

# EIR

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Stop Moscow's march to Greece!  
Leontief acts to block the SDI  
IMF fails its own test in Thailand

**Mexico's PAN: Soviet asset  
fomenting border violence**



# The Recovery That Never Was

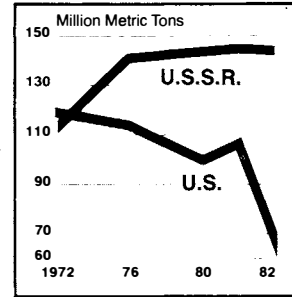
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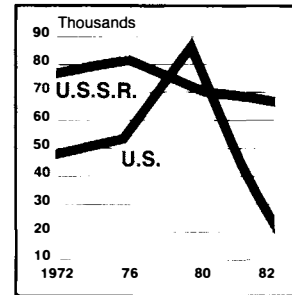
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The U.S. State Department is filled with traitors to the United States. If there is a theme permeating this issue's broad coverage of world events and the pressing issues of this century now rapidly coming to head, it is this: There is treason at the State Department, from the Kissinger-tutored George Shultz and Richard Burt on down, and in consequence, the Soviet Union is moving toward world domination very rapidly:

- The U.S. State Department and FBI are preparing a violent explosion on our southern border to destroy the republic of Mexico, using a Soviet asset with Nazi roots and drug-running finances, the PAN party, subject of this week's *Special Report*, prepared by a team under the direction of Fernando Quijano. With Mexico portrayed as "the last domino" in Central America, the President and Congress are projected to go "ape" over the Communist threat in this region, diverting attention from Europe, where:

- The U.S. State Department is preparing to hand the nation of Greece, i.e., NATO's southern flank, to the Soviet Union. If, in the 6 to 12 weeks following the June 2 elections, Greece is yanked out of the Western alliance and grafted onto the Warsaw Pact, then Moscow's timetable for world domination by 1988 will have advanced through a very important turning point (*Strategic Studies*, page 34).

- The U.S. State Department delivered what may be the death blow to hopes for a renewed peace initiative in the Middle East, misbriefing President Reagan on his meeting with King Hussein of Jordan, causing the President to be left speechless by the King's very serious proposals on behalf of the PLO. The State Department has itself refused response to the proposals—culminating more than a year of non-existent U.S. policy toward the region which is, by calculation, permitting Soviet client-states Syria and Libya to combine terrorism and diplomatic offers to force an accommodation to Soviet influence on America's allies (see *International*).

The Strategic Defense Initiative, and related economic concepts of Lyndon LaRouche, have recently come under subtle attack from a notable source: Wassily Leontief. LaRouche deals with the matter in *Economics*.

Nora Hamerman

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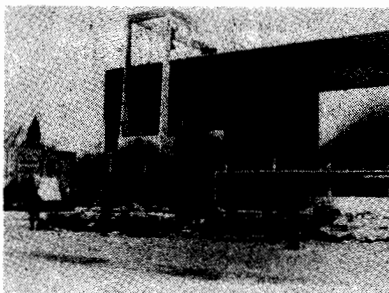
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AP Laserphoto

A mob of nearly 2,000 people, led by Mexico's National Action Party (PAN), burned down municipal buildings in Piedras Negras in December 1984, while the U.S. press egged them on with sensationalist and exaggerated accounts. Here, Mexican Army troops surround the city hall and jail.

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## Moscow encourages ECU trade to decouple Europe

by William Engdahl

On April 6, the Commission on French-Soviet Trade, meeting in Paris, made the decision to increase bilateral trade volume by some FFr 4 billion (\$400 million) this year. On May 12, a top-level Soviet trade delegation arrived in Stockholm to discuss "a renaissance for Swedish-Soviet trade" which, according to the Swedish State Export Credit Corporation, SEK, has stagnated since 1981 because Moscow refuses to pay the 14% Swedish interest rate for trade financing. The purpose of the May 12 talks was to establish the basis for future trade.

These deals are not isolated examples. In March, at the annual meeting of the British-Soviet Chamber of Commerce, Sir John Mayhew-Sanders told the official Soviet paper, *Pravda*, "Your country . . . is starting to implement long-term programs of economic development in which British firms can and would like to take an active part."

The British-Soviet Chamber of Commerce has just decided to open a permanent office in Moscow, and talks are under way for possible contracts for British firms such as Davy McKee, to construct large chemical plants in central Russia, Caucasus, and the Far East for more than 1 billion rubles (approximately 1 billion pounds sterling or \$1.3 billion). At the end of this past January, Soviet Deputy Prime Minister Aleksei Antonov arrived in Bonn, West Germany for two days of discussions with the Kohl government and the leading figures of German finance and industry. Antonov held out the carrot of possible future trade deals for major German steel and chemical giants Mannesman, Krupp, Bayer, and others totaling more than \$2 billion over the next five-year Soviet economic period.

What is novel and extremely significant about these latest trade deals from Moscow is the fact that they are part of a

highly sophisticated long-term strategy designed to reorient the economies and currencies of Western Europe into an Eastern rather than a Western direction. This is being done through Moscow's encouragement of pricing these trade deals, not in the normal dollar currency, but in the synthetic ECU. What exactly does this new development in Soviet financing tactics imply?

The ECU is simply a bookkeeping device used, since its creation in 1975, as a basket for weighing the different European Community local currencies to reckon accounts in Common Market internal trade, initially called the European Unit of Account.

Changed in 1979 to the present ECU (European Currency Unit), under the European Monetary System proposal of then-German Chancellor Helmut Schmidt, the relative exchange values of the various EC member-country currencies—German mark, French franc, Italian lira, and so forth, were frozen and defined as a central rate to facilitate intra-European trade under the Common Agriculture Market. It is not possible to go to a bank and trade German marks or francs for a fistful of ECUs. It is at this point simply an agreed accounting average of the different currencies relative to their values when the ECU was created in 1979.

But it is much more. A determined faction within European financial elites, have for years advocated development of a full supranational European currency to replace the national currencies of Germany, France, and so on. In April, these plans moved one major step ahead when European Community finance ministers, meeting in Palermo, Sicily, agreed on certain limited steps to extend the use of the ECU, at least among European central banks. The scheme, which has been a favorite of French President of the European

Commission, Jacques Delors, as well as Schmidt and current West German Economics Minister Martin Bangemann, is intended as a further step to force full dissolution of sovereign national determination of monetary policy by creating what is termed a "fully privatized ECU" currency, as a European alternative for the U.S. dollar, for European trade.

In November 1984, top Soviet KGB official and co-founder of the anti-growth Club of Rome, Dzhermen Gvishiani, appeared at a colloquium in Paris to discuss perspectives for East-West trade through 1990. The socialist French banker, Jean Déflassieux, chairman of the giant bank, Crédit Lyonnais, was one of the participants. They reportedly discussed ECU financing of their trade as "a challenge to the dollar." On May 24, the same Déflassieux was in Moscow to sign one of the largest ever contracts, as head of a delegation of 90 top French businessmen, for FFr 4 billion, for delivery of steel and steel plates.

Déflassieux announced that his Crédit Lyonnais will issue a 100 million-ECU credit to the Soviet trade bank, Vnesh-torgbank, to finance the trade deal.

Because of the collapse of the debt pyramids in Western capital markets since especially 1982, the Moscow loan market is regarded as one of the only areas left which is not about to collapse. This gives the Soviets enormous bargaining leverage to use the carrot of a few large trade deals to encourage the process of ECU decoupling of the economies of Western Europe. That is an essential part of Moscow's military decoupling goal.

### **Economic truths behind Soviet push**

The Russians are very conscious of what a European "decoupling" from the dollar would imply for their New Yalta strategy of Finlandizing Western Europe. A look at a few basic economic indicators is sufficient to understand why Moscow views the forced shift of Europe's economic alliances from Washington to Moscow as the most efficient and direct means to Soviet world hegemony in the near future.

A team of *EIR* economic analysts conducted a recent examination of the statistical relations between the super-power blocs, based on the economic strengths of North American, Western Europe, and Northern Asia (Korea and Japan). The figures show that the in-depth industrial (and therefore warfighting and defensive potential of the United States) depends heavily on the economic resources of Western Europe and America's allies in Korea and Japan. Should the Soviet Union succeed, as it is currently doing, in bringing those parts of the world into its political-economic orbit through a combination of intimidation and trade offers, the United States will be in no position whatsoever to challenge the Soviets' bid for world domination.

First, in terms of the industrial workforce, the "Western" bloc comprises 37.6% of the world's industrial labor force, whereas the Soviet-dominated portion amounts to only 26.6%. The dominance of the "West" in the area of energy production is comparable: 37.4% as against 25.2% of world energy

production. In energy consumption, it rises dramatically to a ratio of 49.4% of world consumption by the Western bloc and only 24.0% by the East.

When one looks at certain crucial industrial indicators, the superior productivity of the West becomes more apparent. In cement production, the North America-North Asia-West Europe bloc produces 44% of the world total. The Eastern Europeans and Soviets produce only 28%.

In steel, the pro-NATO countries produce 55.3% of the world total, whereas the Soviet bloc produces only 35.5%. And in trucks (a capacity easily transferred to tanks and other wartime necessities), the "West" outstrips the Soviets by 81.8% of world production, to 11.1%. Less decisive is the lead of the pro-NATO countries in fertilizer: "West" 47.6%, and "East" 33.4%. And the lead disappears altogether in the crucial area of tractors: 43.6% of world production by the "West" as against 45.2% by the "East."

Clearly, the Soviet Union is fully aware of this correlation of economic forces. That is why it has determined to bring under its thumb the industrial potential of Western Europe and Japan, in particular, as rapidly as possible. For once the United States has lost the economic potential of its allies, it will be at best a third-rate power.

Take the industrial workforce, for example. If the United States lets Japan and Europe be co-opted into the Soviet camp, the American share of the world industrial labor force will go down to 10.9%, as opposed to a grand total of 53.3% for the East bloc plus (new) allies. In energy production, the United States will be reduced to 24.5% of the world total, as opposed to 37.9% for the "East."

But perhaps the biggest shocker of all comes with the production of certain essential industrial components—cement, steel, tractors, and fertilizer. If the United States loses Western Europe and Japan, it will then control only 8.6% of world cement production, as opposed to 63.8% for the Soviet bloc plus allies.

Within the Soviet-controlled bloc will be 84.8% of world tractor production, while only 4.1% will be within the United States. As for steel, the U.S. will control only 14.0%, compared to 76.7% on the Soviet side.

Is it any wonder, then, that the question of European economic decoupling from the United States is both of decisive strategic significance for the Soviets and one of the areas of greatest Soviet emphasis? Moscow launched the latest phase of its economic decoupling organizing with the meeting it sponsored in Soviet Tashkent in April 1984. There, speaking primarily to the gathered presidents of the largest West German commercial banks, the Soviets unveiled their strategy of offering gigantic trade packages to the starved order-books of European industry—but only on condition that the trade be conducted in ECUs, and not U.S. dollars. That Soviet offer, which appeared difficult if not impossible to fulfill at that time, is now becoming reality.

And we are now witnessing only the beginning of the process.

# Wassily Leontief acts to block the effective implementation of the SDI

by Lyndon H. LaRouche, Jr.

Among all my more prominent adversaries in the so-called "economics profession," Bolshevik-educated Professor Wassily Leontief is the only one who exhibits a streak of sanity. He is not entirely sane, of course; his connections to the theosophical mysticism of Bolshevik Professor Kondratieff's "long-wave ["Great Wheel"] cycles" dogma, are a case in point. Whenever Leontief shifts his attention from the industrial engineer's standpoint in production cost-accounting practices, to the subject of money, his economic theories take on the fascist hues of the notorious Lausanne school of Walras and Say.

However, he is not completely insane, like the "ivory tower" positivists of the Operations Research Society. He is not a mere hoaxster, like that ex-communist professor who runs Wharton econometrics. Nor, is he by any means a silly babbler, like the choleric Professor Milton Friedman, or the Fabian Society's Hayek. He is one of the rare few living economists worth criticizing; even when he is terribly wrong, one is obliged to recognize that there is some important work involved, of practical merit, in the construction of his fallacies.

Harvard's Leontief is famous as the leading figure associated with the design of the United States' present system of National Income Accounting, and thus also more or less the father of the "Gross Domestic Product" method of accounting used by foreign nations generally. At his best, he is a knowledgeable and skillful industrial cost-accountant; his input-output charts of accounts have served the useful purpose of prompting governments and supranational agencies to collect statistics in a sensible form. Until it comes to the subject of price-theory, Professor Leontief is a down-to-earth, sensible fellow. As a cost-accountant, he earns his fees; it is when he pretends also to be an economist, that he falls off the deep end.

Leontief presents himself at his best, and his worst, in a recent report, "The Choice of Technology," as the featured item of the June 1985 (Vol. 252, No. 6) issue of *Scientific American*. Although Leontief appears, on the surface of his argument there, to be recommending increased rates of investment in new technologies, his argument is aimed specifically against the "economic spill-overs" feature of the Strategic Defense Initiative.

The subject of "economic spill-over" benefits of the SDI was introduced by this writer and his associates during 1982, many months before the President's famous announcement of March 23, 1983. The writer's proposals on "spill-overs" were publicly adopted by administration spokesmen during the spring of 1983, and were briefly echoed by Britain's Prime Minister Margaret Thatcher, during her 1983 election-campaign. Not only does Leontief date his present attack against "economic spill-overs" to approximately two years ago, but there are other special features of his piece which more than strongly suggest that it is my own thesis which he has been working to refute during the recent two years. In any case, it is certain, that if his arguments were influential in Defense Department policy, SDI would be as effectively sabotaged as if it were never adopted at all.

I reply to this now, not to waste the precious pages of *EIR* with a mere rebuttal of Professor Leontief's blunders. There are very far-reaching issues of U.S. economic and defense policies, posed, and *Scientific American*, unfortunately, is regarded by the credulous as a most respectable publication, with significant circulation.

## Did Leontief attempt to refute LaRouche?

Leontief's piece was referred to my attention by a friend whose judgment was that this was an attempted counter to my own theses on "economic spill-overs." On the basis of the item's content, the most probable inference is that it is exactly that. Leontief explains:

Two years ago Faye Duchin and I, together with seven of our colleagues at the Institute for Economic Analysis of New York University, assembled the data needed in order to apply input-output analysis to the current prospects for technological change.

The dating itself is indicative. Not only were *EIR*'s studies of this matter publicized during 1982, but it was the common knowledge around government and among private forecasting services, that *EIR*'s LaRouche-Riemann Method of forecasting had provided the only competent forecasts since the October 1979 introduction of what Paul Volcker himself had identified as "controlled disintegration of the economy." During 1982, there was a scramble among econ-



omists, to attempt to head off *EIR*'s growing authority around government and industry. New York University is among the locations which closely follow *EIR*'s work, and has been the nesting-place of my avowed adversary, McGeorge Bundy, since Bundy left the Ford Foundation.

Leontief's next point pins the matter down:

They [the data] are based on the input needs of technology that can be expected to replace the present methods of production in the next 15 years. Our method did not require us to make any projections about *unknown, future technology*. On the contrary, the technology we considered is already well understood, but it has not yet been widely introduced. [emphasis added]

Later, he qualifies this. His study limited itself to projection of effects of automation: "technological changes related to the introduction of computerized automation."

We made no effort to assess the economic effects of the technological changes that can be expected in agriculture from the genetic engineering of crops, in mining . . . or in various industries from substitution of materials. . . .

Thus, he excludes most of the primary categories in which technological progress is occurring, or might occur, and limits himself to the "technetronic."

Even had the professor taken a broader spectrum of technologies into account, his approach would still have the same terrible defect central to the article in question. If his method were employed in devising either the federal defense budget for SDI, or employed as policy for SDI implementation within the Department of Defense itself, it would be next to impossible to get the SDI off the ground. The unfortunate fact is, that Professor Leontief's flaws are deeply embedded in Mr. Stockman's computerized Office of Management and Budget (OMB), and have been embedded in the civilian, "systems analysis" staff of the Pentagon for nigh on 25 years.

At this point in our introductory remarks, the purpose of publishing this criticism of the *Scientific American* piece can now be fairly stated. The practical importance of this piece, from an economist of such legendary respectability as the professor, is that it helps to tilt the balance of U.S. SDI-implementation policy, in favor of "systems analysis," and against revival of those "crash program" methods which served us so well in the Manhattan Project and the pre-1967 phases of the postwar aerospace program. The point is to save this republic, this civilization of ours: And we can not expect our nation to survive much beyond 1988, unless the SDI is effectively implemented.

On this account, there are only two "econometricians" whose work itself requires any depth of criticism: Professor Leontief's, and the sly Ilya Prigogine. Everything else in present-day economics was thoroughly refuted by leading scientists during the 18th and 19th centuries. By contrast with Leontief, von Neumann, the putative founder of "Operations Research" varieties of "econometrics," is an ig-

norant simpleton in economics, and the von Neumann-Morgenstern *Theory of Games & Economic Behavior* a hoax. Prof. Milton Friedman is merely a carnival pitchman, the Wharton Institute merely fakers, and the rest generally a cast of characters from the play *Marat-Sade*. Prigogine is important, only because he has duped many credulous people into the delusion that he has provided a method for dealing with "non-linear" network-problems; refuting Prigogine belongs more to the domain of mathematical-physics formalities as such, than to economics. Flawed as his work is, Leontief is the best among the outstanding figures of the academic economists as a lot.

I have been familiar with Leontief's work for three decades. I have missed more than one or two of his pieces over this period, but have followed a large enough sampling to warrant firm general conclusions. There are, without doubt, three major incompetencies permeating his work as a whole:

1) He has no comprehension of "technology," not in the sense the term was defined by Gottfried Leibniz.

Leontief's relative merit, is the degree of emphasis he places upon examining the physical magnitudes of inputs and outputs of production. What lies between these inputs and outputs, the process of production itself, eludes him entirely. He appears never to recognize the existence of the question: "What is it that occurs in the productive process, between the inputting of inputs and the outputting of outputs, which accounts for economic growth?" This flaw is the central feature of the piece in the *Scientific American*.

2) His work ignores the question: "How is it possible to show that the relative prices prevailing in an economy are wrong prices?"

Let us suppose the extreme case, that relatively favorable cost-price ratios in financial usury, prostitution, drug-trafficking, and operation of gambling casinos, compared to very poor cost-price ratios in agriculture and basic industry, cause capital to flow out of the latter into the former, collapsing agriculture and industry, and thus collapsing the society. Obviously, the cost-price ratios are wickedly wrong. Since such anomalies are commonplace, it is clear that price-mechanisms are not to be relied upon as determinants of relative economic value. It should also be obvious, that the only remedy for the unreliability of price-mechanisms is the adoption of some other yardstick; the only yardstick available for such purposes is the physical relations of production, physical relations defined without yet introducing the measure of price.

