SDI budget request and proposed congressional cuts

(in millions of dollars)

	1984	1985	1986	1987
<b>Surveillance and tracking</b>	366.5	546.0	1,386.4	1,874.9
House-proposed cuts			-496	
<b>Directed-energy weapons</b>	322.5	376.4	965.4	1,195.6
House-proposed cuts			-240	
<b>Kinetic energy weapons</b>	195.8	256.0	859.7	1,238.6
House-proposed cuts			-350	
<b>Systems concepts &amp; battle mgmt</b>	82.7	99.0	243.3	272.5
House-proposed cuts			-70	
<b>Surviv. lethality &amp; key tech</b>	23.5	112.0	258.2	316.7
House-proposed cuts			-84	
<b>SDIO program mgmt</b>		8.0	9.2	10.0

are launched. It is the most essential element of any missile-defense system and is of immediate significance for enhancing U.S. defense capabilities—increasing the time for U.S. response to Soviet surprise first strikes. The program consists of developing advanced radars and new methods of missile detection, such as laser radar. In particular, this program is emphasizing the early realization of the industrial infrastructure for rapid construction of large optics and mirrors. As noted in the official SDI 1985 Report to Congress: "The optics must be manufactured at a high rate to allow deployment of a constellation in a timely manner." Because this program is essential to any missile defense system and it would immediately enhance existing U.S. defense capabilities, it has been targeted by both Moscow and Congress for the largest cuts.

While directed-energy weapons receive only the third greatest level of cutbacks, qualitatively this will prevent the realization of proof-of-principle experiments. In particular, the HASC's action will prevent the demonstration of the ALPHA space-based chemical laser technology in combination with the Large Optics Demonstration Experiment (LODE) and the Lode Advanced Mirror Program (LAMP). Both LODE and LAMP are applicable to other laser systems. This space-based laser demonstration project is also crucial to

ground-based laser demonstration projects. The reason is that much of the same optics and mirrors utilized for relaying space-based laser generated beams can also be utilized for ground-based lasers, which utilize orbiting relay mirrors. LODE and LAMP would have gone a long way to realize the industrial infrastructure needed for optics and mirrors for both space-based and ground-based lasers.

The HASC would also undermine major ground-based excimer and free electron laser demonstration experiments. As noted at the recent University of Rochester Conference on lasers and beams for fusion and strategic defense, both the excimer and free electron laser (FEL) have matured enough to proceed to prototype demonstration on a large scale. But the \$240 million House cut will prevent this and only permit continuation of existing research facilities.

The proposed cuts in programs such as Kinetic Energy Weapons, prevent both the possibility of an early response to the ongoing Soviet ABM breakout and reinforce the curtailment of advanced beam weapon development, since research resources and buildup of industrial infrastructure, such as for production of laser hardware, from this area would have to be redeployed to near-term technology to establish any level of credible response to continuing Soviet violations of the 1972 ABM treaty.

# Qaddafi's millions fund Farrakhan plot

High-level intelligence sources have informed this publication that Minister Louis Farrakhan's mid-May trip to Tripoli, Libya and other Middle Eastern capitals, is consolidating an elaborate separatist plot against the United States, that was first launched in January of this year. These reports have been independently corroborated by *EIR* investigators, who conducted interviews with several individuals close to Farrakhan's New Nation of Islam organization.

In January, Minister Larry X, a leading figure in the New Nation of Islam, was dispatched to Tripoli, where he held extensive meetings with Libyan government officials including Ahmed Shahati, the contact man to the Carter administration during the 1980 "Billygate" affair, and the ranking Libyan official with respect to Western Hemispheric operations. In the course of that meeting and followup sessions in Rome between New Nation of Islam officials and Qaddafi representatives, the American "Black Muslims" were given commitments of extensive financial support from Libya—provided that certain non-negotiable qualifications be met. The Farrakhan representatives were told that they must: 1) demonstrate that the clandestine funding would further the cause of the separatist breakup of the United States; 2) present a concrete "action plan" for this plot that showed genuine prospects for success—no matter what time-frame was required; and 3) further the cause of Qaddafi's Green Revolution by conducting a nationwide campaign to publicize the Libyan dictator inside the United States.

The Farrakhan representatives reportedly returned home from the clandestine meeting with several million dollars to begin the public relations phase of the deal.

In mid-February, phase one was completed when Qaddafi delivered an address via satellite hookup to the annual Saviors Day rally in Chicago, sponsored by Farrakhan and drawing in thousands of participants from the United States, Ibero-America, Africa, and the Middle East. In his speech, which

received nationwide news coverage in the United States for days, Qaddafi called for the formation of an all-black army—to take up weapons in the cause of a separate black "nation."

Also prominently featured at the Saviors Day event were Muslim Brotherhood fanatic Ahmed Ben Bella of Algeria—a leading terrorist patron and avowed Hitler-lover—and leading representatives of the American Indian Movement and the Masawa Indian nation of Mexico.

A second Farrakhan extravaganza, staged in April in Washington, D.C., signaled that the Chicago-based group had developed the "action plan" demanded by Qaddafi as the precondition for the "big bucks." At a rally at the Robert F. Kennedy Center sponsored by a newly constituted Farrakhan front, POWER, Farrakhan announced that he was launching a black "self-help" urban business empire—and revealed that the enterprise would receive a start-up \$5 million loan from the Libyan government.

When U.S. Justice Department officials were queried by reporters from *EIR* whether Farrakhan would be required to register as a foreign agent of a hostile government if he accepted the "loan," a spokesman for the Foreign Agents Registration Section stated that the loan did not fall within the official definition of "registered agent."

Both intelligence sources and spokesmen close to Farrakhan declare that the actual Libyan war chest is in excess of \$30 million. The success of Farrakhan's currently ongoing tour of Libya—where he is reportedly meeting personally with Muammar Qaddafi—will be determined on the basis of Qaddafi's and the Libyan hierarchy's acceptance of his separatist insurgency scheme. This plan reportedly centers around the launching of the ghetto business infrastructure—intended to draw tens of millions of poor urban blacks into a Libyan-subsidized economic system over the next five years—and around the preparation for a black presidential candidacy in 1988. Among the names already in the hopper for that black candidacy are Farrakhan himself and Trilateral Commission *enfant terrible* Andrew Young, Jimmy Carter's United Nations ambassador and currently the mayor of Atlanta.

Intelligence sources report that Farrakhan's Washington, D.C. announcement of the \$5 million Libyan "loan" was a preemptive move against possible Justice Department action against the New Nation of Islam, for financial shenanigans during the Jesse Jackson for President effort. Farrakhan's financial advisers hope to focus government inquiries on the terms of the announced loan, permitting an additional \$25 million to be laundered into the group through covert and undeclared means.

Architects of the Farrakhan scheme quietly admit that the success of the Libyan-funded venture will rest on the ability of slick public relations teams to "clean up" the minister's tarnished image—to the point that he can credibly be marched in the front door of the White House as a respected spokesman for the black community.

Public relations notwithstanding, however, the Farrakhan New Nation of Islam remains at the center of a separatist insurgency dedicated to launching a bloody upsurge of terrorism against the Reagan administration in accordance with Soviet wishes. Farrakhan himself all but admitted this, in his effusive praise for Qaddafi and Ben Bella at the Saviors Day fête, and in his on-the-ground collaboration with the American Indian Movement, the leading U.S. component of the Nazi-communist Society for Endangered Peoples, a collection of over 200 separatist groups dominated by KGB-owned terrorist cells such as the Basque separatist ETA and the Shining Path (*Sendero Luminoso*) of Peru.

U.S. intelligence sources have additionally reported that in the immediate aftermath of the May 13 confrontation of the MOVE cult with police in Philadelphia, the New Nation of Islam convened emergency action meetings in cities all over the United States. The Black Israelite sect, whose founder, Ismael Ben Israel, is a permanent fixture at Farrakhan-sponsored rallies including that on Saviors Day, was recently busted by police in cities throughout the Midwest for running a \$10 million airline ticket forgery ring. In one incident in Ohio, police arrested a member of the El-Rukn gang from Chicago, who had jumped bail in a triple murder case in Illinois, and was being shuttled out of the country to a Caribbean nation by the Black Israelite ring. El-Rukn, formerly the Black P-Stone Nation street gang founded by social engineers from the University of Chicago on a model strikingly similar to that of the MOVE cult, is virtually controlled by the New Nation of Islam. The gang is notorious as the center of an assassins-for-hire and dope-smuggling ring terrorizing the south side of Chicago.

In his Saviors Day speech, Minister Farrakhan made a repeated point of the alliance that his New Nation of Islam had forged with the proto-terrorist American Indian Movement. "Black man and Red man have once again been united as we were in the beginning. . . . The two million American Indians are welcomed into the community of Islam. . . ." Since the time of the Khomeini revolution and the Tehran hostage crisis, the AIM has been serving as a terrorist back channel between the Muslim Brotherhood and domestic U.S. terrorist networks. AIM leader John Mohawk is a director of the Society for Endangered Peoples, the West Germany-headquartered international separatist agency heavily funded by Qaddafi.

This "underground railroad" of the separatist-terrorist apparatus built up inside the United States for the past five years, conforms to the profile of the kind of network eligible for Qaddafi's funding. In a recent international release, Qaddafi announced the formation of an international Islamic revolutionary force dedicated to destroying the nations of Western Europe and the Americas. With \$25-30 million in Qaddafi money now seeping into the United States, the prospects of activating such a separatist insurgency are vastly improved.

## U.S. policy dilemma in North Africa

by Thierry Lalevée

President Ronald Reagan's quoting of Ibn Khaldun in an interview with the French daily *Liberation* on April 27 was a special expression of American concern about North Africa. As he reminded his interviewer, Ibn Khaldun was a 14th century Arab philosopher, and is seen as a national hero and national philosopher by the Maghreb countries, especially Algeria and Tunisia. The very same day, Tunis, which displays a large statue of Ibn Khaldun in one of its most important city squares, announced that Tunisian President Habib Bourguiba would meet President Reagan at the White House on June 18.

After Egyptian President Hosni Mubarak's visit to the United States in March, and after Chadli Benjedid became the first Algerian President ever to visit America, in April, Bourguiba's trip will complete what has been called the consolidation of an American-North Africa axis, linking Washington, Algiers, Tunis and Cairo.

There are obvious absentees. Qaddafi of Libya is not expected to pay a state visit to America for decades.

The absence of King Hassan of Morocco, however, points to the problem of U.S. policy in this region. Tied by treaties of political and military cooperation which it has signed over the period since last summer with Syria, Greece, Yugoslavia, and Malta, Morocco has been caught up in an anti-American axis that threatens to pull all of the Mediterranean and North Africa into the Soviet sphere.

Last fall a "Union of States" was signed between the Libyan Jamaariyyah and the Moroccan Kingdom, boosted by President François Mitterrand of France. Meanwhile, repeated attempts by King Hassan to set up a meeting with President Reagan, even at the private level, have been rebuffed by the White House. The private visit in March of the new Moroccan foreign minister, Abdelatif Fillali, a crony of Henry Kissinger with whom he shares the leadership of the "American-Moroccan Foundation," was a total failure, diplomatic sources explained: America told Fillali in no uncertain terms that it could not condone the alliance with Libya.