This problem Leontief sidesteps. Like Karl Marx, he assigns a price to "average labor," and makes the "market basket" of wage-commodities the means for turning price into the common denominator of economic relations. There is no indication that he, any more than Marx, recognizes what is terribly, terribly wrong, in such tricks.

3) Like Karl Marx, and like all modern academic economists, Leontief fails to recognize the fact that economic processes are intrinsically "non-linear."

Since John von Neumann laid down his dogma on the subject, modern econometricians and operations researchers, have assumed that economic processes can be reduced to a mathematical system of "linear inequalities"; and that solutions to such systems are more or less adequate analysis of real economic processes. Worse, von Neumann assumed that these systems could be reduced to relative utilities, as measured in relative price. Since von Neumann was a very famous mathematician, who had been a child prodigy in arithmetic, who could dare to challenge the oracular utterances of the "Great von Neumann"?

It happens, that von Neumann's dogma was absurd. All economic processes are intrinsically "non-linear."

Let us review, as briefly as possible, the matters of which Professor Leontief is ignorant.

### 'Technology'

"Economic science," in the strict sense of the term, was established by Gottfried Leibniz, beginning with his short paper on *Society and Economy*, of 1672. The central feature of Leibniz's work on economy, the key to the founding of economic science strictly defined, is his concentration on the subject of the heat-powered machine. Leibniz created the notion of "technology," as a leading included feature of his principles of heat-powered machines.

The principles of machine-design were essentially completed by Leonardo da Vinci. After Leibniz, the principles of machine-design were brought to near-perfection by the 1794-1814 Ecole Polytechnique of France, under the leadership of Lazare Carnot and Gaspard Monge. Beginning the work of the 1794-1814 Ecole, the center of work was shifted, from machine-design, toward development of a general theory of electro(hydro)dynamics, an effort centered around the work of Gauss, Weber, and Riemann, at Göttingen in Germany.

Although Leonardo already mastered the principles of animal-powered machines, and perfected the hydrodynamics of wind-powered and water-powered machines to a high degree, Leonardo merely began exploration of steam-powered machinery. After Leonardo, circles around Gilbert in Tudor England, pressed for development of coal as a replacement for charcoal. Until after the Peace of Westphalia, and the 1653 defeat of the Hapsburgs, technological progress was generally suspended by the catastrophic conditions of the early 17th century. Work toward a doctrine of heat-powered machinery waited until Leonardo's approach was resumed by Huyghens and Leibniz, later in the 17th century. It was Leibniz who established the foundations of a general solution.

Given, a coal-fired source of power for a machine, and given a standard quality of unit-output of an operative, what is the relationship between increasing the heat supplied to drive the machine and the number of units of output of the operative?

Immediately, several variables must be considered:

- 1) The amount of coal-equivalent consumed per day;

- 2) The temperature at which the coal is burned;
- 3) The average cost of each unit of output, after adding the cost of producing and processing the coal and producing the machine, to the cost of the operative: capital-intensity costs;
- 4) Technology.

Note the special case: Given two machines, each consuming the same coal-equivalent, but different in the respect, that the same operative employing one produces greater unit-output than employing the other. The difference in performance lies in some internal features of the machine's organization. The ordering-principle, which defines increasing "efficiency" of machine-designs in such terms of reference, is the barebones definition of "technology."

Actually, "technology" is an ordering-principle which subsumes all four of the conditions listed above:

- 1) Quantity of usable energy per operative;
- 2) Energy-intensity (energy-flux density) of the usable energy supplied;
- 3) Capital-intensity;
- 4) Internal organization of the machine (or process).

All of these, combined coherently under a single ordering-principle, determine the relative physical productivity of operatives.

What is that ordering-principle? Start with bare beginnings, and proceed until a single principle is sufficiently elaborated to subsume all of that for which we must account.

Leibniz began to define the solution, by adopting a principle discovered by Cardinal Nicolaus of Cusa: that in Euclidean physical space-time, only circular action has self-evident existence. Cusa named this "The Maximum Minimum Principle" (*De Docta Ignorantia*, 1440); it is familiar to modern mathematicians as the isoperimetric principle of topology.

Leibniz divided the action of machines into two aspects, simple action and work. Action is measured as displacement of a closed cycle of action, as the displacement of action along the perimeter of a closed line of motion. Work is measured, in first approximation, as the area subtended by that perimetric action. Thus, action is expressed as  $= mv$ , where  $m$  is mass and  $v$  is perimetric displacement; while work is expressed as proportional to  $mv^2$ .

The isoperimetric principle shows, that the least action required to generate an area of closed action is circular action. Therefore, the amount of action required to generate a defined amount of work (least action) is the amount of circular action needed to do so. No action in physical space-time is greater in magnitude than the least action: the Principle of Least Action.

Therefore, the constant increase of the energy-flux density of action, and work, is represented by a self-similar conical spiral. If the amount of action associated with increase of energy-flux density is constant, the action is converging self-similarly upon the apex of the cone. If the radian-measure of perimetric action is constant, and the

energy-flux density is increasing per unit of radian-measure, the result is described by an expanding cone. So:

- 1) The relative energy is the rate of helical action with respect to time;
- 2) The relative energy-flux density, is the area of work subtended by each interval of helical perimetric displacement;
- 3) The relative capital-intensity is expressed by work supplied per operative;
- 4) The internal organization of the process is expressed by a conic function.

This is the case in first-approximation. A function subsuming increases of these relative values, coherently, to the effect of increasing the productive powers of the average operative, is the definition of "technology."

These first-approximation relations are readily shown by comparative statistics for capital-intensity, energy-throughput per-capita unit of potential relative population-density, and per-capita output-rates, for assorted economies in the world today. Such data, compiled in the manner Leontief's input-output designs variously specify or imply, show these to be the proper first-approximation criteria.

## Economies as processes

The gross characteristics of economic processes, are indicated simply, by comparing the potential population-levels of mankind for "primitive hunting-and-gathering society," about 10 million maximum, with nearly 5 billion today. It is also possible to construct estimates for population-levels since Roman times, with increasing accuracy as we approach the present. By such means, we are able to construct arbitrary mathematical functions which incorporate the most visible characteristics of successful population-growth, and of economic growth.

The first modern effort to construct such a function, is the work of Leonardo of Pisa, the so-called Fibonacci series. Toward the close of the 15th century, a more accurate function was discovered, by the collaborators Luca Pacioli and Leonardo da Vinci. The latter, working on the basis of Nicolaus of Cusa's specifications for scientific method, showed that all living processes exhibited distinctive harmonic patterns, both as patterns of growth, and determined morphologies of bodily functioning. These harmonic patterns were congruent with the Golden Section of geometry. Today, we know that this distinction of living processes applies to all ranges of phenomena between the extremes of astrophysical and microphysical scale. From Pacioli and Leonardo, through Louis Pasteur, there is a continuity running into modern optical biophysics. Within the ranges indicated, all processes which are harmonically congruent with the Golden Section, are either living processes, or are artifacts produced by living processes.

Economic growth is harmonically congruent with the Golden Section.

Since the work of Gauss, Dirichlet, Weierstrass, and

Riemann, we know that the images which appear to us because of the organization of our brain, as primarily Euclidean images, are a kind of distorted-mirror image of the real universe. We know that the real universe is of the form of a Riemannian hyperspherical function, generated by three degrees of self-reflexive conical self-similar-spiral action in physical space-time. Through study of stereographic projection, we also know that we must not assume that our brain-images are literal pictures of the real universe, but we have the comforting certainty that certain features of those images, called "projective invariances" or "topological invariances," are in agreement with the physical space-time experienced.

In this context, we also know, that the existence of Golden Section harmonics among the brain's images of Euclidean space-time, conforms to conic self-similar spiral action in the Gaussian manifold of real physical space-time. Looking at Kepler's astrophysics retrospectively, from the vantage-point of Gauss, et al., we know that the universe as a whole is ruled by laws which are invariant with respect to the Golden Section.

Inasmuch as the notion of "negentropy" is associated with the phenomena of living processes, we are obliged to discard the definitions of "negentropy" and "entropy" supplied by statistical thermodynamics. We define "negentropy," properly, as the characteristic of processes which are either living processes, or are like living processes.

A healthy economy, like a healthy living organism, is "negentropic." Once the living process ceases generating "negentropy" at a sufficient rate, it is sick, possibly dying. Similarly, an economy.

Therefore, what we must measure, to determine the performance of economies, is the relative rate of negentropy generated per-capita. "Economic value" is properly measured only as per-capita negentropy. Therefore, to measure "economic value," we must define a mathematical function in which the content of "work" measured is measured in "units of negentropy."

In other words, if you do not assist in some necessary way, in transmitting negentropy to the economic process as a whole, you are economically useless. Any product produced and consumed, which does not satisfy this requirement, is economically valueless.

The paradigm for the transmission of negentropy to an economic process, is technological progress.

To the degree, an economic process is doing the same thing over and over again, it is, to that degree, entropic, and is dying. In that sense, its output is worthless. It is only as output contributes to the production of negentropy, technological progress, that output has economic value. It is technological progress which has enabled mankind to rise from the status of primitive man desperately gorging himself on the raw fish left as jetsam on the beach.

## Simple thermodynamics of economy

In the simplest thermodynamics, we subdivide the total usable form of energy-throughput in a closed cycle, into two

general categories. The first category is the amount of such throughput which must be consumed or wasted, merely to maintain the process at a constant level of potential. This portion, we call the "energy of the system." If there is any remaining energy-throughput, after deducting the "energy of the system" requirement, we call this the "free energy."

Thereafter, all interesting questions are posed in terms of the ratio of the "free energy" to the "energy of the system," and the correlation of changes in this ratio, to the total energy-throughput. For the condition in which the ratio rises in correlation with an increase of the energy-throughput, we describe the process, roughly but fairly, as "negentropic." If this condition is not satisfied, we estimate the process to be "entropic."

In analysis of economic processes, we must reduce all physical economy (inputs, outputs, etc.) to common thermodynamical units of measurement. We approximate this, by measuring the usable energy-throughput in per-square-kilometer and per-capita terms, and by correlating these two measurements in terms of rates of increase of the productivity of labor. We measure increase of the productivity of labor, as increase of potential relative population-density. This enables us to analyze economic processes independently of price-mechanisms. Although the studies require guidance by rigorous mathematical procedures, the results of such studies are readily accessible to intelligent "common sense."

The interesting aspect of thermodynamic negentropy, as we confront it in economic processes, centers around the variable effects of converting the "free energy" of the economic process-cycle into augmented "energy of the system." Typically, this signifies increasing the energy-intensity and capital-intensity of the economy, per-capita. In other words, the energy-cost of maintaining the average person and operative is increased—by increasing the energy-intensity and capital-intensity per-capita.

Karl Marx foolishly imagined, that such "reinvestment" of profit in production, caused a "falling rate of profit." In thermodynamics language, this means, that if the "free energy" produced is generated only by labor of operatives, and the capital-intensity of production is increasing, then the ratio of "free energy" to "energy of the system" must tend to fall. Leontief's system is implicitly Marxist, on this and other counts.

It should be noted and stressed, that once we convert physical inputs and outputs into prices, and then attempt to explore economic processes in terms of price-mechanisms, Marx's folly of "the tendency of the rate of profit to fall," appears a certainty. It should be obvious, on such and analogous grounds, that once we price-out physical relations of production, as a precondition for economic analysis, we have excluded from consideration the essential principle of economic processes, the function of technology, just as Leontief does, in his "The Choice of Technology."

So, Leontief hunts for technology everywhere, unsuspecting that that for which he searches, he has just banished

from his priced-out data: "Data, data, everywhere, but not a drop to drink."

Marx's error, like Leontief's quasi-Marxist constructions, is that in plagiarizing the notion of "labor-power" from Friedrich List and Henry C. Carey, Marx was like a baboon who stole a watch: he didn't know the use of what he had stolen. "Socially necessary average labor," is not Alexander Hamilton's meaning of "productive powers of labor." True, only the labor of goods-producing operatives actually produces wealth. The increase of the productive power of labor is the advancement in technology brought to the point of production: the increase in energy-intensity, the increase in capital-intensity, and the advancement in the internal organization of the productive process under such conditions. This depends upon the power of the operative's mind, to assimilate advances in technology for efficient use. The relations of production are defined in per-capita-operative terms, but the relations are essentially the technology of production per-capita.

It is that relationship, which exists only in the physical economy, not the prices of commodities, which vanishes with the introduction of the price-mechanism.

### **The geometrical approach**

In the mathematics which I employ for economic science, algebraic expressions appear only as descriptions of geometrical constructions. None of the axiomatic assumptions, or deductive methods of the ptolemaic "Euclid's" geometry are allowed, and no axiomatic arithmetic. The only self-evident form existing in mathematics, is circular action; from circular action alone, all constructions must be derived and constructed. In other words, a "synthetic geometry," or what some might wish to describe as a "radically constructive" geometry.

I have described my methods in other published locations, so I shall merely summarize the most relevant points.

1) To construct all forms which are commensurable in Euclidean physical space-time, construction must begin with circular action, straight lines, and points. Therefore, straight lines and points must first be created by circular action upon circular action.

2) This requires triply-self-reflexive circular action: For every small interval of Circular Action A, Circular Action B must be acting, as if perpendicular to Circular Action A; for every small interval of Circular Action B, Circular Action C must be acting, as if perpendicular to both Circular Action A and B. This is sufficient to generate a straight line, a point, measure by a factor and powers of 2, and a sphere and a hypersphere. These are the minimal preconditions for Euclidean physical space-time.

3) However, since perception occurs in never less than a finite interval of physical space-time, circular action appears as helical action. Triply-self-reflexive helical action is the minimal precondition for gener-

alized physical space-time. The required form is triply-self-reflexive, conical, self-similar-spiral action.

The minimal ideal model for technological progress in an energy-intensive, capital-intensive mode, is doubly-self-reflexive self-similar-spiral action. This generates an hyperboloid, whose central axis is the time-axis. This is to be constructed on the surface of a Riemannian sphere, rather than in Cartesian coordinates.

The flaring of the hyperboloid, through the vanishing-point, apparently defines a mathematical discontinuity. Yet, the economic process is not halted; there is no discontinuity in the physical process, but therefore some inadequacy in the mathematics.

Let perimetric action be defined as the area swept on the surface of the sphere, and work, therefore, as the subtended volume of the sphere. So, the topological singularity (the apparent discontinuity) defines a "jump" of the continuing action to the larger, concentric sphere, whose image we can project downward onto the first sphere's surface. The action continues, thus. The rate at which the next hyperbolic flaring is generated is more rapid. And, so on and so forth, in the idealized case. The relative density of singularities is increased, harmonically: the nested spheres form an harmonic series. This hyperspherical function corresponds to triply-self-reflexive self-similar-spiral action.

The significance of the increased volume of action, as a jump to a larger concentric sphere occurs, is an increase of the "energy of the system." In this schema, increase of the energy of the system is measured as increasing density of singularities.

This increasing density of singularities correlates with the increasing complexity of the production of the unit marketbaskets of households' and producers' goods, per-capita, the increasing complexity of the division of productive labor.

This process proceeds, both mathematically and in real economic experience, as periodic "jumps." That is, the gradual technological progress of the economy does not alter the economy simply, but in periodic jumps, like shock-fronts.

These "jumps" correlate with the process of dispersion of technological advances, from points of initial impact, radiating effects into the economy more broadly. Think of this dispersion as "technology waves." As the division of labor in the economy is upshifted by these waves, the energy of the system for every local action in the economy is upshifted accordingly. This corresponds to the flaring of the hyperboloid. Thinking of this radiation of "technology waves" in hydrodynamic imageries, think of resonance of the economy with respect to this radiation of technology-waves: that is what the historical data show us. As "structural changes" in the economy are so induced, the entire economic process upshifts to a new phase-state, new resonant characteristics: the jump occurs.

A similar pattern appears in economic devolution, technological down-shifts. The U.S. economy has been downshifting since 1967-71. In physical, technological parame-

ters, the productivity of labor has been falling since approximately 1971. The rate of fall was accelerated by the 1973-75 impact of the induced energy crisis and the Ram-bouillet monetary resolutions' implementation. Since Volcker's introduction of the "controlled disintegration of the economy," beginning October 1979, the economy has been passing through accelerating, successive downshifts.

The post-1979 downshifting of the U.S. economy, has proceeded like the down-side of a roller-coaster ride. Down, then up, then down, then up, with the up never reaching the height of the point before the preceding down. Beginning February 1980, down. A slight up, later that year. A deep down-plunge, from early 1981, into October 1982. A slowing of the rate of collapse during 1983 and most of 1984, followed by a new down, starting September-October 1984, and a plunge into a deep down-slope by March 1985.

Each downward-shift is a devolutionary shock-front. The economy reaches a lower plateau, and briefly stabilizes at the new, lower level: the slight up-tick. Then, the erosive process sets off a new down-tick, a collapse to a lower plateau, then a slowing of the rate of decline, prior to a new down-tick. Each speeding-up of the rate of collapse, is a devolutionary shock-front. Instead of "jumping" to the larger concentric sphere, as in technological progress, the economy collapses, in jumps, to smaller spheres.

These "jumps" are what appear to the befuddled "econometricians" as "non-linear anomalies." Whenever one of the jumps appears, their econometric forecasts break down, and they have no means, within the scope of v. Neumann's systems of linear inequalities, to forecast these occurrences.

### **The folly of the automation myth**

The computer, except as potential means for collapsing the percentile of the labor-force employed in clerical occupations, is not truly, in itself, a means for increasing the productive powers of labor. Digital-computer technology may be indispensable auxiliary to implementation of new technologies, but is not the basis for technological leaps purely in and of itself.

The new technologies are essentially three:

- 1) Controlled thermonuclear fusion, and related applications;
- 2) Coherently directed energy;
- 3) Optical biophysics.

Respecting the first two of these three, the impending upward jump centers around the possibility of a four-fold or greater rise in the average effective temperature of heat-driven productive process. A four-fold leap in "average temperature" of productive processes, requires and makes possible new kinds of materials in general use, and redefines radically both the absolute and relative-cost meaning of the term "natural resources." The confinement of hot plasmas as sources of commercial energy, combined with the means to transform such plasma-energy directly into industrial forms of directed-energy applications, suffices to signify the great-

est and most rapid leap upward in productivity, in the history of mankind. An increase of the productivity of labor in the U.S.A. by a factor of between two and three, by the year 2000, is not a wild estimate—on condition we get to business quickly, before the present collapse of the U.S. economy goes much further.

Leontief does make passing reference to biotechnology, sometimes called “genetic engineering.” This work is important, but it’s small-time stuff compared with another dimension opening up in biology today: optical biophysics.

So far, excepting lines of inquiry opened by the work of Louis Pasteur, biochemistry has not treated living processes as living, but as organic-chemicals factories which happen also to be living. That aspect of living processes which distinguishes living from non-living organic-chemical reactions, has not been isolated in itself. Now, that is beginning to change.

The problem has been, that as long as we assume that atoms are composed of elementary, irreducible particles, it is axiomatically impossible to define the conditions in which a chemical process must necessarily “come alive.” Yet, Kepler already implicitly demonstrated that the general laws of astrophysics are invariantly negentropic. In the geometry of the Gauss-Riemann manifold, it is necessary that the most elementary of the apparent particles also reflect an invariant negentropy. So, it would appear, that if we combine the approach of Gauss-Weber-Riemann electro(hydro)dynamics, with the approach taken by Leonardo and Pasteur, that scrutiny of the electromagnetic, optical, characteristics of living processes will discover those “anomalous” distinctions of living processes which distinguish living from non-living organic chemistry.

Otherwise, the mere fact that the electrodynamics of living processes are characteristic, overall, of negentropic processes, as inorganic processes on the ordinary macroscale are not, has a very special significance. In optical biophysics, we are not only examining living processes through means made possible by modern instruments; we are examining the most fundamental laws of the universe in a way not otherwise accessible to us in the laboratory.

Let us be cruelly frank with ourselves. Optical biophysics, like controlled thermonuclear fusion and directed-energy systems, are weapons of warfare, as well as tools of the works of peace. After all, a weapon is, by definition, nothing but a tool, a machine, or a scientific instrument, applied to the actions of warfare. Every tool, even a simple pencil or ashtray, is a weapon which can be used very efficiently to kill, with proper practice. The field and forest abound with weapons of biological and chemical warfare, in knowing hands. The greater the productive power of a tool, the greater the firepower and mobility it represents, potentially, as a weapon.

Microwaves are excellent killers. Optical biophysics is also a source of weapons in warfare against insects and pathogens, which are vulnerable in various respects, if we

tune our beams rightly. We do need greater firepower and mobility in our warfare against parasites and pathogens. We need the full range of biological armament, including that of optical biophysics, to defend our populations against insidious weapons, and epidemic disease not otherwise mastered efficiently. It would be insane not to include optical biophysics, too, in the spectrum of SDI technologies.

Of course, we need better computers. We need them to assist equipment dedicated to acquiring targets, for aiming beams, and so forth. We need them to control the “new physical principles” of SDI, as those weapons also appear as new tools of production. We need true parallel processing urgently; we need analog-digital hybrids of a new type, more urgently. These needs are defined, either directly, or implicitly, by the auxiliary requirements of systems incorporating the three classes of technology we have identified here.

More than we require computers, we require:

- 1) A forced-draft increase in energy-supplies, otherwise our economy will break down before any significant degree of economic recovery could be effected: we are surviving with present levels of energy capacity, only because of the extensive collapse of our agro-industrial sectors.

- 2) A forced-draft increase in capital-goods production, especially in machine tools and related categories, otherwise new technologies can not be translated into production.

- 3) A revival of basic economic infrastructure, in transportation, water-management, and urban-industrial infrastructure.

- 4) A rapid and extensive shift of capital flows, away from recently burgeoning “service industries,” into employment in energy-intensive, capital-intensive, goods-producing industry and agricultural improvements.

There are two reasons, it might appear to some, that the United States has a surplus of food. Principally, most citizens are eating poorly, for financial reasons, as reflected in diseases whose spread shows a lowering of immunological potentials. Secondly, a temporarily, artificially over-priced dollar, enables the U.S. to import foodstuffs even from foreign nations where near-famine conditions exist in parts of the population, while adding to the permanent and growing U.S. trade-deficit; once the dollar drops to competitive levels, the food-shortages will become apparent.

Similarly, we appear not to have an energy-shortage, because the collapsing economy’s consumption of energy is shrinking. “Demand” is dropping only more slowly than import-fed consumption, because the economy is collapsing.

If we continue the “price-mechanism” policy-trends building up since 1967, the mechanisms which Leontief proposes to “inform,” not change, we as a nation are doomed. The undertaker, the Soviet empire, is anticipating our earlier need of his services.

# The advanced status of the x-ray laser

by Charles B. Stevens

In late May, President Reagan's science adviser, Dr. George Keyworth, revealed that beam-weapon missile defenses are much nearer than most people think. In fact, Dr. Keyworth noted that some systems could be developed within three years. The system that has achieved the most rapid rate of progress is that of the thermonuclear powered x-ray laser.

For some time, it has been realized that first-generation x-ray lasers could be deployed by the mid-1980s as an effective shield against some types of missiles. But recent tests, as reported by William Broad in the *New York Times* on May 15, have dramatically shifted this perspective. X-ray laser lenses have been perfected which make "third generation" x-ray lasers a near-term prospect.

As Dr. Lowell Wood of Lawrence Livermore National Laboratory in California told Congress last year before these recently successful tests: "Even more striking prospects are being seriously studied. One contemplates the functional (and perhaps physical) destruction of entire fleets of ICBMs with a single weapon module lofted by a single defensive missile. Each of these primary prospects has significant, albeit early, experimental results behind them at the present time. They are not dreams, nor are the corresponding applications studied naive."

Apparently, scientists working under Dr. Wood have perfected one of these, a lens for focusing x-ray laser beams. This makes the x-ray laser a trillion times "brighter" than the hydrogen bomb and a million times brighter than the Sun. As a result, a single x-ray laser module based on the Moon could destroy a missile being launched from Earth. Alternatively, popped-up into near space, a single module costing a few million dollars could destroy hundreds of offensive missiles.

### X-ray optics

The "scientific" critics of President Reagan's program to render offensive nuclear weapons impotent and obsolete, have consistently claimed that high-power x-ray optics are physically impossible. For example, in his report prepared for the Congressional Office of Technology Assessment,

"Directed Energy Missile Defense in Space—A Background Paper," Dr. Ashton Carter of MIT claims, "Since x-rays are not back-reflected by any kind of mirror, there is no way to direct the x-rays into a beam with optics like the visible and infrared lasers." Even after Los Alamos National Lab issued an official critique, which pointed out among other things that "experimental x-ray optics have actually been developed," all of the leading critics continued to endorse Dr. Carter's assertions. Now, Livermore scientists have actually demonstrated such optics on a weapon scale.

While the details of the Livermore experiments have been kept top secret, analyses previously published by the Fusion Energy Foundation, as represented in *Beam Defense: An Alternative to Nuclear Destruction*, and Dr. Friedwardt Winterberg's *The Physical Principles of Thermonuclear Explosive Devices*, have detailed many approaches to high-power x-ray optics. In fact, as Dr. Winterberg's 1981 book details, x-ray optics have been the primary means of improving nuclear weapons over the past four decades.

The most likely form of x-ray optics utilized by Livermore is that of a *magnetic plasma lens*. In this case, the x-ray laser beam self-focuses. Self-focusing is a well-observed phenomenon with all high-power lasers. It is found that an intense laser pulse will non-linearly alter the optical characteristics of a medium through which it is propagating, such that the laser pulse is focused. In infrared glass lasers, this self-focusing process must be avoided, since it will destroy the glass laser amplifiers which make up the laser. Recent Livermore experiments on the Novette fusion glass laser showed that the non-linearity of this self-focusing process increases dramatically as the laser is shifted to shorter wavelengths, for example, from one micron infrared to .25 micron ultra-violet. In the case of the x-ray laser with a .0001 micron wavelength, the self-focusing non-linearity should be much, much greater. And it is.

The use of magnetic plasmas as lens material follows from the fact that, unlike any normal material, a plasma can absorb unlimited amounts of energy and maintain its structure. This type of self-organizing process can be seen in a wide range of magnetic fusion devices (spheromaks, reversed field pinches, etc.) and has led one leading fusion researcher, Dr. T. Okhawa, to discuss the possibilities of astromagnetic plasmas as demonstrating some characteristics of living processes.

From the standpoint of Gaussian-Riemannian relativistic physics, the self-focusing of x-ray laser pulses in plasmas is to be expected. Within a dense plasma, the x-ray laser pulse cannot propagate in an ordinary fashion. As a result, it does work on the plasma. In the process, the beam focuses and produces a channel through which it can propagate. This self-induced transparency is a primary form of physical action encountered.

It is clear on this basis that propagation through a substantial portion of the Earth's atmosphere should also be possible.

## Practical implications

It is well known that a "diffraction-limited" .0001 x-ray laser has the ultimate potential of achieving about a power brightness 10,000 trillion times that of the Sun—in the range of  $10^{40}$  watts per steradian. What this means is that anything within the cone defined by the laser beam will feel like it is exposed to a star putting out 10,000 trillion times the energy of our Sun. Nuclear weapons primarily generate x-rays at a power of about  $10^{20}$  watts per steradian. Since the Livermore lens has made the x-ray laser a trillion times brighter than the H-bomb and more than a million times brighter than the Sun, an x-ray laser beam could destroy a missile booster from as far away as the Moon. While much harder targets, such as warheads within re-entry vehicles, could be destroyed within a range of one-tenth of this—10,000 miles.

In fact, it is well known in directed-energy theory that the number of targets that a laser weapon can kill increases as the inverse square of the ratio of different ranges. For example, if one x-ray laser module could kill a booster from a 100,000-mile range, theoretically it could destroy 10,000 boosters within a range of 1,000 miles. And as was demonstrated in the case of mobile cannons with grapeshot against infantry two centuries ago, targeting problems rapidly disappear in the face of such gigantic firepower potentials.

In any case, the full-scale targeting and pointing system can be deployed and tested over the coming year or so without the need of any simultaneous test of the x-ray laser itself. In this case, low-power, already-deployed space-based communication lasers would provide an adequate substitute.

## Soviet x-ray lasers?

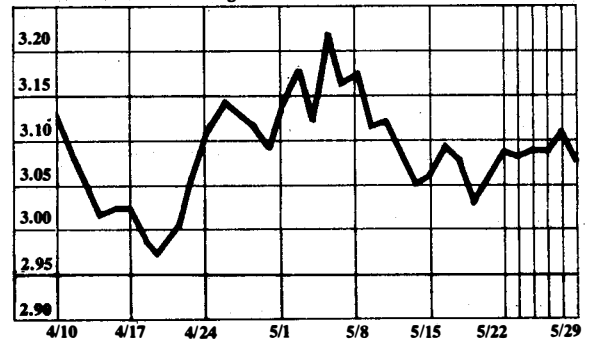
In a recent presentation to the Baltimore Conference on Lasers and Electro-Optics, Dr. Mark J. Eckart reviewed the Livermore experiments which demonstrated a laboratory-scale x-ray laser. At the end of his talk, Dr. Eckart showed the scientific papers which provided the basis for the realization of the Livermore x-ray laser. *Almost all of the papers were done by Soviet scientists.* Dr. Eckart noted that the Soviets have not published many papers on x-ray lasers since 1980, shortly before Livermore was first reported to have demonstrated a bomb-powered x-ray laser.

Most leading experts agree that the Soviet Union has led the world in work on x-ray lasers and has devoted far greater resources than the West. It is virtually inconceivable that the U.S.S.R. would be far behind. There can be little doubt that if the Soviets have perfected the x-ray laser, they will deploy it. (Given the range and demonstrated capabilities of the x-ray, it is almost impossible to detect them before they are utilized.) Therefore, it is most likely that both the United States and U.S.S.R. have within their grasp the capacity to render offensive nuclear weapons impotent and obsolete. Will the U.S.S.R. accept President Reagan's offer "to work together" on this, or will it simply attempt to deploy first and gain an overwhelming superiority?

## Currency Rates

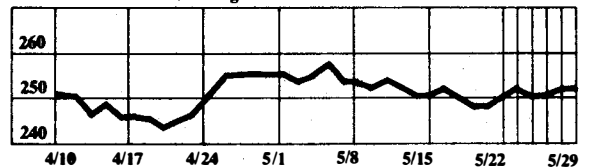
### The dollar in deutschemarks

New York late afternoon fixing



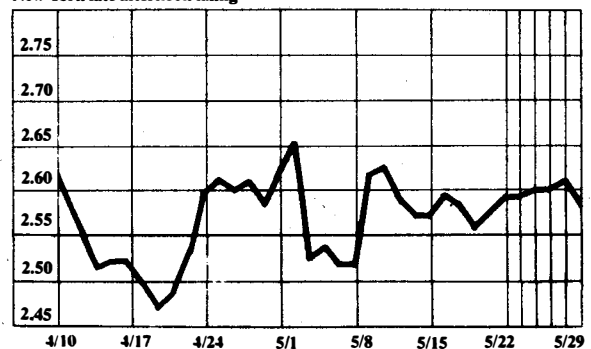
### The dollar in yen

New York late afternoon fixing



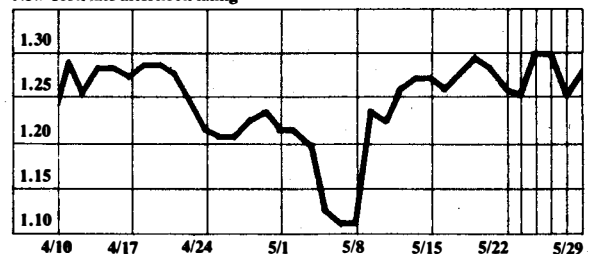
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing





# Thailand's devaluation, tax reform lead to instability, not solvency

by Sophie Tanapura

Six months after the devaluation of the baht, Thailand is further from economic recovery than ever. The finance ministry, on advice from the World Bank and the International Monetary Fund, put the baht on a floating rate, causing a 17% devaluation. Even by the twisted standards of the IMF, the policy has been a failure. Government promises that the devaluation would lead to increased agricultural exports have not come true, while real incomes have steadily declined since November. The only "plus" has been that the Ivy League-trained finance ministry whiz kids who orchestrated the devaluation stand exposed as incompetents. The door is being opened, in national policymaking, for alternatives to the Wharton School and London School of Economics "free trade" thinking that has undermined Thailand.

At the moment, resistance to the finance ministry's austerity program is centered in military and opposition business-linked political circles. The military was the first to react when the baht was devalued 17% in November 1984. Suddenly, overnight, their acquisition plans went up in smoke, including purchase of U.S.-built F-16 fighter-planes. In late April, Supreme Commander and Commander-in-Chief of the Royal Thai Army Arthit Kamlang-ek, and Deputy Chief of Staff of the Royal Thai Armed Forces Chavalit Yongchaiyudh, expressed concern about the poor state of the Thai economy and the threat this poses to national stability.

Earlier, a well-known military radio station aired an *EIR* exposé on Wharton School economist Lawrence Klein, which was widely interpreted as an attack against Klein's students in the Finance Ministry who oversaw the devaluation. Klein, in Bangkok in October 1984, urged Dr. Virabhongsa Ramangkura, special economic advisor to the prime minister and a Klein student, to devalue. Widespread distribution of the *EIR* exposé has contributed to the virtual disappearance of Dr. Virabhongsa from public view.

"Softening up" the Thai economy, through devaluation, has exposed other vulnerabilities. Thailand must compensate for the devaluation by expanding its export volume, and an increasingly ready buyer is the East bloc. Following the recent multibillion dollar tapioca deal between the Soviet Union and Thailand, Thailand and Romania signed a five-year agreement of understanding in early May worth \$750 million. The agreement centers around exports of Thai agricultural products and other raw materials for Romanian machin-

ery, technology, chemicals, and steel.

As *EIR* reported at the time (Vol. 11, No. 46, Nov. 27, 1984), the November 1984 devaluation compromised industrial and infrastructural projects, such as those of the Electricity Generating Authority of Thailand. Overnight EGAT had to shoulder an additional 8 billion baht in project costs, more than \$290 million!

In a speech before the Royal Turf Club in April, Dr. Kasame Chatikavanij, then governor of EGAT, said, "Most affected by the devaluation were purchase contracts signed . . . whose payment must be made in U.S. dollars. The devaluation resulted in bigger debts and the collapse of many firms. Most of the country's foreign earnings go to purchasing oil and automobiles, and the national income from rice, rubber, and tin is not even enough for buying oil."

## A hole in the finance ministry's pocket

At the end of the first quarter this year, the finance ministry suddenly discovered that the devaluation had contributed to a 16 billion baht shortfall in revenue. To cover this, the ministry announced plans to revamp the tax structure to raise 21 billion baht more to reach the revenue target of 183 billion baht in fiscal year 1986.

The March 26 cabinet meeting reviewed a comprehensive tax package, including a 100% increase in excise taxes on liquor and cigarettes, a 10-20% increase in land taxes, and a 2% hike in service fees on land transactions to 9%. Fully assembled car imports, with an engine capacity over 2,300 cc, will be taxed an additional 300%; unassembled pickup trucks and vans, an additional 600%. Taxes on money-making foundations and associations was to be raised from 2.5 to 10%. Also under consideration is a 10% tax increase on lottery winnings. The government expects to earn 345 million baht annually from the tax adjustment on lottery prizes alone, and another 72 billion baht a year from horse races.

Only part of the package has been approved by the cabinet, and at least two items, both important basic consumer goods, are political hot potatoes. The first issue is whether taxes on diesel oil should be raised. There is fear that the oil fund may run into the red by May or June if the government continues to subsidize the present oil price structure.

The second controversy was whether or not a 5% additional tax should be slapped on interest on fixed deposits. As

Thai Farmer's Bank Senior Executive Vice-President Narong Srisa-arn warned, bank deposits would drop, and the tax would lead to a decline in investments with labor problems to follow. Finance Minister Sommai Hoontrakul defended the tax, saying that, "In socialist countries, such deposits are considered idle money and subject to higher taxes."

The architect of the tax package is the former economic and financial counsellor to the Royal Thai Embassy in Washington, D.C., Niphat Bhukkanasuth. Considered to be a rising star in the finance ministry, as well as a protégé of Finance Minister Sommai, Mr. Niphat is now deputy director general of the finance ministry's fiscal policy office. Allegedly, he and Minister Sommai worked hand in hand on the draft of the tax proposals. Mr. Niphat, whose father is a very close friend of the minister, is like a nephew to Sommai. Mr. Niphat first joined the fiscal policy office when Fabian economist Dr. Puey Ungpakorn, groomed by the London School of Economics, was director-general of the office.