Soviet delegations have been flocking to Morocco, including most recently General Gretchev, chairman of the "Soldiers Committee" of the Soviet Union. The French have also put on a show of friendship. When French Premier Laurent Fabius came to Rabat in May, he flaunted, "This is my first visit to the Maghreb, and I wanted it to be in Moroc-

co.” This is a stab at Algeria, which Paris now considers “treacherous.”

Spain, too, has come under heavy pressure, between France and Morocco, to break its commitment to NATO and join the anti-American axis. Diplomats in Rabat have made no secret that they consider Spain “unripe” for joining the NATO military alliance. Blackmail to push Spain toward the Soviet-sponsored axis takes the form of Moscow’s public support of Moroccan claims over the two Spanish enclaves of Ceuta and Melilla, an issue which could trigger civil war in Spain.

### **Pentagon countermoves**

Last fall, the Pentagon began reassessing its policies toward North Africa, sending the highest-level-ever military delegation, led by Undersecretary of Defense General Burns, to Algeria, Tunisia, and Egypt in September, followed by two trips by Secretary Weinberger himself in October and November. All this made clear America’s concern for regional stability and its willingness to help in the fight against the Islamic fundamentalists and the Soviet troublemaker Qaddafi. But North Africans can’t help wondering whether Washington is only interested in firming up ties to get military facilities to make up for growing Soviet power in the region and the unreliability of such NATO members as Spain and Greece—or whether the U.S. will think in terms of using its newly developed Maghreb connection to spearhead the development of the African continent.

This last option is the prime consideration of Mubarak, Chadli, and Bourguiba. Because of traditional ties to the West, Tunisia and Egypt are ready to consider the military consequences of such a relationship, but this is hardly true of Algeria, which wants to remain non-aligned.

In his speech on April 19 at the White House, Chadli Benjedid stressed: “Beyond existing trade relations, there is, in the development of our national economy, considerable potential for multifaceted cooperation between our countries. The genius of the American people has enabled man to conquer nature! Algeria aspires to enter an era of scientific and technical progress that will lead to the acquisition and mastery of advanced technology in various fields to spur our national development.” This extraordinary speech was followed by lengthy visits of the Algerian President to the Imperial Valley to assess for himself America’s success in the fight against the desert and how it could be replicated in the Sahara. Algeria’s concern for high technology to allow the development of Algeria and of the Sahel region, was also revealed by the fact that although Washington granted Algeria the status of “friendly country,” allowing it to buy weapons at special credit, no deal was signed at that level.

This same issue will be brought up by President Bourguiba of Tunisia, a founding member of the Non-Aligned Movement, who will urge America to get involved now in the development of Africa—the only way to actually ensure the security of the Mediterranean.

## **Defense ‘scandals’: Who pays the bill?**

by Carol White

On April 1, the General Electric Company was indicted before a federal grand jury in Philadelphia. Now, GE has pleaded guilty to 108 counts of defrauding the Air Force and agreed to pay the maximum fine of \$1.04 million. The amount in question is \$800,000 which they appropriated to themselves on a nuclear-missile contract.

While company executives had denied the charge, and 40 current and former employees of the company had denied allegations of fraud, despite the fact that they had been offered immunity from prosecution, the situation changed last week when one employee, a former GE unit manager, was indicted for perjury. Individual criminal penalties can go as high 10 years in prison, and fines of \$20,000.

Roy Baessler, a general manager, has now testified that he was involved in deliberately altering worker time cards, in return for the dropping of perjury charges against him. GE has accepted his testimony, and reversed its plea to guilty. Their Space Systems Division is now suspended from bidding on contracts by the Air Force.

The case involves the building of test equipment for the replacement and modernizing of Minuteman warheads, from the Mark 12 to the Mark 12A. The substantial charge is that GE ran into cost overruns which were not assignable to the government under this contract, and so they altered 100 worker time-cards in order to defray the costs by assigning \$800,000 in labor costs to a different contract—one in which cost overruns were reimbursable. One hundred out of 100,000 time cards were involved.

Despite the fact that this was made into front-page news, it would not be especially noteworthy were it not for the fact that on April 30, Deputy Defense Secretary Taft announced that 30 major defense contractors will be indicted in the near future. The top three, General Dynamics, McDonnell-Douglas, and Rockwell International, are presently being audited, along with Boeing, Newport News Shipbuilding, Bell Helicopter, and Pratt-Whitney.

While the Defense Department initiated the auditing process, the Justice Department, the Securities and Exchange Commission, and the Congress quickly got into the act, as what looks to be the beginnings of a “Defensegate” got underway with a great deal of media prompting and cheering.

In fact, it was leaks to the liberal press which, as usual, stimulated congressional action.

Granting that fraud, or even sloppy accounting practices, should be cleaned up, what we see now is overkill. The danger is that the same KGB-linked forces, who are presently waging an all-out campaign to sabotage U.S. military capabilities by reducing the defense budget, will move in to paralyze if not bankrupt leading components of the defense industry.

An example of this witchhunt spirit is given in the following quotations from the first of a five-part series in the *New York Times*, which began on May 14. The *Times* gloats: "The biggest peacetime military buildup in modern American history is coming to an end and the nation is asking whether it has been getting its money's worth."