Two years ago, Minister Sommai intervened to protect Mr. Niphat from an investigation launched by the corruption commission into his alleged involvement in a shipping scandal while a UNITHAI director. Niphat was packed off to the embassy in Washington, where he became a loyal and useful coordinator between the World Bank, the IMF, and Minister Sommai. This author met Mr. Niphat at an embassy reception last December, where he prided himself as a principal architect of the baht devaluation and proposed further devaluation.

After one too many cocktails, he threatened this author, "I will have you shot. There is nothing to discuss about the devaluation policy. It is done and that's it."

The first major political test of the finance ministry's latest austerity measures took place in the Bangkok by-elections in early May. Going into the elections, rumors circulated that the business-linked Chat Thai party would force a no-confidence vote against the government in protest of the devaluation and tax package. A cabinet reshuffling is still not to be ruled out.

At Thammasart University recently, Chat Thai Party parliamentarian Pongpol Adireksarn, warned that present economic policies are very similar to those of 1931, and could lead to institutional changes in the country. Then, he said, when the government sought to solve the trade deficit problem by devaluing the baht vis-à-vis the British pound, and by imposing harsh taxes on every conceivable taxable item, mass layoffs of government workers and functionaries resulted. These measures, he concluded, led to the 1932 coup d'état and the shift from an absolute to a constitutional monarchy in Thailand.

Mr. Adireksarn is himself committed to Thailand's development, including construction of the Kra Canal and the Eastern Seaboard project. He has participated in *EIR*-sponsored conferences in India and Thailand, to put such a regional task force approach forward as the only acceptable alternative to the IMF-World Bank plan for Thailand.

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## Interview: Supachai Panitchapakdi

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# World Bank plans 'totally unacceptable'

*Dr. Supachai Panitchapakdi has been an outspoken critic of World Bank policy. Until the end of 1984, when the following interview took place, he was Director of the Office of the Governor of the Bank of Thailand. He told EIR then, that the World Bank's "three 'Ds' policy (deflation, devaluation, and deregulation) is totally unacceptable." Dr. Supachai is currently director of the Financial Institution Supervision and Examination Department of the Bank of Thailand.*

*Dr. Supachai did his undergraduate and graduate studies at Erasmus University, Netherlands. His doctoral thesis on "Educational Growth in Developing Countries: An Empirical Analysis," was written under the guidance of Prof. Jan Tinbergen, a Nobel Prize winner in economics. Unlike his professor, who is a member of the Club of Rome, Dr. Supachai believes in the necessity for infrastructural development and is very critical of monetarist economics.*

**EIR:** I have heard that the Energy Generating Authority of Thailand (EGAT) is ready to consider once again a national nuclear energy program. Compared with our foreign earnings capacity, how much more do you think Thailand can borrow and not fall prey to the mercy of the creditors?

**Dr. Supachai:** Let us look at the Eastern Seaboard project. This is going to cost us almost \$5 billion, but probably more like \$2.5-3.0 billion in the next 10 years. . . . This is the foreign borrowing part. The rest could be in the form of joint ventures. Our foreign debt is currently at \$11 billion. Add three more and it is still bearable, if the international interest rates do not change drastically in the meantime. This is the key factor, because it is a rate which is controlled by just a few industrialized countries, which makes it doubly dangerous. . . . The real value of the dollar has been distorted. Because the dollar is a reserve currency, it has become an international liquidity currency that is accepted by everyone. Because of this role of the dollar, the U.S. government can afford indefinitely a very significant budget deficit, something which would not be tolerated in any other country.

You see, most U.S. citizens . . . don't realize what effect such interest rates have on other people. Of course, with high interest rates, the dollar becomes a very strong currency.

Goods coming into the United States are cheap. Granted, such measures may solve the internal inflationary problems of the United States, but the effect on the rest of the world is disastrous, and the United States will feel the boomerang effect of such policies. Donald Regan says, "I want to do things this way, and what does that have to do with you?" Such policies are making trouble for everybody else, and if these policies are not reversed, the world will never get out of the present recession cycle. . . .

Let's see what these [supranational] institutions have recommended to industrialized countries. They love to make what I call "3-D" recommendations. The first is *deregulation*. Everyone must deregulate. Don't control the economic process. Just let it go. But once you deregulate, the impact can be quite disastrous. Deregulation, if at all, must be a gradual process and only if the well-being of the country is maintained. It must also be conditioned upon the safety valves available in the economy which would allow that particular economy to withstand the impact of deregulation. If you deregulate abruptly, it could be a situation similar to that of Egypt, when such policies provoked a revolution.

Take food prices, for instance. You announce that you have to cut off all subsidies. But food is key. Food, in fact, is the people's net real income. If you cut subsidies, you are cutting the population's real income. You cannot always measure real income monetarily, because for poor people, food is their real income. What their food intake will be, will depend upon the price of food and not on their income. This is especially true for the poorer portion of the population. What usually follows deregulation of food prices is social revolution. Why? Well, the answer is simple. Because people don't have enough food to eat.

The second recommendation of international institutions is *devaluation*. . . . Latin American countries have made mistakes by supporting import substitution, by over-valuing their currencies, but they also have never invested enough in their agricultural production. In Asia, things are quite different. Asian countries have invested sufficiently in agricultural production, which is the reason for their political stability. Unfortunately, Latin America is still following the traditional model of development, of importing a lot. Gradual steps of economic development—subsistence, takeoff, sustainable growth, etc.—require huge investments. This means, however, that the country must borrow heavily and at the same time, be able to generate foreign earnings. Faced with a deficit, the country then tries to cut its imports and increase its exports, trying desperately to create a margin of surplus. . . . [The Latin American countries] have fallen into the trap of the devaluation policy.

The third policy that the international institutions recommend is *deflation*. Put the brakes on, they say. . . . Government expenditures should be cut. High interest rates should be used. These policies have only one effect, to slow down the economy, in the hope that pricing and other distribution

policies would improve things. You may be able to deflate an economy that has already developed to a certain point, because you may sometimes have a problem of underutilization, a temporary cyclical problem. To temporarily deflate is not a problem. . . . But when an economy functioning at 50% is told to deflate, all they could do would be to apply "stop-go" policies. This creates very short-lived cyclical trends on all levels. Developing countries already have problems with such trends, coupled with uneven foreign exchange income due to seasonal agricultural export patterns. If, in addition, you add the dizzy pattern of inflating and deflating, this is enough to disrupt the economy.

**EIR:** Look at what happened to the Philippines. The IMF has totally destroyed the country.

**Dr. Supachai:** . . . Some international bureaucrats take themselves for some kind of god, who, with a stroke of their wand, think that problems would go away just like that. I think that we have, unfortunately, learned economics from the same school. We've all read the same textbooks. But what we want to do now is write our own textbooks, and they should assist us in this task. Here we are dealing with reality, with real problems. . . .

But, I think that these international bureaucrats have no philosophy. They only have a bunch of mechanisms. . . .

**EIR:** Don't you think that by intervening into a country's economic and monetary policies, the IMF and the World Bank have infringed upon those countries' sovereignty?

**Dr. Supachai:** Well, I don't want to go that far, but you are right, there have been cases to that effect. In Thailand, we try not to let that happen. . . .

**EIR:** What do you think of economists like Milton Friedman?

**Dr. Supachai:** It is economists like Milton Friedman and the Chicago boys that have advised the Latin American countries. Their thinking is: Make adjustments by manipulating the monetary mechanisms. . . . Monetary policies have immediate effects, but they are violent. Monetary policies don't solve the roots of a problem. Monetarists are like paramedics who try to cure through paramedical means. They try to temporarily patch things up in order to buy time. Devaluation is a very good example. It does not correct the basic price misallocation. It's only a short-term adjustment in order to buy time so that the country can have a chance to sell its goods. . . .

**EIR:** Don't you think the United States has forgotten her own American economic school of thinking?

**Dr. Supachai:** . . . The United States should begin to understand Japan better instead of trying to run her down. They have to see that whatever shortcomings there are in Japan, she is a real economic force which has more military implications than guns themselves.

## How long can Nigeria resist the IMF?

*Second in a series on the International Monetary Fund's attempt to destroy the most populous nation in Africa.*

**T**he International Monetary Fund (IMF) and its efforts to strangle the Nigerian economy are topics of daily discussion in Nigeria. In restaurants and other gathering places of regular Nigerian citizens, the refusal of the Nigerian government to acquiesce to the murderous demands of the Fund, is constantly being discussed.

The IMF is demanding that the government implement drastic austerity measures, including a 60% devaluation of the Nigerian currency, the naira, as well as a dramatic increase in domestic fuel prices.

While Nigeria does not have large debts for its (approximately 100 million) population, the debts are bunched and the country is caught in a short-term payments crisis. Nigeria has enough foreign exchange for about two months' worth of imports.

The pressure on the government is intense. It has had to implement several other of the IMF's demands simply because it had no choice. This IMF-imposed austerity is the greatest cause of disruption in Nigeria, but so far the government has held out against the most damaging of the IMF demands. A cartoon in a recent Nigerian newspaper is exemplary of Nigerian views of the IMF. It shows the head of Finance Minister Soley with the body of a fish, while the IMF dangles the bait of an IMF loan in front of him.

The misery and deterioration in the living standards in Nigeria has caused rage against the government.

The February-March strike by doctors is exemplary. Reportedly dis-

satisfaction among the medical profession over lack of medicine and medical supplies led to the strike. The government ultimately responded by banning the Nigerian Medical Association and the Association of Resident Doctors.

Student leaders and student organizations were also clamped down on when they decided to boycott classes in support of the doctors. The government has accused some of the doctors and students with carrying out "subversive activities," seizing the opportunity of the crisis to cause chaos.

The unconditional surrender of the doctors to the government does not guarantee that other unions and organizations will not rebel against the IMF's austerity. High numbers of government workers, including teachers, have been laid off from their jobs. In just one example of the potential problem, police in Minna, Niger State, have warned laid off workers to desist from any act of sabotage. The police had gotten reports that laid-off workers were planning to burn government property.

The government has also ordered Nigerian unions not to affiliate with international labor unions, fearing outside manipulation of worker resentment of IMF austerity.

The flare-up of rioting again by the Maitatsine fundamentalist Islamic cult, this time in Gombe, earlier this year, resulting in a large number of people killed, and immense property damage, is seen as another signal to the Nigerian government to toe the line

with the IMF. Though they may not have any direct evidence, Nigerians suspect, according to my Nigerian sources, that Qaddafi has something to do with this cult, which has repeatedly in the past years destroyed parts of cities in northern Nigeria.

In commissioning an investigation of the riot, Brig. Sani Sami, the military governor of Bauchi state, charged that the riots were masterminded by "forces of reaction and anarchy in highly placed positions." Alluding to another hand behind the cultists, he said it was disturbing that "hundreds of strong and able-bodied adults without visible means of income could be housed, fed and financed to terrorize the lives of people under the guise of religion."

Other moves by the government to prevent austerity-provoked unrest have included: clamping down on the press, continued closure of its border and expelling of foreigners in an attempt to control smuggling and illegal currency operations.

For economic survival, the government has also begun conducting barter deals (oil-for-imported supplies and equipment). A \$500 million barter deal with Brazil has reportedly been expanded to nearly \$1 billion, and a similar deal for \$400 million has been made with Fiat and ENI in Italy.

Nigerians understand the pressure being put on the country in political terms. A recent article in the daily *New Nigerian* attributes the pressure of the pro-IMF British and American governments on Nigeria to Anglo-American unhappiness with "our determined efforts to build our economy independent of them. They are upset whenever any government comes to power not on their terms." The paper calls for Nigeria to leave the British Commonwealth, and re-examine trade relations with "deadly friends," a reference to the pro-IMF United States.

## Farm financing crisis deepens

*But neither the news media nor the Department of Agriculture want to tell you about it.*

As the spring planting season comes to an end in the United States, the "Big Lie" commentaries have come forward from the USDA, the Eastern Establishment press, and the food cartel front-groups, that all's well on the "back 40." The *Washington Post* of May 13 carried the front-page headline, "Somehow Crop is Getting in the Ground . . . Farmers' Survival Rate Defies Dire Predictions." You are supposed to believe that somehow those plucky, resourceful American farmers have done it again, and that your food supply will be on the table—for at least this year. The *Post* tells Congress, "Many farmers are finding financing to keep going for another year." The truth is otherwise.

Even reports from the U.S. Department of Agriculture—notoriously unreliable for its statistics—indicate that at least 5% of the nation's farmers did not get financing for this year's operations. The USDA calculates that this means "only" 120,000 out of its base figure of 2.4 million farms didn't get crop financing. However, the USDA fails to report to the President or the public that these 120,000 farms comprise about 20% of the most productive mid-size segment of independent U.S. family farms, and represent possibly 10% of the nation's annual food output. The 2.4 million figure is very inflated at the base, counting over a million small operations that keep going because of off-farm income and coolie labor practices. The nation's food supply, and food security for the

West, cannot depend on this decrepit mode of production.

One reading on the spring farm financing crisis is the number of lawsuits and other appeal actions against the farm financing agencies. Scores of suits have been filed this spring in states across the farmbelt against the two farm credit agencies historically relied on as lenders of last resort—the Farm Credit System (Production Credit Associations, and Federal Land Banks) and the Farmers Home Administration (FmHA). The first holds about 37% of the nation's \$212 billion farm debt; the FmHA holds about 15%.

The Farm Credit lending units have dropped their borrower numbers, often through foreclosures, and curbed new lending to the point that the system's outstanding loans dropped from a record \$81 billion in fall 1984, to \$78 billion at present. Farm lawsuits filed in federal court in Portland, Ore., and in state courts in Idaho, Arkansas, Illinois, Iowa, Minnesota, and elsewhere, charge that the lending group is illegally foreclosing.

A class action lawsuit was filed in Bismarck, N.D. in March against the FmHA, charging the agency with underhanded tactics to evade a standing court order against improper foreclosures. The FmHA, meanwhile, is filing criminal proceedings against farmers, charging them with "conversion"—liquidating livestock or other collateral commodities or assets in order get operating cash to maintain the farm or farm family. The FmHA is

suing in cases of amounts less than \$2,500.

Officials of the FmHA and the Farm Credit System defend their practices by saying that their agencies are "under stress." Over the last year, 11 of the Production Credit Associations have gone into liquidation reorganization, out of their total of 37 banks in 12 districts. This has never happened in the 50-year history of the system.

The implications of this for the world and U.S. food supply are clear. Look at the farm financing collapse on the state level:

**Iowa.** In some regions of this top farm state, fully one-fourth of the farms did not get operating loans. In some cases, the FmHA did not even schedule loan appointments until midsummer—after planting time—because the agency claimed lack of staff in the face of the huge financing demand. Commercial banks here and in other states have tried to support regional farms by "going the extra mile," and exercising forbearance, but in Iowa, seven farm banks have gone under this year alone.

**Nebraska.** According to Bill Kerrey, agriculture adviser to the governor, his brother Bob Kerrey, "The USDA's 5% masks the real problem. Five% is 3,000 farms in Nebraska, and to lose that many small businesses is a significant loss. I consider anything above 1% in farm and ranch turnover to be too high."

The 120,000 family farms that have not been financed, and are now going bankrupt, are concentrated in Nebraska, Iowa, and other core farmbelt states, after the past few years of bankruptcy of more marginal farms in other regions. A Mississippi State University agriculture economist reports that, "in Mississippi and the mid-South, more than one-third to one-half of our farmers are essentially broke."

# Business Briefs

## Money Markets

### E. F. Hutton scam hit by North Carolina

On May 24, the state of North Carolina ordered New York's E. F. Hutton firm to stop selling shares in a motion-picture production partnership, because the company allegedly failed to register with the state securities commission. An investigator for the commission, Stephen Wallace, said he couldn't recall the last time a big securities firm had run afoul of North Carolina officials.

While Hutton's lawyers, in the Cahill and Gordon law firm, tried to minimize the importance of the case, State Securities Commissioner Daniel Bell declared, "The magnitude of the problem is pretty grave, even though it would seem like a routine matter in which they dropped the ball."

Hutton has been caught twice, in investigations by federal authorities, for illegal activities. In April, the Department of Justice charged Hutton with a multibillion-dollar "check kiting" scam. Since 1982, Hutton officials have been under scrutiny from several U.S. federal investigative agencies, for involvement in an international drug-money-laundering scheme, known as "the Pizza Connection."

## Oligarchy

### Bragança family holds conference on economics

*EIR* founder Lyndon LaRouche's economic ideas were a featured item of discussion at a conference on "Entropy" held over the weekend of May 25-26 in the Bragança family seat of Petropolis, Brazil, participants reported in Rio de Janeiro. The conference was sponsored by the mayor of Petropolis, and also featured sundry Jesuits attacking Riemannian mathematics, the key element in LaRouche's contribution to the American System school of economic thought.

The event comes in the midst of a family struggle. *Journal do Brasil* reports that, in the upcoming issue of the magazine *Interview*, Dom Pedro de Bragança will attack cousin Luis Orleans e Bragança, for being a member of the fanatical Tradition, Family and Property cult, and a black-hating racist. Dom Pedro, says *Journal*, takes credit for the Vatican having cancelled a planned reception for Dom Luis in Rome, where Pope John Paul II was to be present.

## Africa

### Bishop Tutu backs Gandhi memorial summit

Right Reverend Bishop of Johannesburg Desmond Tutu, 1984 Nobel Peace Prize winner, declared in Paris on May 30 that Helga Zepp-LaRouche's proposed Indira Gandhi memorial summit conference to found a new world economic order "needs to be encouraged as much as possible."

"I think most talk about the better relations between the North and the South is just rhetoric, until we address this particular question of economic power, and a more equitable distribution of that economic power," Bishop Tutu told *EIR*'s correspondent. "I would say, all power to [Mrs. LaRouche]! And I hope that she will be successful."

"There is no doubt at all, that until we can have a new world economic order, most of what the developing countries are doing, will just disappear like water into sand," Tutu stated.

Bishop Tutu forcefully denounced the IMF when asked about its policies in Africa. "I believe that if the [IMF and other such institutions] maintain the policies that they maintain, that they are really extensions of . . . the strong calling the tune, and causing countries to implement policies which are against the best interests of their people. These policies make the governments in these countries unstable, because, for instance, they will say, 'you have to reduce subsidies for food, and let market forces take control.'

The price of food goes up and those governments become unstable and the tendency is that they will be overthrown."

The full interview will appear in a future issue of *EIR*.

## Colombia

### Betancur heads for clash with labor

On June 15, Colombia's Democratic Labor Front will decide whether or not to call a national general strike—a decision dependent on whether Colombian President Belisario Betancur follows through with his announced intent to impose International Monetary Fund conditions on the country. Betancur and his finance minister Roberto Junguito have declared that they can implement the IMF's austerity measures "voluntarily."