### **The case of General Dynamics**

The case against General Dynamics is particularly revealing, because it began with the testimony of a fugitive from justice who had, and has, known Soviet connections. By his willingness to testify against the company, Takis Veliotis, now living in Greece, has obtained FBI immunity from charges of perjury and the illegal receipt of \$1.3 million in kickbacks from subcontractors to General Dynamics.

In 1977, Veliotis became the head of the Electric Boat submarine-building division of the company. By 1983, he had fled the country. According to him, the company deliberately underbid on the construction of Trident and attack submarines, knowing that it would have cost overruns.

Another series of charges in this case, directly involves Defense Department employees. Admiral Hyman Rickover's wife is supposed to have received \$1,125 in jewelry, while the contracts were being bid. Various of the military were apparently wined and dined at such curious entertainments as the Carabou Wallow and the Iron Gates Ball.

On the more serious side, undersecretaries of the Navy Sawyer and Hidalgo were subsequently employed by the company, after leaving the Navy. Both were directly involved in representing the interests of the Navy in contracting with General Dynamics. While there are no specific charges against them, one of the things now under review is conflict-of-interest in the case of over 1,000 Defense Department employees who subsequently found a place in defense industry.

A lot of press attention has been given to the fact that various expense-account items found their way into charges to the government; for example, the costs of running an executive barbershop, the expense of kenneling a dog, tickets to a sports arena, the chartering of a private plane by the chairman of the board, and so on.

Another line of attack has been the failure of these corporations to pay corporate income tax, despite the fact that they are presumptively in the black. Thus, GE and Boeing had tax refunds in the years between 1981 and 1983, and General Dynamics has not paid taxes since 1972, although

they show a profit in the years between 1981 and 1983 of \$931 million. The list is longer.

This has led Representative Fortney, a Democrat from California, to capture headlines with the claim, "Current law is a corporate accountant's dream come true, in that it permits contractors to put off paying taxes until the completion of contracts." He intends to amend the law to ensure that they pay "their fair share of taxes."

Despite this supposedly rosy picture, the defense industry, like every other sector of U.S. basic industry, is in serious trouble due to the continued recession. In fact, General Dynamics shipyard has been forced to announce layoffs of up to 3,100 employees this year, because of insufficient shipbuilding contracts. The last layoffs on this scale occurred back in 1973, and then only 1,800 people were laid off. The total shipyard workforce is only 5,276.

The climate has been heated to the point where Air Force Secretary Orr is demanding that United Technologies and General Electric pay back to the government \$40 million and \$168 million, respectively. The reason given is that they were able to make exceptional profits on their contracts because they increased productivity and put forward their delivery date. They, naturally enough, have so far resisted this penalty upon good management. It looks like, damned if you do, and damned if you don't, for the defense industry.

### **Is there a moral to the story?**

It is well known that American industry pours a ridiculous amount of money into public relations and entertainment; and that this can have a corrupting effect where business interfaces government. But the defense industries are not singular in this regard. It cannot be coincidental that the attack on the top defense contractors comes at precisely the time that the defense budget is under major attack, and especially the President's Strategic Defense Initiative.

When we examine the defense budget over the years, we see that the research and development line has been reduced in real dollar terms. From 1965 to 1981 the amount in actual dollars was only increased from a mere \$62 billion to \$153 billion. This, of course, is not unconnected to the ability of the Soviets to overtake the United States in these years. Under such circumstances, cost overruns must in many cases be covering what would otherwise be legitimate development costs.

An associated point, is the small scale of production of missiles, etc., which means that rather than being able to mass produce them, they are virtually handcrafted. Failure to expand the scale of production, far less those instances where it has been decreased, increases the direct costs of production and the indirect costs, which must also be defrayed.

By all means, Defense should continue its audit and weed out all corruption; but this cannot be allowed to become a pretext for the enemies of national defense to force the dismantling of the defense industry. If that occurs, we will all pay far, far more than \$800,000.

## Senate votes to destabilize Philippines

With a May 15 vote of 89 to 8, the U.S. Senate went on record supporting the destabilization of the government of the Philippines. Massachusetts Democrat John Kerry, who travels in such KGB-infested circles as the Institute for Policy Studies, introduced an amendment to the foreign aid bill which called on the United States to make future aid to the Philippines contingent on the clearing up of "human rights" abuses and on concrete steps toward restoration of democracy.

While Sen. Frank Murkowski (R-Alaska), the Chairman of the Senate Foreign Relations Committee Subcommittee on the Far East, convinced Kerry to "moderate" his language by including mention of U.S. national security interests and Philippine internal security interests, it was evident to even supporters of the amendment that its effects would be destabilizing.

Senator Dan Inouye (D-Hawaii) voted for the Kerry amendment with "strong reservations," pointing out, "This amendment, if read literally, could undermine rather than revitalize democracy in that very troubled republic."

Inouye stated that the amendment contains a blanket condemnation of the government and of the military for carrying out political murders, "euphemistically referred to as 'extrajudicial killings.'" But the government and the military are the very institutions which must safeguard the security and rights of the Philippine people.

During the floor debate, there was no discussion of the role of the International Monetary Fund which, through its austerity policies, has undermined the economy of the Philippines.

Senator Howell Heflin (Ala.) was the only Democrat to vote against the amendment, along with Republicans Chic Hecht and Paul Laxalt of Nevada, James McClure and Steve Symms of Idaho, Alan Simpson and Malcolm Wallop of Wyoming, and Jesse Helms of North Carolina.

## House Democrats in 'Castro scenario'

At a hearing on May 16, House Appropriations Foreign Operations Subcommittee Chairman David Obey (D-Wisc.) told Treasury Secretary James Baker that he and other Democrats would not support the administration's request for multilateral development bank (MDB) funding, unless the administration could deliver a majority of House Republicans in favor of the proposal. If Obey makes good on his threat, both the FY1985 Supplemental Appropriation and the 1986 funding for such institutions as the World Bank, the Inter-American Development Bank, the African Development Bank, and other facilities will not be passed by the House of Representatives.

While a cut-off of U.S. support for the World Bank and IMF is in U.S. national security as well as economic interests, the Democrats apparently intend to show that the administration is "insincere" and callous in its relations with the developing sector, precisely the image that Fidel Castro is trying to paint as he attacks the IMF and the United States.

Obey, who is also the chairman of the influential Joint Economic Committee, told Secretary Baker that the House Democrats were tired of "carrying the ball" for the administration by helping to pass the bills which con-

tinue U.S. funding for the IMF and the MDBs. Obey stated that Democrats were tired of being "sandbagged" by Republican congressional candidates who got political mileage out of Democratic support for the (administration-backed) IMF and MDB bills.

"Either you deliver a majority of the Republicans on this subcommittee, in the full committee, and on the House floor, or I will vote for zero funding for these institutions," Obey warned.

Baker admitted that it would be nearly impossible to convince a majority of the Republicans to support the legislation.

A major focus of opposition to the MDBs is Rep. Jack Kemp (R-N.Y.), the ranking Republican on the Foreign Operations subcommittee.

## Senate wants to hand Bolivia to dope mob

In a non-recorded voice vote, the U.S. Senate agreed to cut off foreign aid to the embattled nation of Bolivia because of its "failure" to curb illegal drug production and trafficking inside its border.

Conveniently ignoring the fact that the government of Bolivian President Siles Zuazo has been massively undermined by the international debt crisis and the austerity prescriptions of the International Monetary Fund—the same IMF which pushes nations to cultivate drugs as a source of revenue—Sen. Paula Hawkins (R-Fla.) introduced an amendment to the Foreign Aid bill which will terminate U.S. foreign aid assistance to Bolivia, unless it cuts its narcotics production by 10% in one year.

Hawkins and her co-sponsors also ignore the fact that the Bolivian government labors under a constant threat of a coup by the powerful political and military forces in league with the IMF and the drug traffickers. Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) immediately supported the Hawkins amendment, which assured its passage.

In her floor statement, Hawkins pontificated, "Bolivia must be forced to accept its responsibility in this situation. . . . We in the U.S. must not accept this situation from Bolivia. With the enactment of this legislation, we would be saying to the Bolivians: You continue to produce and market your coca crop, you will lose U.S. aid, all of it."

Hawkins, who has aired valuable information about the international narcoterrorist network including the Robert Vesco-Cuban connection, seems to be in the employ of Israeli interests on the Bolivia question. A Kissinger-allied political faction in Israel wants to bring down the Bolivian government and replace it with one amenable to this faction's goal of becoming the major arms supplier and drug trafficker in Central and Latin America.

## **Helms accuses Burt of Soviet collaboration**

In a May 15 speech on the floor of the Senate, Sen. Jesse Helms (R-N.C.) accused Assistant Secretary of State for European Affairs Richard Burt of collaborating with the Soviets. Helms stated that Burt has been "collaborating with the Soviets on covering up aspects of the Major Nicholson murder, reportedly including his advising

the Soviets on press relations." Burt is mooted to be the next ambassador to Bonn.

The broadside attack by Helms came on the occasion of the resignation of the U.S. Ambassador to Romania, David Funderburk, reportedly a Helms protégé, who charged the State Department with refusing to recognize Romania's growing ties to the Soviet Union.

In his speech, Helms claims that the reason for administration softness on Romania is that policy is controlled by Richard Burt. Helms says, "Burt appears to have an ambition to excuse the failures of Communist countries, and build a closer relationship at any cost." Besides collaborating with the Soviets on the Nicholson affair, Helms also charges that Burt has blocked efforts to raise the issue of Soviet arms-control violations.

In what may be a related move, Sen. Alfonse D'Amato (R-N.Y.) attacked the Drug Enforcement Agency and the State Department for laxity on the issue of Bulgarian drug and gun running. D'Amato told a Senate hearing on terrorism, "Anyone who believes that the Bulgarians have improved their efforts to stop drug running, must also believe that the Moon is made of green cheese."

Capitol Hill sources report that Burt is the major impediment to an investigation and airing of Bulgaria's role in "narcoterrorism."

## **Speak for yourself, Dale**

Senator Dale Bumpers (D-Ark.) announced on May 14 that the United States should abandon current arms-control negotiations with the Soviets

and instead "set up a children's exchange, because the adults aren't doing very well." It is yet to be ascertained if Bumpers has invited Henry Kissinger to chaperone the male portion of the delegation.

## **Bradley calls for dollar intervention**

The U.S. Senate called on the Secretary of the Treasury and the Chairman of the Federal Reserve Board to take steps to lower the value of the dollar, in a vote on May 15. The amendment calling for such steps was sponsored by Sen. Bill Bradley (D-N.J.), the ex-New York Knickerbocker player who seems to have been drafted by the Bank for International Settlements and the International Monetary Fund (IMF) when he retired from basketball.

The amendment expresses the sense of the Senate that the administration should coordinate with other major central banks or the Group of Five to bring down the value of the dollar, through foreign currency market intervention and other means. The policy of supranational coordination to regulate the value of the dollar, through intervention and through reducing the U.S. deficit, is one of the main vehicles by which the IMF is seeking to exert increased surveillance over the U.S. economy.