Hoping to avoid a confrontation with the anti-drug government, the unions had petitioned the President to change his economic policy. The President's first response was negative.

Betancur's step by step implementation of IMF demands, since he visited Washington in April, has even gone to the point of supporting a bill to allow deposit of "black economy" money in the banks—a measure Betancur's government had previously thrown out.

According to the May 6 Colombian daily *El Espectador*, the London *Economist* magazine recommends that, if the Colombian bankers cannot find the money to service the \$3.6 billion foreign debt, the drug kingpins can. "Last November they offered to get the Central Bank \$5 billion."

The austerity measures which Betancur has accepted include: 1) a ceiling of 10% on wage increases, although inflation during the first four months of 1985 was running at the rate of 12% (36% a year) for the workers, which would mean a more than 25% cut in real wages; 2) heavy cuts in the budget of the Colombian Institute for Family Welfare,

which covers vaccination, hospital service, and water services; 3) cuts in the budget of the National Service for Apprentices, which provides education to Colombian workers; and 4) 1.8-2.8% monthly hikes in water, electricity, and other utilities.

### ***Dope, Inc.***

## **U.S. Customs halts Venezuela's 'CAP'**

U.S. Customs authorities searched the baggage of former Venezuelan President Carlos Andres Pérez for cocaine when he arrived in New York's JFK Airport May 24. Press reports said the ex-President, a close associate of the Cisneros family of financial tycoons in Venezuela, was treated like "a delinquent."

Pérez, who still holds a diplomatic passport, asked Venezuelan President Luisinchi to protest to Washington. Venezuela's foreign ministry did send a note to the U.S. embassy in Caracas requesting better treatment for former Presidents, but Foreign Minister Simon Alberto Consalvi said the incident will have no effect on Venezuelan-U.S. relations.

"It was routine. . . . And there is no truth to the thing about the shoes . . . his shoes were not removed," Michael Kaufman, New York City area public affairs officer for the U.S. Customs service told *EIR*. According to the book *Narcotrafico, SA*, the Cisneros family which "owns" CAP, is linked to circles involved in international money-laundering operations.

### ***Banking***

## **Boston dirty-money bank laughs off \$500,000 fine**

The Bank of Boston's felony conviction for laundering \$1.2 billion of crime-tainted money, and its \$500,000 fine, haven't af-

ected its operations, the bank says in its latest report to stockholders and the Securities Exchange Commission.

"While it is not possible at this time to predict the total impact of the foregoing, in the opinion of management these matters will not have a material adverse impact on the financial position or results of operations of the Corporation," the bank concludes in its so-called "10K" report.

### ***Food Processing***

## **Speed-up blamed for Chicago salmonella**

The open secret on the cause of the salmonella outbreak from Chicago milk supplies this spring, is that deliberate labor speed-up in the processing plant resulted in a breakdown of cleaning procedures, and the production of tainted milk. Salmonella food poisoning—a "Third World" disease of diarrhea and dehydration which is 100% avoidable with modern sanitation and food-handling techniques—infected 15,000 people in the Midwest.

Farmers and milk-processing engineers have supplied the following facts, which have not been released by health officials, nor publicized by any news media:

All the salmonella-tainted milk came from the Jewel Company, Inc.'s Hillside Dairy in Melrose Park, Ill. One month before the milk was released, Jewel was taken over by the Salt Lake City-based American Stores, Inc., owner of Acme and other supermarket chains and food-processing plants.

American Stores imposed labor and equipment speed-up practices in the Hillside processing plant, and began running far more milk through the facility than it was designed to handle. An intense conflict broke out between food workers and management, but management orders prevailed, and, as a result, the cleaning cycle broke down. The time allocated for cleaning the processing equipment was cut back—and the conditions were created for a bacteria outbreak.

# Briefly

● **THE GREEK-SOVIET** Ministerial Committee for Economic, Industrial and Technical Cooperation met in Athens on May 14. According to Radio Free Europe, the main topics of the three-day deliberations were the increase of Greek industrial exports to Russia and the participation of Greek companies in Soviet projects.

● **CARL LINDNER** of Cincinnati, exposed in the book *Dope, Inc.* for his decades-long connection to organized crime, bought up Marvin Warner's Home State Savings Bank on May 30, outbidding New York's Chemical Bank by \$5 million. The purchase was approved by Ohio State Savings and Loan Commissioner McAlister.

● **IN BRASILIA**, the International Monetary Fund and creditor banks are now demanding control over the Brazilian economy until at least the year 2000, according to the *London Observer*. The demand was being presented in Brasilia at the end of May, when the new Brazilian government met with IMF officials. José Sarney's civilian regime reportedly rejected the demand as an infringement of national sovereignty.

● **AN EC-COMECON** economic treaty was discussed between Italian Premier Bettino Craxi and Polish Prime Minister Jaruzelski during a two-hour meeting in Warsaw, on May 28.

● **PAPANDREOU** is buying the votes of the Athenians with Libyan gasoline: Swiss television reported that on May 29, the Greek premier's socialist party, PASOK, was giving out gasoline for free in the streets of Athens, causing major traffic jams as cars were lining up, four in a row, to grab parts of Qaddafi's present.

## Mexico's PAN: Soviet asset sparks border violence

by Fernando Quijano

Beginning on or about June 7, one month before the Mexican "mid-term" elections, violence will break out on the Mexican side of the Mexican-U.S. border. At first it will be sporadic, but as the date for the elections approaches, it will reach a fever pitch. The July 7 elections, besides choosing a new Federal Chamber of Deputies (the equivalent of the U.S. House of Representatives), will choose over a half-dozen governors; by this date, the violence and charges of election fraud will become a major international news story. In the aftermath of the elections, an upheaval will be deliberately created: Refugees will stream to the U.S. side, tourism in Mexico will be almost totally eliminated; capital flight will intensify, along with a financial panic that will aggravate the already devastating economic hardships and social turmoil.

The principal agent that is being used to carry out this scenario is the National Action Party (PAN) of Mexico. Through several fronts, the PAN, according to high-level law enforcement officials and intelligence sources on both sides of the border, has recruited a small army of 60,000 "shock troops." The major front group for the organization of the shock troops is DHIAC (Desarrollo Humano Integral, A.C.), which has acted on previous occasions as a paramilitary organization doing the PAN's dirty work. Furthermore, in addition to large-scale arms-trafficking to Mexico, during the last six months law enforcement agencies in the United States have noted a 500 to 600 per day flow of non-military-issue small arms, in large part destined for the PAN-linked shock troops and smaller allied parties.

Of course the "revolution" that is being planned has nothing to do with the myth about the supposedly pro-U.S. and pro-business PAN trying to get a fair shake from a supposedly corrupt, pro-socialist Mexican system that will simply not give up its dictatorial one-party rule. In fact, the PAN, which was Nazi at its inception and was as virulently anti-American then as it is now, is today one of the major Soviet assets in the Western Hemisphere. Like other key Soviet assets, the PAN is now an integral part of the Western Hemisphere's drug-running apparatus, whose goal is the destruction of the United States (see article, page 29).





*The PAN is the party of Mexico's dope-pushers, and is allied with the communists to destabilize the nation. Here, PAN leaders from Sonora attend a 1984 dinner honoring notorious drug-runner Chato Antúnez (second from left). On the far left is the PAN mayor of Hermosillo, Casimiro Navarro; second from the right is PAN gubernatorial candidate Adalberto Rosas.*

How strategically important the PAN is to the Soviets can be seen by investigating how the scenario is intended to unfold: The violence and destabilization on the Mexican border—magnified a thousand times by the Eastern Establishment's press sewers—will stampede the Congress and U.S. public opinion into forgetting the "Vietnam syndrome" and going hog-wild in Central America. Or as Cord Meyer, part of a group of friends of KGB agent Kim Philby still functioning within Western intelligence, wrote in the *Washington Times* on Feb. 22, 1985: "If Mexico itself becomes potentially unstable and its internal divisions susceptible to foreign exploitation, then an alarmed majority in Congress would be prepared to do whatever is necessary to ensure that our 2,000-mile common border with Mexico remains peaceful and secure. . . ." This, because the United States is supposed to be shaken to its roots by the specter of "hordes" (the word now in vogue in Washington) of non-Anglo refugees streaming across the Mexican border.

### **The Kissinger scenario**

The United States is then supposed to find itself in agreement with Henry Kissinger, that Central America is *the* vital strategic area for the United States. Of course once direct U.S. military involvement in Central America occurs, the United States will essentially be pitted in a war against all of Ibero-America, and the Vietnam War will indeed look small by comparison. This, of course, will redefine the U.S. strategic posture and require the pull-out of most U.S. troops and military presence from Western Europe. At that point, the Soviets will have won Europe, and with that the political-

economic-military domination of the world!

The scenario is not new. In 1912, long before there was a Soviet Union, the Mexican foreign minister wrote:

[I] have received news from well-informed circles, according to which Germany is pushing the United States to intervene in Mexico, with the objective of committing the U.S. to a prolonged war, in that way making the U.S. the object of hate throughout Latin America. While the U.S. would be involved in that trap, Germany would try to present itself as the savior of the Latin American countries, and would try to initiate colonizations and annexations in Latin America.

Today, the same deadly plot is being scripted by the descendants of the same European oligarchical interests who were manipulating the United States against the Mexican nation before World War I.

Apart from the strategic setting, the on-the-ground reports of the current Mexican electoral campaign would prove even to a baboon that the PAN is a Soviet asset. Late reports from the state of Sonora show that the PRI (Revolutionary Institutional Party) and PAN candidates for governor have agreed to run a "clean campaign." Yet in the immediate aftermath of that agreement, the PAN deployed, as its dirty tricks apparatus, the communist party of Mexico, otherwise known as the PSUM (Unified Socialist Party of Mexico). From the state of Nuevo León, where the PAN is claiming that the race for governor is hotly contested, we have news that the PAN and PSUM have officially joined a pact for "democracy"! In the state of Sinaloa, PAN radio ads are

blaring continuous support for the historical hero of the ultra-left, Emiliano Zapata, and for "university autonomy." The latter plank is to provide the PSUM leader Liberato Teran with the necessary backing to win the rectorship of the University of Sinaloa. According to Mexican authorities and other law enforcement agencies, under PSUM tutelage the University of Sinaloa has been for many years the major factory in the Mexican northwest turning out terrorists and drug-runners.

### **PAN supporters in the U.S.A.**

This magazine has, for the last several years, highlighted the U.S. support apparatus for the PAN, led by Kissinger. Now we will expose the latest moves by this treasonous grouping, which is simultaneously backing a Soviet asset and attacking an ally and neighbor of the United States:

**State Department:** In February of this year, the State Department "human rights" report on Mexico repeated the charge of human rights abuses by the government, citing as its sources the communist PSUM and a host of other organizations that are considered even more extremist than the PSUM! The State Department also has a standing policy of backing the PAN and pressuring for "pluralism" in Mexico. The officials who have stated this policy include, among others, George High. Nancy Mason of the Mexico Desk, at last report, was retailing the lie that the PAN gubernatorial candidate in Sonora is a shoo-in on July 7. Others, like Mary Anne Gustafson of the Human Rights Bureau, are busy spreading rumors about the massive "corruption" of Mexico's Presidents. These State Department rumors are usually embroidered by the U.S. press and then published by the PAN as "facts."

**AFL-CIO:** According to Cord Meyer, his good friends at the international office of the AFL-CIO are convinced that the PRI and the government of Mexico are "too corrupt," and so a revolutionary change is necessary. As late as February, a high-ranking AFL-CIO official visited Mexico and came back to Washington insisting on the correctness of the above "analysis." The AFL-CIO is theoretically the sister organization of the CTM (Mexican Workers' Confederation), the pillar of the PRI and the government—but under Kissinger-stooge Lane Kirkland, the AFL-CIO is now committed to the "PAN scenario."

**FBI:** As documented in the pages of this magazine earlier this year, the FBI was the agency responsible for the assassination of U.S. Drug Enforcement Administration agent Enrique Camarena (*EIR*, April 9, "Probe role of DEA's Mullen in coverup of Camarena murder"). The FBI's actions were necessitated by the need to cover up what has now become public: the FBI's connections to the PAN and drug-trafficking. In a statement on this case on May 28, the head of the Federal Judicial Police, Manuel Ibarra Herrera, declared: "These people have already reached certain economic levels and now figure as industrialists or bankers. They are

people that are apparently respectable—they are the famous white-collar criminals." Ibarra Herrera went on to note that even though these individuals are now completely known to the authorities, because of their "respectability," it is difficult to find legal evidence against them.

Manuel Caro Quintero, the hood responsible for carrying out the assassination of Camarena, has confessed that among his associates is banker Arcadio Valenzuela, former president of the Mexican Bankers' Association, and closely associated with the PSD (Social-Democratic Party). The PSD was founded by U.S. "businessman" Charles Henry Lee, who from World War II until his death a few years ago was the top man in Mexico of the FBI's Foreign Intelligence Division. The PSD is merely another front for the PAN! In many cities in Mexico, the PSD has its offices in the same buildings as top PAN operatives. Connected to the above grouping is a prominent FBI-run homosexual ring that includes a powerful under-secretary of state in the federal government. This network is provided by the FBI with doctored files—to blackmail parties and individuals into supporting the PAN, or at least not attacking it—and is counted on by the FBI as its major resource in the current "PAN border-violence" scenario.

**Council on Inter-American Security:** The Council serves as a major conduit for Kissinger-KGB operations against U.S. conservative and patriotic layers. We quote Lyn Bouchey, director of the Council: "The situation is getting very hot. . . . It has reached critical mass for the PAN. . . . They will definitely win Nuevo León. . . . The administration is expressing great indecision, so some of us are taking initiatives. . . . I've been talking to some people about setting up an Inter-American Commission on Mexican Civil and Political Rights. I've talked to the PAN about it. I think I have convinced the former foreign minister of Costa Rica to head it up, and I have a prominent Canadian lined up. The idea, basically, is a Mexico-bashing operation and PRI-bashing." Bouchey is working with U.S. "journalist" Sol Sanders (see article, page 33).

**Heritage Foundation:** Another Kissinger-KGB conduit into the Reagan administration. In a recent interview, Esther Wilson stated that the Heritage Foundation supported the PAN's efforts to take over the government of Mexico, but "the only problem is that President Reagan thinks he can still deal with the PRI." The Heritage Foundation is also working with Sol Sanders on the project.

**Center for Strategic and International Studies:** The CSIS, part of Washington, D.C.'s Jesuit-run Georgetown University, is sponsoring a year-long project on Mexico under the direction of Georges Fauriol. This will be highlighted by a conference on "Politics and Parties in Mexico" this summer. The CSIS operations, which involve Kissinger, Zbigniew Brzezinski, and Jeane Kirkpatrick, among others, are well-coordinated to promote the "PAN border-violence" scenario.

# Nazi-communist alliance in plot to destroy the Mexican republic

by Tim Rush

You know the history of my party? We made alliances with everyone. These were just tactical alliances, of course. The PSUM [Mexico's communist party—ed.] is acting for the good of Mexico.

—*Captain Zajar V. Vasilchenko, Soviet naval attaché in Mexico, Feb. 21, 1984, when asked his view of the PAN-PSUM alliance in a Mexico City press conference.*

Of course, I'm all for democracy. But not just with one party. It's important that there be other parties. The PAN is one of these, and I even believe it would be good to have the PSUM. It will be very interesting to see what comes after the PRI.

—*George High, Mexico Desk chief for the U.S. State Department, in a conversation with EIR, April 19, 1984.*

The Nazi-communist alliance of the PAN and the PSUM, (Partido Socialista Unificado de Mexico), endorsed by representatives of both the Kremlin and the State Department, poses an immediate and grave security threat to the United States. The PAN is itself a direct KGB asset, as the following documentation demonstrates.

Just as the Hitler-Stalin Pact was not simply a marriage of convenience, but was constituted on the basis of deep affinities in "blood and soil" imperialistic outlook, so the PAN-PSUM alliance is based on shared fascist principles, and not just on common determination to overthrow the ruling PRI (Revolutionary Institutional Party).

The PAN had a history of Nazi-communism from the beginning. Its founder, **Manuel Gómez Morín**, was the counselor of the Soviet embassy in Mexico in the late 1920s, when the Soviets were first permitted to establish diplomatic relations.

In Mexico's 1968 student riots, PAN personnel were strategically placed throughout the leadership of the movement; seven members of the PAN's National Youth Directorate were on the student strike committees. Many "leftist" leaders nominally divorced from the PAN had been trained by the PAN.

Throughout the '60s, the figure behind all these "Christians turned radicals," **Sergio Méndez Arceo**, the "red bishop" of Cuernavaca, stayed on intimate terms with the pres-

ident of the PAN, **Adolfo Christlieb Ibarrola**. In a secret November 1968 meeting, one month after the massacre of students at Tlatelolco, a select group of leftist leaders, headed by Méndez Arceo himself, met with the rising star of the PAN, **Efraín González Morfín**, to confront him with charges that the PAN was "reactionary." "You are wrong. I can represent your aspirations," González Morfín insisted. Two years later, as the PAN's presidential candidate, he assailed the Mexican government as "bourgeois, conservative, and repressive," and distributed buttons advertising the PAN as the "peace movement" of Mexico.

In the regroupment of forces after 1968, the PAN played a key role in the creation and deployment of Mexico's hard-core communist terrorists of the 1970s.

The local PAN apparatus and the Christian Democratic labor front, the FAT, set up a special "community action" experiment in 1966. After perfecting techniques for recruiting and deploying terrorists for four years, the leader of the experiment, **Javier Obeso, S.J.**, traveled to Monterrey, where he joined up with fellow Jesuits **Salvador Rábago** and **Herman von Bertrand**. Their prize pupil, an ultra-right mystic named **Ignacio Olivares**, turned into the machine-gun-toting founder of modern Mexico's most deadly "left" terrorist grouping, the 23rd of September Communist League, together with Ignacio "Oseas" Salas Obrégon, a former leader of the Mexican Catholic Youth Association and the chief of the League during its first years.

Across the Sierra Madre mountains, in Sinaloa state, the League's companion group called the "Sick Ones" (*Enfermos*) held the entirety of the student population and much of the rest of the population in terror. The head of the *Enfermos* at the time, **Camilo Valenzuela**, today the leader of the Corriente Socialista radical grouplet, revealed for the first time in an early-1984 interview a long-guarded secret: that the violent gang had "included political forces from the PAN."

## Marching in step

Starting with the Mexican national elections of 1983, in which the PAN scored major electoral gains, the previous intertwining of the KGB leftists and the PAN took on a more defined institutional character.

The most striking example of the alliance of these two fascist forces was the joint march of the PAN and the PSUM down the main streets of Culiacán, Sinaloa, in early November, to protest the PRI victory in state elections. The PSUM leadership had just returned from consultations in Moscow.

The collaboration was replicated in Puebla, Mexico's fourth-largest city, where the "red" rector of the Autonomous University (UAP), **Alfonso Vélez Pliego**, threw his support to the PAN mayoral candidate in elections held Nov. 27. A week later Vélez Pliego received a medallion for meritorious service from the Patrice Lumumba University in Moscow.

When evidence of control channels to the PAN from the U.S. State Department and the FBI surfaced in early September 1983, it was a chorus of *left-wing* parties and intellectuals which sprang to the PAN's defense. "Absurd charges," snorted **Antonio Gerschenson**, congressional deputy of the PSUM. His defense of the PAN was echoed by spokesmen for the terrorist-tinged Revolutionary Workers Party (PRT), and the leading outlets of the "left" Jesuit-linked press, *Unomasuno* and *Proceso*.

In early 1984, as the PAN/PSUM forces began to look ahead to mid-term elections in 1985, their leaderships forged an even closer public relationship. **Jesús González Schmall**, president of the Political Commission of the PAN, stated in a front-page interview in the leftist daily *Unomasuno* that the PAN had adopted as its own the PSUM's human rights causes, centered in the Tehuantepec town of Juchitán and the Mexico City Pascual factory. **Edmundo Gurza**, one of the PAN's four candidates for party president at the time, insisted that "parties as serious as the PAN, such as the PSUM and the PRT," must work together to break the grip of the PRI. **Bernardo Bátiz**, secretary-general of the PAN, reciprocated: "What we want is that the struggles of Mexico be well known outside the country, struggles by serious groups as important as the PSUM . . . which seek, like the PAN, to democratize the country."

When the PAN launched itself in an orgy of violence in Coahuila state during the last days of December 1984, its sacking and burning of the mayor's office in Piedras Negras on the U.S.-Mexico border grabbed all the international headlines. If any press had made it over to the PAN-instigated occupation of the city hall of steel-center Monclova, they would have found an interesting thing when army and police units finally moved in: The nest of occupiers turned out to be members of the left-radical *Línea Proletaria*!

The final evolution of this alliance occurred in Monterrey on April 14, 1985, when it was announced that the PAN and the left parties headed by the PSUM and the PRT had sworn a kind of "blood brothers' oath," called the "Oath to Democracy," which would guide them in jointly securing "democracy" no matter what the means, and "as long as it takes."

On May 28, 1985, **José Rojo Coronado**, left-radical lawyer for drug kingpin **Rafael Caro Quinteró**, and defender of the leftist student rioters of 1968, opened a glimpse of the next stage: "The only way to overthrow the PRI, over-

throw the government, is with an armed revolution," he said. "Let the PAN arm 30,000 men, let them do it, that's great."

This history of intimate KGB/PAN collaboration has a strict programmatic basis. The PAN is as antagonistic to the kind of Hamiltonian industrial capitalism that built the United States, as is the KGB-left.

The chief ideologue for the PAN's "Small is Beautiful" anti-technology outlook is **José Angel Conchello**. In 1974, in the middle of his three-year term as PAN president, this lawyer from Monterrey extolled the Club of Rome's "limits to growth" doctrine and World Federalist program, dedicated to the elimination of republican nation-states. He said that indeed the march of progress had reached its end: "The Club of Rome forces us to understand that we are nearing a cardinal moment of history, and that we must accept individual sacrifices and political changes."

The political changes he was talking about were those upon which the PAN had been founded in 1939—those of Adolf Hitler and the Nazis (see document, page 27). Conchello, a vicious anti-Semite, wrote in 1976 and again in 1978 that Mexico must follow the "ideas of a great banker, Hjalmar Schacht, director of the German central bank during the Hitlerian empire." He insisted that Hitler's forced labor program, the *Arbeitsdienst*, was the answer.

"Red Bishop" Méndez Arceo is in full agreement, and once said that he agreed with everything in Marx except Marx's belief in industrial progress. "Although it is probable that Marx let himself be fooled by the optimism of progress," he wrote, "we Christians can see more clearly how the expansion of capital and advanced industrial techniques have damaged the natural base of well-being." Conchello's Nazi ethic is similarly the hallmark of Mexico's Marxist guru, **Raúl Olmedo**, who returned to Mexico after training in the French student movement of 1968 and assumed the post of economics editor of *Excelsior* with the motto, "Productivity is the enemy of the working class."

This environment of anti-industrial capitalism, fostered jointly by the PAN and the left, is the perfect culture for penetration by Soviet agents. Example: the visit of Soviet agent **Rudolf Bahro** to Mexico in April 1981, was jointly sponsored by the terrorist-ecologist Revolutionary Workers' Party (PRT) and prominent factions of the PAN! Bahro, laundered from East Germany into the leadership of West Germany's Green Party in the late 1970s, is one of the core agents steering West Germany out of NATO, and the Western Alliance into collapse.

## A Gnostic alliance

Just as conducive to the activity of the KGB is the astonishing convergence of the PAN and Mexico's communist left around worship of Mexico's first "native" saint, the Virgin of Guadalupe, and kindred Gnostic cultishness.

The PAN, as emphasized in U.S. intelligence documents of the period (see page 27), was from its founding the continuation of the bloody Cristero movement of the 1920s, in

which thousands of backward peasants were manipulated by Jesuit ideologues into a crusade against the Mexican secular state. The banner of the Cristeros was an image of the Virgin of Guadalupe; their war cry, "Long live Christ the King!" ("*Viva Cristo Rey!*").

In the fall of 1978, Red Bishop Méndez Arceo traveled to Havana, where he negotiated the integration of Cuban DGI (intelligence service) assets into the then-burgeoning Theology of Liberation Movement. On April 2, 1980, the Mexican Communist Party led a rag-tag collection of counterculture specimens, including prominently the Mexican Homosexual League, on a march to the holiest shrine in Mexican Catholicism, the Basilica of the Virgin of Guadalupe. The party which for 50 years had excoriated the role of the "reactionary clergy" in Mexican political life, knelt down and worshipped at the shrine.

The PAN, a KGB asset? Three snapshots:

March, 1982: Yaqui Valley, Sonora. The image of the Virgin of Guadalupe inexplicably shows up etched in the glass of a school window, and crowds hasten to see the "miracle." PAN gubernatorial candidate **Adalberto Rosas** goes to the site, and amid great fanfare, pronounces to journalists that he had been born precisely at the spot where the school was now constructed, and that his room had been situated exactly in the classroom where the Virgin had now appeared. Rosas's lieutenant: **Leonardo Reichel Urroz**, an avowed homosexual and drug-runner who participated in terrorist activity in the 1970s as a member of the People's Armed Revolutionary Forces (FRAP), a terrorist grouping which specialized in the kidnapping of U.S. diplomatic personnel.

May 20, 1985: The Cerro de la Silla, overlooking Monterrey. PAN candidate for governor of Nuevo León, **Fernando Canales Clariond**, is the guest of honor at a mass dedicated to a statue of Christ the King. The prominent businessman has just received the singular distinction of being named, in an unprecedented breakfast meeting with the Monterrey branch of the PSUM, the "Friedrich Engels of Mexico."

May 27, 1985: The "recanted" Liberationist Bishop of Ciudad Juárez, **Manuel Talamás Camandari**, officiates over a charismatic mass for the Youth Council of the diocese. The youth, in frenzied gyrations, sing a punk-rock song with lyrics, "Viva Cristo Rey." In 1972, referring to the founders of the 23rd of September Communist League and their terrorist crimes, the Bishop had said: "The reality is that [there is] an unjust system which must be corrected. We believe that these demonstrations of violence carry within them a desperate desire for justice and liberty. . . . These events are dramatic cries from people who, having been systematically shut out of legal and democratic paths, have been forced into the use of force to attempt to break, at all costs, with even-greater violence, the more dangerous because it appears with a subtle and prolonged face of false democracy."

Out in the plaza, with the very same words, 13 years later Talamás urges the population to vote for the PAN.

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## From the State Department Archives

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# The PAN's Nazi, Synarchist roots

*EIR here prints, for the first time, a startling document from the files of the U.S. State Department of the 1940s, revealing full knowledge of the Nazi, anti-American nature of the PAN from its inception in 1939.*

*In 1941, on the verge of entering the war against Hitler's Germany, the U.S. government had every reason to concern itself with the emergence of Nazi movements in the Western hemisphere, and its intelligence capabilities were deployed appropriately. The only change between then and now lies not with the PAN, but with the treasonous Kissingerian State Department of today, which has actively cultivated close ties with the fascist Mexican organization for purposes of using it to destroy both the Mexican state and whatever vestiges remain of the American republican tradition as well.*

*While the State Department today would have Americans believe that the PAN is the "democratic" alternative to the "corrupt" and "authoritarian" one-party rule in Mexico under the PRI, the reality is quite different, as the State Department's own archives testify for anyone who cares to look. The PAN party draws its roots directly from the Synarchist movement of the 1930s, which the State Department document stresses, has a "virulent, totalitarian character." Just as relevant today, the document warns that foreign interests want to "provoke undercover trouble in an effort to focus American attention on South America in general and Mexico in particular, drawing attention away from" European events.*

*The following extraordinary excerpts are from an October 31, 1941 confidential intelligence report submitted to the State Department by the assistant naval attaché at the U.S. embassy in Mexico City.*

### The Sinarquista movement

. . . The Unión Nacional Sinarquista is a totalitarian movement based upon both Nazi and Fascist ideas and plans, and directed by Nazi agents through an intricate Spanish Falange-Church of Mexico organization. Most of its membership is

made up of middle and lower class Mexicans who are devout Catholics, but among its large and petty chiefs can be found many Spaniards of the Right (Falangists). . . .

The Unión Nacional Sinarquista came into being on May 27, 1937, in the city of León, State of Guanajuato, when two active Falangists, José and Salvador Trueba Olivares, appeared before a notary, Lic. Manuel Villasenor, and registered a constitution for the Union. The witnesses were a German engineer, Hellmuth Oskar Schreiter; Adolfo Maldonado and Melchor Ortega, state officials; and Lic. Isaac Guzmán Valdivia.

According to the known facts about the Union's constitution, the movement seeks to 1) create an authoritative state in Mexico, 2) "save" Mexico from itself and foreigners", 3) subordinate private interests to that of the state, 4) wage war against Communism and leftist labor unions, 5) establish "full Mexican nationalism, free from foreign tutelage", 6) eliminate "foreign symbols and propaganda", 7) unite labor, capital, and government for greater production, 8) elimination of all class struggle and establishing one political party, 9) permit private ownership of property and profit from private enterprise, but "adjusted" to the needs of the community and state.

Schreiter, the German engineer, who was said to have been looking around for fertile propaganda ground, reported to Berlin that the Trueba Olivares family was hotly pro-German and pro-Italian and anti-American, so he was ordered to back the group financially and lead it on its new path. This he did, arranging for the Union's founding and its constitution, and appearing in person to have it legally established as a group. . . .

With the German backing as an impetus, the Union got going quickly. In 1938 it organized a secret military group within the Union, to drill members and teach them to use arms in Nazi military fashion. It is today a powerful group but how well armed the members are cannot definitely be established. Members claim 150,000 rifles and from 2,000 to 3,000 machine guns. One of the most dangerous factors is that in the Mexican Army itself, several of these Union military groups are reliably reported to exist. . . .

The Union uses the communist-Nazi "cell" idea. Crack organizers, mostly Mexicans, are constantly on the job, working through the priests, from whom they get names of good candidates. Small cell groups are formed, interlocking in the same town. Certain members of these town cells are linked with cells in other parts of the area. The cells are built up to a certain level, and no Mexican member knows more than a few order-giving leaders. Few of these leaders get their orders directly but through higher inter-linked leaders. At no time do orders seem to come from any outside influence, such as the Falangists or Nazis. . . .

Propaganda of a virulent totalitarian character with nationalist and anti-gringo icing is directed at the middle and lower classes who have little and want something, who have been so disillusioned by past political leaders that they are

easy prey to millenium stories. Particular attention is given to farmers and workers. . . .

The Union, as ordered by the Falange, wants to use Mexico as the nearest center of espionage against the United States. It seeks to organize efficient cells expressly for sabotage in Mexico and the U.S. It wants to build up Mexico as a convenient munitions center for totalitarian revolts whenever the United States might get involved in a war. It seeks constantly to irritate the U.S. and provoke undercover trouble in an effort to focus main American attention on South America in general and Mexico in particular, drawing attention away from Britain and Russia. It wants to cause disturbances in Mexico so that restrictive measures can be exploited to advantage among the masses.

Mexicans are told that their country, under Sinarquismo, will be the great nation of the Northern Hemisphere. The United States is doomed, say the organizers, and members are told that as soon as the United States gets into the war, the American nation will crack open due to isolationist antagonism, and Mexico, under Union dominance, will take over vast sections of the United States, such as the Pacific Coast, the Southwest and Central South. . . .

### Acción Nacional

No investigation of the Sinarquistas would be complete without due importance being given to a smaller but powerful group in Mexico called the Acción Nacional. This is a group made up chiefly of business and professional men who are close to the church, who are inter-linked with the Sinarquistas through the Falange, and who hope to blossom out as the big men of any totalitarian government. The Falange is said to get its principal secret support from the Acción, using the Sinarquistas to bring in the faithful in the lower classes. Outwardly it is giving the impression of striking a lone pose as the coming "save-Mexico" group, but the Sinarquistas are unduly friendly to the Acción and give away the connections despite pretensions of the Acción.

As one Sinarquista leader told a reliable source: "We shall be the soldiers of the coming struggle, and the Acción Nacional will supply the officers."

While the Acción seems to be on a different level from Sinarquismo, actually it is believed to be an integral part of the real Nazi-Falange program for the Mexican totalitarian state and any difference in levels would be ironed out when the emergency arose. It is just another front to get totalitarian ideas over to all classes of Mexican people. . . .

Powerful German interests keep in touch with the Union directly in order to check on funds spent and to keep leaders in line by Gestapo methods. . . .

A wait and see attitude must be adopted for the present as regards the exact importance of the union and the Acción, because events across the high seas can have a retarding or accelerating effect on totalitarian-group membership drives in Mexico. The Union and Acción are definitely dangerous and could quickly become more so. . . .

# The PAN, party of drug-trafficking, organized crime, and dirty money

by Tim Rush

The PAN is a "cut-out" for the giant economic interests which make up the Mexican branch of "Dope, Inc." Watch a kid on a U.S. street die of an overdose of heroin, and chances are you can thank a *PANista* for helping get the drugs here.

The heart of the Mexican dope cartel since the 1940s has been a nexus of entertainment, tourism, and banking interests which coalesced in its present form under President Miguel Alemán (1946-52). Think of Henry Kissinger's Acapulco crowd of cocaine-sniffing jet-setters, and you have one key control-point. The PAN always played a role in the banking side of this cartel. Typical was the case of **José González Torres**, PAN presidential candidate in 1958. As soon as the campaign was over, he was hired to handle insiders' investment portfolios for Manuel Espinoza Yglesia's **Bancomer**, the giant of Mexican banking of the time.

Through most of these years, the *Alemanista* wing of the PRI was sufficiently strong to give Dope, Inc. forces a safe niche in the ruling party, and the PAN was merely kept in tow as a rowboat for emergencies.

The dope interests first hit troubled waters in 1975-77, when Presidents Echeverría and López Portillo launched one of the world's most successful anti-drug crackdowns, Operation Condor, in Sinaloa, Sonora, and Baja California. The "bail-out" button was pushed in 1982, after López Portillo responded to the heist of the century—\$25 billion smuggled out of the country by Mexican bankers in league with international creditors—by nationalizing the banks. Suddenly the rowboat became the main vessel.

Today, top drug-linked operatives look to the PAN not only as a political protection racket but as a private army in the wings, ready to be deployed to protect drug production and transportation areas in much the way Colombian guerrilla groups work in league with cocaine mafiosi Carlos Lehder and Pablo Escobar. The map of the drug-transshipment and drug-producing regions of Mexico today is a precise overlay of the areas of the PAN's political strength.

## The drug bankers: the Chihuahua case

On the dramatic evening of Aug. 31, 1982, when López Portillo summoned all cabinet-level officials to co-sign the nationalization order, only one banker refused. He was **Adrian Lajous**, a French-descended oligarch who headed the Mexican Foreign Trade Bank, an official who had served in

top posts for three governments. The reason for his refusal to sign took three and a half years to emerge, but on April 26, 1985, on the pages of the daily *Excelsior*, Don Adrián tipped his hand. He wanted a free rein for the banks' growth industry: drugs. He would call for legalizing drugs in Mexico, he wrote, but the death of U.S. Drug Enforcement Administration official Enrique Camarena forces him to be "more prudent. For now, I will only propose that it be legalized inside the United States."

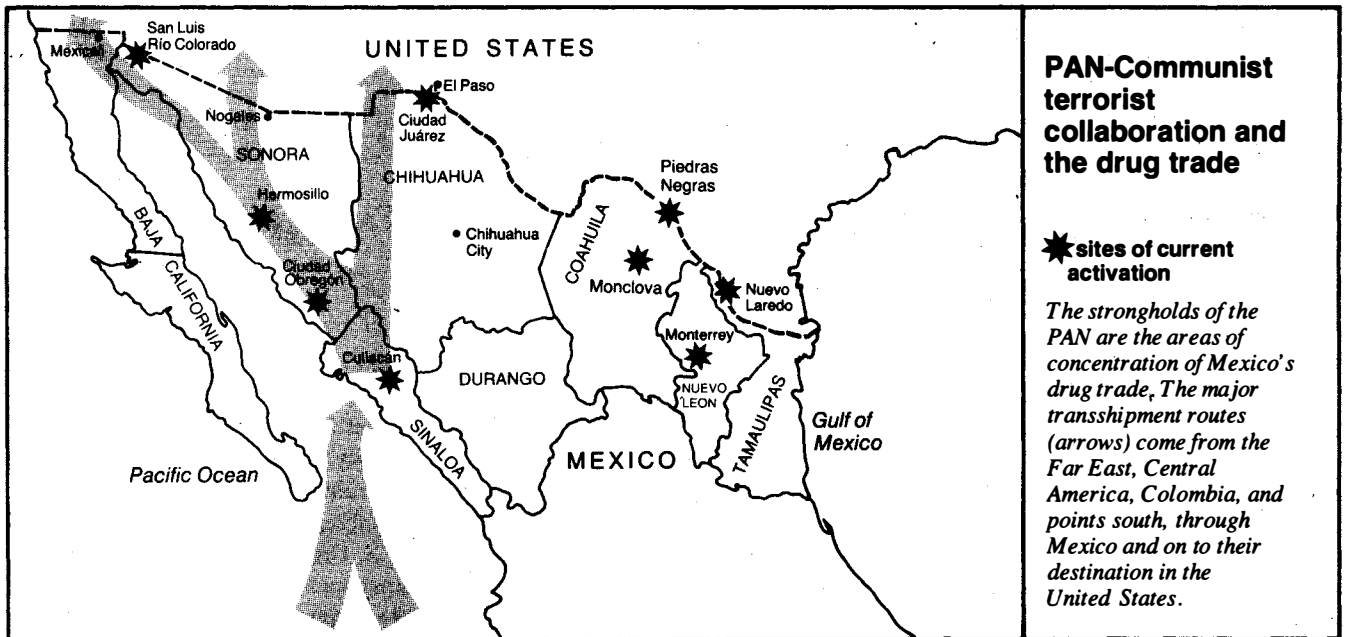
A much quicker reaction came from drug-banker **Eloy Vallina**, the head of the powerful Chihuahua Group of businesses, and owner of Mexico's then fastest-growing bank, **Comermex**. "They took the banks away from us, but we will take Chihuahua away from them," he declared.