The critical vote came in an effort to table the Bradley amendment, which lost 39 to 58. Those voting against the amendment were all Republicans. A few Republicans, such as Heinz and Specter of Pennsylvania, Mathias of Maryland, and Boschwitz of Minnesota, voted against tabling the amendment. It then passed by a voice vote.

# National News

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## Who says President Reagan is a 'lame duck'?

Georgii Arbatov is telling everyone who will listen, that President Reagan is heading a "lame-duck" administration, which has started to lose key congressional votes, and which has had to accept the paring down of the U.S. defense budget, the London *Guardian's* Moscow correspondent Martin Walker reported on May 15. Arbatov is the director of the Soviet Union's U.S.A. and Canada Institute, and a close associate of Henry Kissinger.

Arbatov is finding substantial agreement for his views among the Washington, D.C. press corps. "Reagan is a lame-duck President, whose influence and magic are beginning to wane," the *Washington Post's* Hobart Rowen wrote on May 16.

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## Israel's revenge against Reagan

Intelligence sources have reported to *EIR* that the May 12 and 13 *Washington Post* and *New York Times's* front-page leaks of CIA responsibility for a March 8, 1985 car-bombing in Beirut that claimed 80 lives, was the handiwork of the Israeli intelligence services, seeking revenge against President Reagan for his appearance at Bitburg Cemetery in West Germany.

In point of fact, that March 8 action, which was ostensibly an assassination attempt against Shi'ite terrorist leader Fadlallah, was carried out by "counterterror" teams directed by the Israeli Mossad intelligence service. The teams detonated the powerful bomb despite the fact that Fadlallah was nowhere nearby at the time. The immediate Israeli motive was a Shi'ite kamikazi attack against Israeli patrols in southern Lebanon, just days prior to the car bombing.

As the result of the false Israeli "leak" pinning the massacre on the CIA, the Senate Intelligence Committee launched immediate hearings into CIA overseas counterterror

programs—a move that has both Moscow and Tel Aviv chuckling, and has U.S. intelligence hands bracing for a new round of Church Committee-style intelligence-stripping.

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## Schiller Institute honors journalists

At an awards dinner held in Leesburg, Va. May 11, the Schiller Institute honored two journalists for outstanding work in "educating and informing the public." The Institute's first annual awards for Excellence in Journalism were given to Venezuelan publisher Miguel Angel Capriles, and Cleveland radio talk show host Dr. Morton Downey, Jr.

Capriles, publisher of *Ultimas de Noticias* and *El Mundo* of Caracas, has defended the sovereignty of Ibero-American nations against the international banks and the drug-traffickers. He has fought courageously for a free press in Venezuela. When *Narcotráfico, SA, (Dope, Inc.)*, an *EIR* book exposing the international drug-banking conspiracy, was banned by Venezuelan authorities in February, on orders of the mafia-linked Cisneros family, Capriles fought to make sure that the truth was told.

Downey, host of a nightly talk show at Cleveland's WERE radio, is also known to listeners in North Carolina and Sacramento, Calif., for talk shows he has hosted on WAYS and KFBK radio, respectively. He was the first broadcaster to cover the Ohio banking scandal this year, in which banker Marvin Warner precipitated a run on 71 Ohio banks. He also created a sensation after uncovering Ohio Sen. Howard Metzenbaum's ties to the drug lobby. Metzenbaum, who refused a rebuttal on WERE, has threatened to sue Downey for the broadcast.

In accepting his award, Downey declared, "The saying is that 'the truth will set you free'—but that's only if you hear it. In this time of crisis, we in the honest news media cannot afford to compromise with the truth. . . . We must circulate the news that the *Washington Post* and the *Cleveland (Very) Plain Dealer* refuse to circulate—

because they are owned by those who would compromise the well-being of our nation to the point of treason."

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## Congressman calls for military to fight drugs

Rep. Charles Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics Abuse and Control, has called for expanding the role of the military in fighting drugs. In a two-hour, closed-door meeting with members of his committee and Defense Department officials on May 15, he said, "There's no question in my mind that an expanded military role is needed." It will be necessary, Rangel added, to avoid compromising military readiness and to reimburse the Pentagon for support services.

Several groups have recently called for a stepped-up military role in drug interdiction, including the Southern Governors' Association, the Gulf State Governors' Association, and the National Association for Attorneys General. *EIR* published a call for such a war on drugs in its April 2 issue.

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## Right-to-Die lobby on legislative offensive

The modern-day advocates of Nazi-style euthanasia—and their backers from the major insurance companies—have recently scored victories in their drive to terminate health care for the "terminally ill" and elderly.

- The Ohio Association for the Freedom to Die has arranged for a bill to be submitted to the state legislature which would allow hospitals to "withhold or discontinue medical measures" from "permanently unconscious persons who have not made living wills or directives."

- The New Jersey State Assembly's Judiciary Committee unanimously approved a bill on May 12 giving legal recognition to living wills. Sponsored by Assemblyman Karl Weidel, the bill establishes the right to living wills, and to medical power of attor-



ney if someone becomes incompetent and terminally ill. It would require hospitals to establish ethics committees to make decisions for incompetent, terminally ill patients. The state Senate will soon consider a bill passed recently in the Assembly, to establish a 25-member commission to study all aspects of the Right-to-Die issue.

● In Massachusetts, the Right-to-Die movement is championing what it calls "the next major case" in the battle "to develop legal precedents for doctors and families around the country." New England Sinai Hospital is being challenged in court for its refusal to abide by a family's desire to murder a 48-year-old patient, by slowly starving him to death.

Father John Paris, S.J., a euthanasia advocate called in as an "expert" witness, told the court that keeping patients alive with food and water is "draining relatives' emotions, consuming time and resources of medical facilities, and straining private and public finances. Insurance companies like Blue Cross pay the bills, but passes [sic] the cost onto other subscribers."

## MOVE cult shootout means terror explosion

The fiery confrontation between police and the terrorist MOVE cult in Philadelphia on May 13, is a trigger for broader activation of black separatist and leftist groups for terrorism and riots in the United States. Events surrounding the incident and the reaction of radical groups following the explosion and fire at the MOVE headquarters, establish that the domestic infrastructure for terrorism is already in place for a "hot summer."

Sources report that during the night of May 13, when the MOVE headquarters and some 60 homes in the immediate three-block area in Philadelphia were ablaze in a fire that resulted in the deaths of at least 10 MOVE cult members, threats from black terrorist groups from across the country were being phoned in to the Philadelphia police.

Police tried to evict MOVE members on May 12, after repeated complaints from neighbors about the violent behavior of the group, and were hit with a barrage of gun-

fire, beginning a 12-hour siege. The standoff ended when police finally dropped a shape charge on the roof of the cult's house, to blow a hole in the roof large enough for tear gas canisters. The charge ignited several large drums of gasoline stored in the house, and the house blew up.

MOVE was a 1970s test-tube creation of the American Friends Service Committee's Movement for a New Society, the Wharton School of Management and Behavioral Science, and self-proclaimed "social experimenter" Donald Glassey of the University of Pennsylvania School of Social Work.

## Bishops' letter demands agriculture shutdown

The U.S. Roman Catholic Bishops' Committee on May 14 released a draft statement on agricultural policy, intended as part of the forthcoming document, *Catholic Social Teaching and the U.S. Economy Pastoral Letter*.

The 4,000-word statement is at once an endorsement of the grain cartels' plan for shutting down U.S. high-technology agriculture, and a challenge to the theological doctrines of Pope John Paul II.

It suggests that "mandatory" production controls may be necessary to hold down the costs of government aid to farmers, and to distribute the "benefits" of reduced production fairly. The draft blames big technology for contributing to the development of what are described as overly large American farms.

The piece calls for "stewardship of the natural environment"—a coded reference to the U.S. Bishops' environmentalist bias in their dispute with the Pope, who instead endorses the Biblical appeal of Genesis for man's "lordship over nature." (See *Vatican, EIR*, April 23, p. 43).

Archbishop Rembert Weakland, the head of the committee and former international chief of the Benedictine order, says, "Food and agriculture are but one aspect of ecology and good stewardship . . . of limited and exhaustible resources."

● **SUN MYUNG MOON**, the founder of the Unification Church, has been awarded an honorary doctor of divinity degree from Shaw Divinity School in Pennsylvania, which hailed his alleged commitment to Christianity. Moon is serving an 18-month federal prison sentence for tax evasion. School officials insisted that the degree was in no way related to a recent \$30,000 donation from the Unification Church to the independent, predominately black school.

● **CLAIBORNE PELL**, Democratic senator from Rhode Island, sharply denied that terrorism is run from the Soviet Union, in hearings at a joint session of the Senate Foreign Relations and Judiciary Committees on May 12. He repeatedly asked witnesses to cite a "specific example" of "direct evidence linking the Soviet Union to a specific case" of terrorism, rejecting "circumstantial evidence." Pell, during a visit to Moscow in August 1983, was the last Westerner to meet with Yuri Andropov.

● **THE DISCOVERY** space shuttle in its June flight will carry the first experiment related to the Strategic Defense Initiative. An "optical tracking device" will be carried by Discovery's seven-man crew, which will include a Frenchman and a nephew of King Fahd of Saudi Arabia.

● **WILLIAM BROCK'S** first major appointment as labor secretary, was to name Stephen Schlossberg as Deputy Undersecretary of Labor for Labor-Management Relations. Schlossberg served on the staff of the United Auto Workers before joining a law firm in Washington in 1981. He was a leading figure in the 1970s battle of the UAW and the Anti-Defamation League against Lyndon LaRouche, which included legal actions against *New Solidarity* newspaper. Schlossberg's clients were forced to back down on that case.

## Editorial

### *Kissinger baits trap in Ibero-America*

The Jesuits at Georgetown CSIS did it again this week. Just as the President was reeling from the assault on his defense budget, they hit him with a public campaign to pull troops out of Western Europe, and send them into Central America.

If the President goes along with this Soviet trap, the United States will not only be destroyed in Ibero-America, but the rest of the world, including Europe, will go clambering into the arms of the waiting Soviet Union.

The trio at the CSIS meeting put on a well-coordinated act. On the first day, May 16, both U.N. ambassador Jeane Kirkpatrick and former NSC advisor Zbigniew Brzezinski developed the theme that the administration's policy was too "fixated on Europe." That is not where the threat from the Soviets lies, they lied; the danger is in the Third World, particularly in Central America, where Nicaragua is becoming the next Cuba.

In other words, these "foreign policy experts" are advising a desertion of Europe.

Is it possible that Kirkpatrick, and Brzezinski, don't realize that the Soviets' global threats at this point are all trained precisely at breaking Western Europe from the United States, particularly on the issue of the SDI? We think not.

Nor is it possible that Kirkpatrick and Brzezinski don't know that the Soviets themselves couldn't be more eager for the United States to embroil itself in population wars in the Third World. After all, Andropov himself advertised the fact in *Spiegel* magazine way back in 1983.

They are consciously lying.

But the Kirkpatrick-Brzezinski act was not complete in itself. Its punchline was delivered by none other than Henry Kissinger himself.