The reason Comermex was one of Mexico's fastest-growing banks was drugs. The case of one **Lorenzo Arce Flores** illustrates the point. Arce Flores was the Bancomer public relations director in Tijuana, nabbed in 1975 with 15 kilos of pure cocaine on his person. This was a positive recommendation for Vallina's Comermex. When Arce Flores was nabbed again four years later, this time for "being involved in one of the biggest drug-trafficking operations ever known in the history of Tijuana," in the words of the local press, he was serving as manager of Comermex's booming Tijuana office.

Vallina was as good as his word. During the electoral campaigns in Chihuahua in the summer of 1983, he reportedly channeled millions of pesos directly to the PAN. The PAN's sophisticated media packages were worked out in U.S. ad agencies, and paid for with funds drawn on an El Paso bank, of which Eloy Vallina was a secret owner.

In the elections of July 3, the PAN swept the state. PAN mayors entered the town halls of the two most important cities—Ciudad Juárez on the U.S. border opposite El Paso, and the state capital of Chihuahua City—and a host of smaller towns. The victory sparked PAN campaigns in key drug states Baja California and Sinaloa later in the year, campaigns which were only narrowly defeated through activity of the Mexican Labor Party.

The Vallina-engineered surrender of the state to the PAN opened the doors to the ambitious marijuana and cocaine empresario of the Caborca region of Sonora, **Rafael Caro Quintero**. When Caro Quintero's gigantic marijuana plan-



tations in the mountains of Chihuahua were dismantled in November 1984, he lost a reported \$5-10 billion in cash, equipment, and drug inventory.

### The PAN's 'border gateways'

The PAN controls the local governments in four of the top border crossing points for the drugs pouring into the United States. These are San Luis Río Colorado, Agua Prieta, Ciudad Juárez, and Piedras Negras (site of a flare-up of violence in January 1985, which is being resolved with a PRI figurehead mayor fronting for a PAN regime).

Sonora, the state most touted as the likely breakthrough point for the PAN in foreign press accounts, is a nightmare of PAN-protected drug-running. The PAN runs a "parallel government" in the state which has made it almost impossible for Gov. Samuel Ocaña and anti-drug allies to effectively crack down.

The PAN took control of Agua Prieta in 1979, and since then, according to law enforcement agents in the area, it has become a playground for drug mafiosi. The PAN moved on San Luis Río Colorado, across the border from Yuma, Arizona, in 1982. PAN mayor **Fausto Ochoa Medina** was put into office with aid of money from the Meraz family, the pre-eminent financial interests of the region who established strong drug connections in the 1970s to Phoenix, Tucson, Yuma, and Los Angeles, according to sources inside the Meraz gang.

Both Agua Prieta and San Luis are interfaced with the empire of long-time mafia boss of the San Diego region, **Johnny Alessio**, via special gambling operations in the local bars, which accept bets on U.S. dog- and horse-racing relayed on closed-circuit TV. This gambling operation serves as a premier drug-laundering conduit, and as a foot-in-the-

door for the casino gambling the PAN's mafia allies seek in Mexico. Mexican casinos were banned in the 1930s, but in 1983, one of the financial angels of the PAN in Sonora, a warehouse proprietor named **Javier Castelo Parada**, attempted to build a casino on the island of Huiyulai. PRI Gov. Ocaña stepped in and expropriated the island. Today, Hollywood-Las Vegas circuits are advertising plans to put a casino into the Caborca drug-producing region.

The list of PAN office-holders in San Luis reads like a *Who's Who* of drugtraffickers and drug protectors. **Conrado Flores Tapia**, PAN city councilman, is tied not only to narcotics dealers but also weapons-smugglers, according to security specialists in the region. **Enrique Fletes**, the head of the municipal tourism department for the PAN, is involved in drugs, say the same sources. PAN mayor Ochoa Medina's first city police chief, **Calalo Payán Martínez**, was forced out of office for drug connections in the middle of Ochoa's term. **Isidro Miranda Araujo**, a PAN operative originally based in the San Luis/Mexicali area, and seconded to PAN mayor **Casimiro Navarro's** city government in Hermosillo as treasury secretary, was involved in a drug operation in the 1970s which prompted a police raid on his ranch, Las Aguilas, and the discovery of a marijuana cache on the site.

But most notorious—and perhaps of most interest to Americans outraged by the killing of DEA agent Camarena—is the case of PAN state assemblyman **Orozco Ocegüera**, the brother-in-law of Meraz family patriarch, Olegario. In the early 1970s, when two DEA undercover agents traced major dope operations to Orozco Ocegüera's wood company in San Luis, Las Palmas, an ambush was set up for the agents by three employees of the company, and the agents were shot to death. Only strenuous efforts by Meraz and Orozco were sufficient to cover up the crime.



## PAN's narco-candidate for governor of Sonora

Adalberto Rosas López is the PAN's showcase gubernatorial candidate in the PAN's showcase state of Sonora. No PAN candidate in any race, including at the presidential level, has received such adoring write-ups in the *New York Times*. Rosas is portrayed as an energetic, even charismatic, businessman and farmer, who is gaining increasing support among disaffected constituencies of the ruling Revolutionary Institutional Party (PRI), as well as the PAN's established middle-class base in the state.

Rosas is at the center of the drug circles of Sonora. And it doesn't take a sleuth checking out Swiss bank accounts to discover it.

On March 9, 1984, the graduating class of the Sonora University Law School, in Hermosillo, paid tribute to the man they had selected to be the "sponsor" of their class, Agustín Antúnez Estrada, known by his nickname of "Chato." To Chato Antúnez's right stood the PAN mayor of Hermosillo, Casimiro Navarro, and a few seats to his left, the PAN candidate for governor, Rosas. The Communist-leaning coordinator of the Law School, Miguel Cárdenas Valdés, completed the group of four at the center of the head table.

The picture of these luminaries (page 23) shows them looking a little unhappy. Perhaps it was because Chato Antúnez is one of Sonora's most notorious drugrunners. He had spent five years in the jails of Sinaloa state for his activities, and had been forced to acknowledge this in a published interview the preceding month.

But the man congratulated by Adalberto Rosas that night was more than just a confessed drugrunner. He was that kind of perverse drugrunner who states his burning desire to see the United States humbled by having its youth destroyed. In an interview in the April 1984, issue of *Realidades* magazine, Antúnez was asked what he thought of drugpushers. His answer: "The drugpusher must be sure to export, in order to poison other countries, and not to keep [the drugs] in Mexico. . . . Look, you aren't going to change the world. So we have to take care of our brothers; let the neighbors take care of themselves."

It's just a short step from there to the savage anti-Americanism of José Rojo Coronado, the leftist lawyer now defending drug kingpin and presumed assassin of U.S. Drug Enforcement Administration agent Enrique Camarena, Caro Quintero. Rojo Coronado told the press April 8, "U.S. society is decadent, degenerate, corrupt. . . . I think that if Mex-

ico is able to stupefy that society with drugs, that's great."

If Rosas's personal estimation of Chato Antúnez is evident in his appearance at an event boycotted by all other politicians in the state, Chato was not bashful in his appreciation of Rosas. In an interview to the periodical *Observador* in March 1984, Antúnez gushed: "Adalberto Rosas López is going to fight the good fight against the system; for his audaciousness, for the pureness of his ideals, he is the best politician of the PAN and the PRI."

### The Rosas file

Rosas's career is an uninterrupted sequence of favors and deals involving the biggest drug interests of Mexico's biggest drug district.

- As an aspiring latifundist (owner of large, illegal, landholdings) in the south of Sonora, he married into the oligarchical **Mazón family** of Sonora's north. The origin of Bettina Mazón de Rosas's family fortune: the takeover of Chinese opium interests in the late 1920s.

- In 1975-76, the ambitious Adalberto led other landowner interests in the Ciudad Obregón area into an insurrectionary alliance with the largest landowner of neighboring Sinaloa, **Manuel Clouthier**. Reliable sources report that Clouthier's large-scale vegetable and fruit export business exported more than vegetables and fruit. In 1969, Clouthier's station wagon was reportedly intercepted with a cargo of marijuana.

- From 1975 to 1977, one of the world's most successful antidrug campaigns, Operation Condor, launched by President Luis Echeverría and maintained by José López Portillo, wiped out 80% of the drug traffic pouring through the northwest corridor. The regional oligarchy decided that its clout in the PRI was not sufficient to ensure its own interests; it was time to make the PAN a serious alternative. In 1979, Rosas suddenly left the PRI and joined the PAN, and in the same year, in a deal consummated with pro-PAN elements which remained behind in the PRI, he was elected mayor of Ciudad Obregón.

- Rosas promptly named **Pablo Castellón**, a well-known homosexual and former member of a marijuana-trafficking rock 'n' roll group, The Apson Boys, as his municipal police chief. Castellón is now a PAN federal deputy.

- Upon finishing his term in July 1982, Rosas attempted to throw local government into chaos by locking up the city voting records and refusing to turn them over to state authorities. Threatened with jail by the state congress, he was protected in court by a corrupt judge named **Pedro Reyes Colín**, who directs a nest of lawyers involved in defending drugtraffickers and protecting Hermosillo's drug and prostitution district.

- On June 20, 1983, Rosas met with 15 of the economic barons of the Arizona/Sonora region. The list of participants read like a *Who's Who* of drugrunning in that region. Topic of discussion: how to extend PAN-protected "free enterprise zones" for the drugrunners along the border.

# The PAN's march to terror and violence

by Valerie Rush

The PAN combines three years of escalating mob violence, arson, and storm-trooper assaults with more specialized, hard-core terrorist connections. This is the record of the party which is now boasting that it has put 60,000 men into paramilitary training and is completing a first round of armament:

**July-August 1982:** PAN activists blocked roads throughout Sonora, and burned the election office of Caborca, to intimidate election boards meeting to certify results of July balloting.

**Feb. 24, 1983:** 150 PAN thugs were deployed into Ciudad Obregón, Sonora, to prepare a campaign entrance for PAN gubernatorial candidate, Adalberto Rosas. The squadristi busted up a 3,000-person meeting of the Mexican Labor Party (PLM) in the central market. The attack was directed by **Leonardo Reichel Urroz**, a self-proclaimed homosexual, who participated in left terrorist activity as a member of the People's Armed Revolutionary Forces (FRAP) in the 1970s; and by PAN women's leader **Concepción Retamoza de Figueroa**.

**March 11, 1983:** The same PAN figure, Concepción Retamoza, showed up at the El Quinto school outside Ciudad Obregón with three others and incited students to support a group inside the city, headed by **Ramiro García Godoy**, who had just taken over several building sites. García Godoy was, with Reichel Urroz, a member of the FRAP in the 1970s. Eight vehicles supplied by the PAN, including the personal car of **Claudio Dabdoub**, Rosas's campaign manager, carried the students into town, where they looted and stoned several stores and attempted to storm the municipal building. The governor was forced to dispatch 600 anti-riot police to contain the violence.

**Aug. 27, 1983:** Two thugs who had served as bodyguards for U.S. consul Terry Hansen and PAN mayor Casimiro Navarro, were arrested by state police for armed threats against the lives of Mexican Labor Party organizers in Hermosillo, Sonora. Papers found on the gunmen showed they were involved in the formation of a Central America-styled death squad, called "Death to the Corrupt Ones."

**September 1983:** PAN rioters in Nuevo Laredo stormed the offices of a local paper linked to the Mexican Workers' Confederation (CTM) and destroyed the presses. The mob moved on and burned the home of the editor.

**Nov. 27, 1983:** The PAN sent squadristi linked to hard-core Nazi groups such as the MURO into the streets during

municipal elections, where they seized and burned ballot boxes throughout the day. Only the presence of the army in some polling places prevented more serious disorders. **Alejandro Cañedo**, head of the PAN in Puebla, acknowledged that the thugs had been armed. Asked about reports that PAN thugs had been seen on election day carrying high-powered weapons, Cañedo replied calmly: "This just means that in our country there are lots of arms."

**Dec. 31, 1983:** A Mexican Labor Party leader in Sonora, Professor Juan Pérez Gil, was savagely and repeatedly knifed in the abdomen by an agent of the PAN, linked to drug-traffickers, in the Sonora town of Navojoa.

**Dec. 29, 1984:** In its most highly publicized riot, dress rehearsal for what is planned in Sonora this summer, a PAN mob of nearly 2,000 attacked and burned down the mayor's office of the city of Piedras Negras, Coahuila, on the U.S.-Mexico border. Over the preceding days, PAN agents had blocked off the bridges going across the border to Eagle Pass, Texas. The mob also set fire to the city's newspaper and freed all prisoners in the local jail. On Dec. 31, police in Eagle Pass announced they had found 28 empty gun and ammunition boxes on the U.S. side of the Rio Grande. Calm was restored only when the army was called in. Casualties: one dead.

**Jan. 1, 1985:** The PAN continued its rampages in Coahuila state. PAN mobs occupied municipal buildings in Escobedo, Parras, and Monclova, and in one town, kidnaped the municipal president, a member of the PRI party, stripping him and tying him to a tree for several hours.

Where is the PAN now getting its guns and training? Investigators have enough leads into direct, hard-core terrorist capabilities to send out a red alert all along the border. Starting in October 1982, security sources on both sides of the border confirmed that the PAN was in contact with Alpha 66 cadre, who had established training camps in southern California and were training Mexicans for terrorist activity.

In the summer of 1983, a large flow of guns into Sonora, running through PAN-controlled border points such as San Luis Río Colorado, was traced to agents of the FALN and American Indian Movement, exploiting contacts among the border-straddling Papago tribe of Indians.

In January 1985, PAN spokesmen in Agua Prieta, on the Arizona-Sonora border, revealed that "American mercenary groups" had gotten in touch with the party and offered their services for training, in the wake of the Piedras Negras incidents of late December. The PAN spokesman, traveling with gubernatorial aspirant Adalberto Rosas, said that the PAN had turned down the overtures. Sources indicate that the PAN knew the contacts were about to be blown, and went public to pre-empt a scandal.

In addition to contacts with "right-wing" terrorists, the PAN has a history of relations with two left terrorist groups which cause nightmares for U.S. border officials: the Comité de Defensa Popular (CDP) in Ciudad Juárez, and the Tierra y Libertad squatters' settlement in Monterrey.

# The PAN's gringo press brigade

Remember the tacks strewn across a road in El Salvador, cars and truck tires being ripped to shreds—tacks placed there by a U.S. TV cameraman under orders to show guerrilla activity? Remember the German flags, neatly arranged in front of an SS grave at the Bitburg cemetery—put there by a *Newsweek* photographer who had taken them from the local mayor's office?

Much of the U.S. press now preparing to descend on northern Mexico to "cover" the Mexican elections plan to do so in the El Salvador and Bitburg tradition. The phony interviews, staged confrontations, false reports, are already beginning.

The pictures of the incidents at Piedras Negras, Dec. 29, 1984, where the PAN burned down the city hall, were flashed almost instantaneously around the world—along with a UPI wire inflating the figure of one person killed, to five. This and other exaggerated U.S. press stories, fed back into Mexico, further whipped up the PAN mobs.

Or take the escalation of tensions in the Tijuana-San Diego corridor in late April and May. Passions were already running high, after a Border Patrol officer shot a 12-year-old Mexican boy, when on May 8, the pro-PAN *San Diego Union* published a leaflet put out by a "First Pro-Dignity Group Mexico 1985." The text of the phantom leaflet—police on both sides of the border denied ever having seen such a leaflet distributed—charged that if the United States did not take appropriate action to make amends for the shooting, Americans traveling into Mexico would be fair game for revenge shootings.

On May 9, the regional media erupted in pro-and-con debate over the *San Diego Union* "leaflet." On May 10, tours of visitors to Mexico began to be cancelled. Regular San Diego school trips were scrapped.

Mexicans and Americans concerned about avoiding violence on the border should study the backgrounds of the following "journalists" now planning to "cover" the Mexican elections:

- **Sol Sanders:** Formerly with *Business Week* and now finishing a book promoting the destruction of the Mexican state. Sanders is the "case officer" assigned to "Operation PAN" by the intersection of Kissinger's Center for Strategic and International Studies network at Georgetown University (Sanders will figure prominently in CSIS's June 3-4 policy conclave on Mexico) and the Jeane Kirkpatrick/Lane Kirkland grouping of right-wing Social Democrats promoting U.S. military involvement in Central America.

- **Barnard Thompson:** Editor of an intelligence unit called Mexican News Service, based in San Ysidro, California, started in 1978. Originally just a "clipping service," Thompson now has four full-time staff. "Just an academic" who taught extension history courses at the University of California for 10 years, Thompson acknowledges that he is "in contact" on a regular basis with State Department and FBI personnel, with mob frontman, Johnny Alessio, and with State Department/CIA "journalist" Daniel James. On the Mexican side, Thompson claims an extensive network of "well-placed businessmen and intellectuals who are members of the PAN." **Alfredo Arenas**, PAN leader in Baja who proposed in 1982 that Mexico sell Baja to the U.S. in order to pay the debt, says Thompson "provides us with clippings and helps us publish the truth."