Kissinger, who first made a cause célèbre out of decoupling in his *Time* magazine article of March 1984, did not devote himself to this topic, however. Rather, he focussed on promoting himself as the negotiator, who could wheel and deal with the Soviets in the midst of the crisis.

Most of Kissinger's speech was devoted to a whole

song and dance about how this is the best time in the world to negotiate with the Soviets, because of their "internal troubles." He then went into a diatribe in favor of the SDI, which amounted to a total change in his privately expressed line. There is only one reason for such vehemence by Henry in defense of the President—he wants to win his confidence to become the chief negotiator once again!

Unfortunately, this is a scenario to be taken seriously.

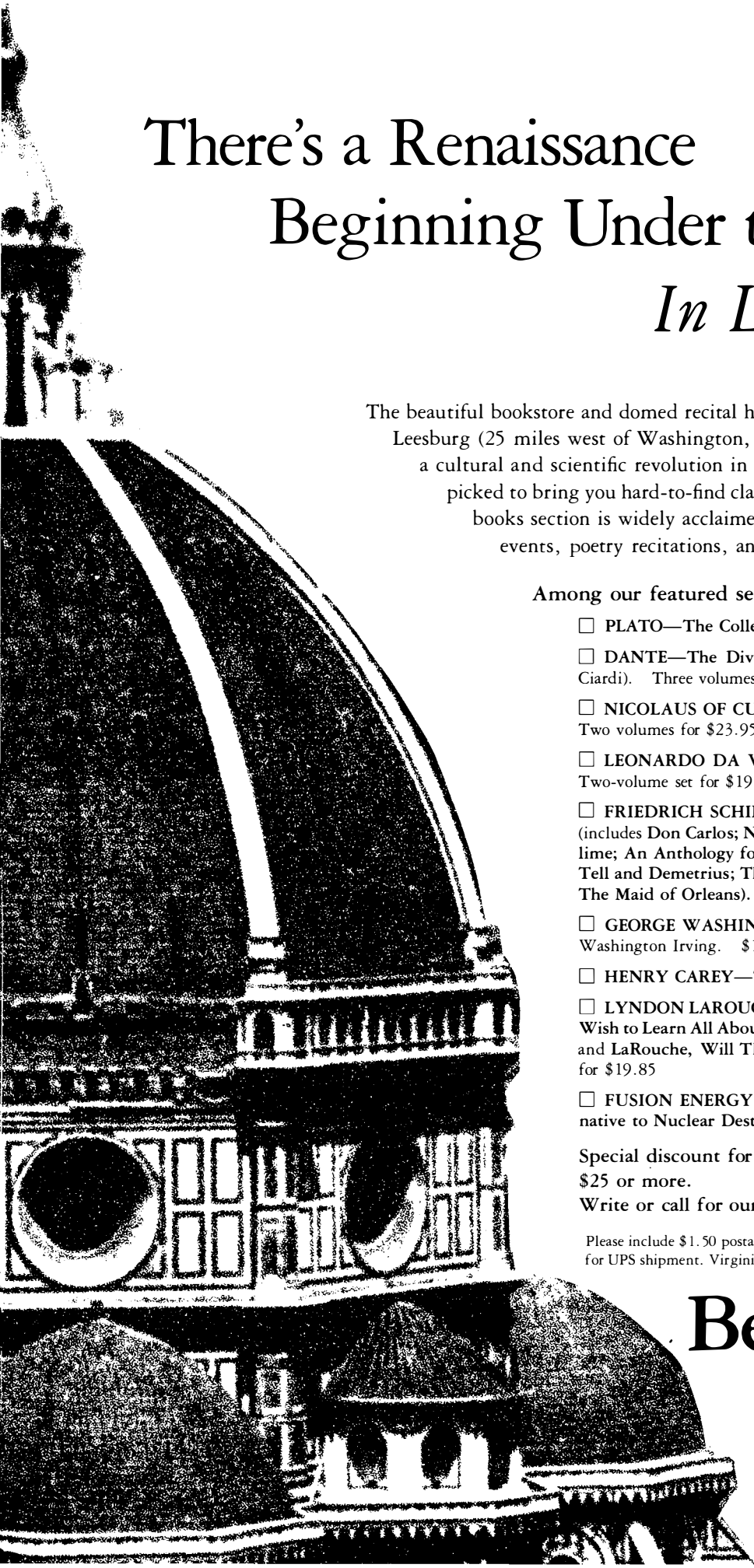
Sources in the administration have confirmed to this magazine that there are indeed plans being hatched for the United States to invade Central America. In addition, sections of the State Department and FBI are working overtime to accelerate the destabilization of Mexico, in order to build up an "appropriate climate" to justify U.S. military deployment there as well.

The timetable on these plans is very short. The State Department's master scheme calls for heavy violence by the U.S.-backed PAN on the U.S.-Mexico border over the months of June, building up toward the July 7 elections in Mexico. It is also in that July period when a heating-up of the Central America crisis is planned.

United States support for the IMF, and backing for such Dope, Inc. Nazis as the PAN and former Bolivian President Hugo Banzer, have already precipitated an avalanche of rage against the U.S. in Ibero-America, rage which has only been partially reflected in the official statements coming out of governments on the Nicaragua blockade. But this is mild compared to what will happen if these destabilization and invasion plans go ahead.

Let us sound the alarm. Kissinger's plan to destroy the United States as a world power is dangerously close to fruition. And the means by which he plans to cap it off, is through embroiling the United States in wars in Ibero-America.

If it goes ahead, all the work of the Schiller Institute, and of certain sections of the Reagan administration on drugs, will go up in smoke. National security demands that Kissinger be stopped.



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