- **Marvin Alisky:** A long-time U.S. intelligence operative working under U.S. Information Service (USIS) and journalistic covers throughout Ibero-America, now based as a "media specialist" at the University of Arizona in Tucson. Alisky first established a working relationship with Daniel James when both were stationed in Mexico in the 1960s, leading up to the student riots of 1968. He travels to Sonora and Sinaloa constantly, and has access to profiles of Sonoran leaders through his participation in the Arizona-Sonora Commission, sponsored by the governments and private sectors of the two states. On a May 1982 trip to Sonora to fabricate a story that "Latin Americans do not support Argentina in the Malvinas War," Alisky carefully profiled Sonoran political groups and shared his information, by his admission, with the U.S. consular offices in Hermosillo.

Other journalists deeply involved in pro-PAN operations, now preparing to descend on Mexico for the election events, include: **William Water**, of the *Arizona Republic*. His contact in Hermosillo is **José Santiago Healy**, FBI-linked director of the flagship PAN paper of the region, *El Imparcial*. "We have to support the PAN this time," he says. "If they send troops to Sonora, the U.S. will have to do something about it." Also chummy with Healy is **Keith Rosenblum** of the *Arizona Daily Star*. Jon Vaughn of the *Yuma Daily Sun* runs a one-man PAN propaganda outpost which was instrumental in the 1982 PAN takeover of San Luis Río Colorado, across the border from Yuma. "The PAN is the only alternative for the people in Mexico; the PRI has proved its ineptitude," proclaims Vaughn. **Ron Grenness**, "freelancer" in the San Antonio area, is of the same mind, and is planning to take a TV crew to the scene. Acknowledging that he works as an unofficial State Department channel, he chattered: "There are going to be a few deaths here and there, people jailed and demonstrations, and that is going to be a good excuse for the State Department to close the border down. . . . The State Department has many contacts in Sonora among the PAN leaders, clergymen, businessmen, and professors." **Juan Vazquez** of the *Los Angeles Times* and **Art Golden** of the *San Diego Union* are both preparing for big pro-PAN coverage.

## Stop the Soviet Union's onward march to Greece

by Criton Zoakos

*The following document was prepared on May 27, before the Greek elections, for circulation in policy-making circles in the United States and Europe.*

With the parliamentary elections in Greece on June 2, the U.S. State Department is about to, quietly as it hopes, hand Greece over to the Soviet sphere of influence. The Russians, of course, are not waiting to be handed Greece on a platter: They are grabbing it with might and main. State Department treachery is making their grab that much easier. If, in the 6 to 12 weeks following next Sunday's elections, the plan to yank Greece out of the Western alliance and graft it onto the Warsaw Pact, succeeds, then Moscow's timetable for world domination by 1988 will have advanced through a very important turning point.

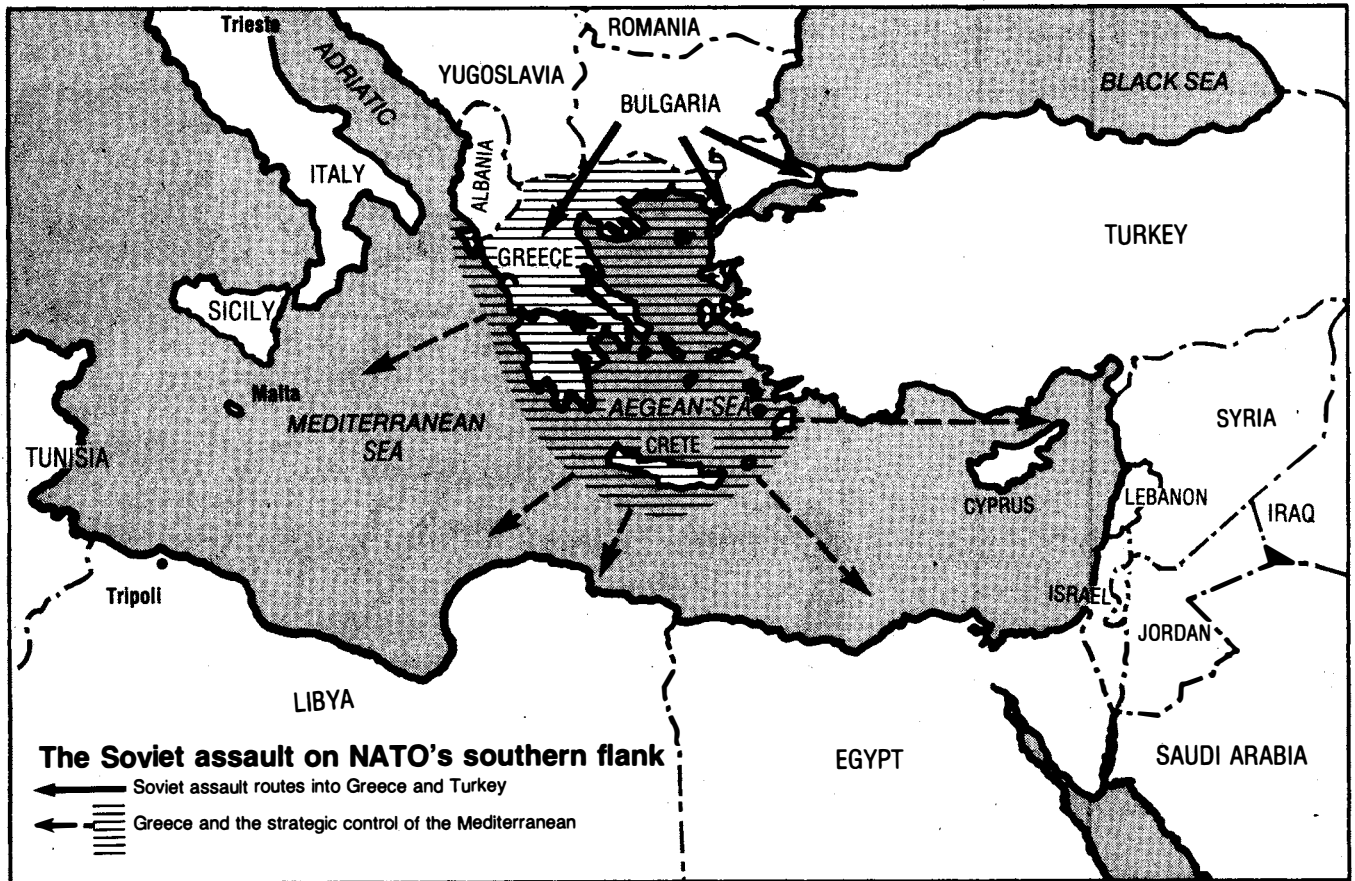
A look at the map, accompanied by minimal acquaintance with relevant military facts, would show that Greece's transference to the East bloc would extend the "Iron Curtain" to the Trieste-Malta-Tripoli line. Every location east of this line would be "off limits" to the Western alliance. Turkey and Egypt would become isolated pro-Western islands engulfed in a sea of Soviet naval and land power. According to long-standing Soviet plans, going back to the blueprints of the Treaty of San Stefano, Greece under Moscow's sphere of influence is to be territorially mutilated. Bulgaria is to grow to the size of the old Bulgar Empire, incorporating the Macedonian territories of Yugoslavia and Greece and the European portion of Turkey; the Yugoslav Federated Republic is

to be broken up to be replaced by a Serbian ethnic state, and a Kosovo-Albanian entity, a Croatian entity—the latter two to be administered by a blend of Russian and Venetian influence, after the present-day model of Qaddafi's Libya.

With Greece lost, the Mediterranean is on its way to becoming a "Russian lake," and the Balkans become a hotbed of ethnic, separatist/integrist politics, vectored to target Western European political institutions: From the fall of Yugoslavia, this new brand of politics will spread to Central Europe via the Herzegovina Austro-Hungarian hotspot, and to Western Europe via the Croatia-Trieste-South Tyrol movement. The Sicilian, Sardinian, and Corsican separatist movements will wreak havoc on Italy. Spain is being targeted by separatist movements of at least seven distinct orientations.

If Greece falls in the next 8 to 12 weeks, the military preconditions for a European decoupling from the United States, will be such that, according to Lord Carrington's wishes, such a decoupling might be achieved literally at a moment's notice. Without a Southern Flank, and virtually without a Northern Flank, the defense of NATO is reduced to the problem of defending an isolated Germany and a France which, under Swiss financial influence, does not wish to be defended.

What will follow such a collapse of the possibility of European defense will be a 15-year period of ethnic separatist and integrist movements bent on ruining all existing European nation-states. Such a movement would be using the Balkans as its launching grounds, in much the same way as



Iran is being used as the base of operations for the entire Islamic world's religious fundamentalist-integrist movements.

If the fall of Greece in the next few weeks is not prevented, European political processes, one to two years down the road, will become unrecognizable from the standpoint of today's political practitioner. At that near future point, European politics, beginning with Spain and Italy and proceeding into France via Corsican and Breton separatism, will have only one focus: The gates of regionalist hell will be unleashing their final assault against the institutions of the nation-state. Either we mobilize all possible forces in defense of the nation-state, or, by the turn of the century, the world will revert to the status of legal primitivism prevailing before the Peace of Westphalia, when the nation-state was, for the first time ever in human history, given the status of legal sovereignty.

The question: Can one so act and cause others to so act on behalf of saving the Greek nation in the next few weeks ahead, that the particular way in which that nation was saved may become a rallying focus, a *cause célèbre* around which we can galvanize all those forces internationally which are or will be committed to saving, at whatever necessary cost, their respective nation-states?

In engaging in this problem, we have two sets of considerations before us: the local, on-the-ground situation in Greece now, and State Department policy.

Richard Burt's European Affairs Section at the State Department is about to rejoice greatly on the occasion of the June 2 general parliamentary election in Greece. Richard Burt's cause for rejoicing will be that this election is likely to produce either a Moscow-managed Greece, or, a Moscow-managed civil war rather than a working parliament. The principal instrument which the State Department has employed to impose this great misfortune on Greece is Socialist Prime Minister Andreas Papandreou, a man raised and educated in the United States, who rose in the ranks of the Humphrey-Mondale wing of the Democratic Party, married the daughter of a leading American Communist, was recruited by an unsavory, financier-connected wing of the U.S. intelligence community which collaborates with the Soviet KGB, and was sent to Greece in the early 1960s to become a politician on behalf of these treasonous United States interests.

The policy toward which the State Department has employed this instrument, was enunciated by Henry Kissinger during August 1982 in a private discussion with then just-appointed Secretary of State George Shultz: "Worldwide American power and influence must be reduced to approximately 25% of its post World War II extent." Kissinger's August 1982 remarks to Shultz were published and circulated by Kissinger Associates, Inc. and made publicly available. Shortly after that briefing by Kissinger, Shultz nominated *New York Times* journalist and Kissinger protégé Richard

## Soviet land access to the Mideast

.....Railways  
 — Heavy traffic routes



*If Greece falls into the Soviet sphere, all of Europe and the Mideast becomes vulnerable or even indefensible. Turkey could be quickly neutralized by an enveloping maneuver south of the Caucasus Mountains, taking advantage of the ready access routes shown here.*

Burt to become Assistant Secretary of State for European Affairs.

Burt, in turn, during his confirmation hearings at the Senate, requested at the outset that he be given three deputy assistant secretaries for Europe of his own choosing. He named three persons who are notoriously committed to policies of abandoning Europe's defense to Moscow's tender mercies. These individuals, all of whose careers were launched and promoted by Kissinger and Kissinger Associate Helmut Sonnenfeldt, are strong believers in the proposition that the United States and the Soviet Union should reach an agreement respecting Western Europe's future, which would be very similar to the 1955 U.S.-Soviet agreement which produced the Austrian State Treaty: a neutral political entity whose national security depends upon the good will of the Soviet Armed Forces. Richard Burt and his three Kissingerian associates, Mark Palmer, Robert Blackwell, and James Dobbins, are today implementing exactly that policy toward Europe which Henry Kissinger had dictated to Secretary Shultz in August 1982. U.S.-trained and controlled, Greek Prime Minister Andreas Papandreou is, among other things, also an instrument of this policy.

June 2 will be the culminating point of this notorious agent's career: If he wins, he will lead Greece out of NATO, out of the Western alliance, and into the embrace of the Soviet Union. If he loses the election, he will attempt a left-wing military coup d'état, which is likely to produce a civil war rather than a clear-cut victory for himself.

## The situation on the ground

Papandreou's socialist party, the PASOK, was founded in 1974 and won its first victory in 1981, producing a majority of 161 deputies in a parliament of 300 members. The rank-and-file voters and most of the active cadre of that party had been drawn from the traditional center-left spectrum of the population, who trusted Papandreou's then-harmless leftist theatrics, because it was made evident to them that the United States did not consider these dangerous in any way. Papandreou won that election by posing as a U.S.-approved, harmless, charming left-leaning prankster.

In the nearly four years in which Papandreou ruled, this party, the PASOK, fell under the control of agents of Soviet policy. The notorious Igor Andropov, son of the late KGB chief and Soviet President Yuri Andropov, was made Soviet ambassador to Athens. When Papandreou held his first ever and only party congress in May 1984 in the giant Olympic stadium in Athens, the two guests of honor were 1) Soviet Politburo member Vladimir Dolgikh, and 2) veteran Communist military chieftain General Markos Vafeiadis, the commander-in-chief of the Communist insurrectionist armies of the 1945-49 Greek civil war, a man sentenced to death 37 times after the defeat of his insurrection, who escaped to the Soviet Union, where he lived for 25 years.

When General Vafeiadis entered the PASOK Congress, 50,000 people rose to a deafening standing ovation—the sole occasion of such great honor at that congress.

And with good reason. General Vafeiadis, today, is the

controller of a 30,000-strong armed, secret paramilitary strike force, made up of former members of the old communist guerilla armies he once commanded, who during the years of their exile in the Soviet Union enjoyed the benefits of extensive military and paramilitary training. They are the GRU's spetsnaz commando units in Greece, armed, tightly organized, highly disciplined and experienced, and ready to move at a moment's notice.

Markos Vafeiadis' 30,000-strong, armed spetsnaz are the real political force behind the Papandreou government. They are the Soviet Union's military coup d'état capability in Greece. The Papandreou government is merely the convenient cover, the Trojan Horse under whose cover the spetsnaz are deployed. This force is, at this time, the single most significant factor influencing the outcome of next Sunday's election. It works as follows:

During the almost four years in office, the Papandreou government achieved nothing of substance in any area of government policy, except systematic purging, re-purging, reorganizing, fragmenting, and generally demoralizing the officers' corps of the Greek Armed Forces. Virtually all of the currently serving generals and flag officers are incompetent, career-seeking bureaucrats-in-uniform, who possess no loyalty other than to their careers and the man who promoted their careers, namely Prime Minister Papandreou. These generals are neither a force for good, nor a force for evil. They have been placed in their command positions solely in order to prevent other, more professionally qualified, or more patriotic officers from commanding the posts. Seat-warmers, and not officers, are at the top command of the Greek Armed Forces.

Thus, when Papandreou tore up his country's Constitution back on March 10, 1985 and ousted Greece's constitutionally chosen President, Konstantine Karamanlis, the Armed Forces were not in a position to do what the Constitution assigns them to do, namely uphold the Constitution against violations.

However, whereas the state's Constitution no longer possesses an enforcer, spetsnaz General Vafeiadis' 30,000-strong strike force is ready and poised for action, because of the special protection and privileges it received during the almost four years of the Papandreou administration.

This is what is at stake in next Sunday's election: If Papandreou wins, the formal exit from NATO and the formal association with the Warsaw Pact will proceed, probably to the accompaniment of a minor shooting war between Greece and Turkey. Within weeks, the final purge of every last remaining patriotic Greek officer will be accomplished under the direction of competent Russian military advisers. The "minor shooting war with Turkey" is being contemplated by Papandreou in order to facilitate the introduction of such Russian military advisers. It is not easy for a trained combat officer to shift his allegiances from one great alliance to its

enemy overnight. Yet, the character of the Soviet operation in Greece is such that it allows no room for hesitation and/or long-term reeducation and reconditioning programs. There will be massive purges, including bloody purges and bloody family vendettas against the Greek officers' corps, in the event of a Papandreou election victory.

By the nature of the international circumstances, such purges are likely to break out in the critical 6 to 12 weeks following a Papandreou election victory.

If Papandreou loses the election to the conservative New Democracy party, he is expected to attempt a left-wing military coup d'état, to be spearheaded by General Vafeiadis' spetsnaz and cosmetically accompanied by certain corrupted units of the official Greek Armed Forces, primarily led by

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*June 2 will be the culminating point of this notorious agent's career: If he wins, he will lead Greece out of NATO, out of the Western alliance, and into the embrace of the Soviet Union. If he loses, he will attempt a left-wing military coup, which is likely to produce a civil war rather than a clear-cut victory for himself.*

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the thoroughly corrupted Air Force. Papandreou's current plans for such a coup are significantly influenced by professional Soviet advice to the effect that "there will be no significant resistance" and that therefore such a coup will not entail any great risk of large-scale bloodshed. To our best estimation, Papandreou prefers to believe this piece of Soviet intelligence advice. Also to our best estimation, those Soviets who advise in this matter, do not believe the advice they offer. Their own estimate appears to be that there will be violent resistance to their spetsnaz coup which will unleash a protracted bloodbath of the Lebanese variety. Such a protracted bloodbath, it appears, is the preferred Russian scenario.

### **What price for national preservation?**

An honest Papandreou victory is to be ruled out. The extent of violence and intimidation of voters reported from every part of the country is merely a foretaste of the orgy of electoral fraud to erupt on Sunday. Papandreou's very government, since the toppling of President Karamanlis on March 10, has been operating beyond the pale of the Constitution and, in a strictly legal sense, did not have the right to super-

visе these elections. The elections have been supervised by a temporary caretaker government, as provided by the Constitution. Thus, regardless of outcome, Sunday's elections constitute *prima facie* election fraud.

The voting population, though strongly aversive to Papandreou, is massively disoriented as to issues and national stakes, principally as a result of the dictatorial grip the Papandreou government has maintained over the mass communications media. Those few who are familiar with the real, underlying issues and national stakes, are among the ranks of officers, both in active service and in forced retirement. In point of fact, in large part, this election has been stage-managed by Papandreou and the Russians, for the purpose of opening up the final purge and extinction of this social group in Greek national life. If this group, the traditionally patriotic Greek officers corps, is felled under the blows of Gen. Markos Vafeiadis' spetsnaz, over the 6 to 12 weeks following the election, then Greece as a nation will cease to exist after a 3,000-year life which at times, in all modesty, had not been altogether worthless to the cause of mankind.

The loss of this nation, if it occurs, may not register in the mind of the casual observer immediately. But if, by the end of this century, any of us with knowledge of the record still survives, he will be able to ascertain that the fall of Greece in 1985 was the opening action which destroyed mankind's finest institutional achievements since the 1648 Peace of Westphalia, namely those associated with the construction of the sovereign nation-state. The character and scope of stakes which historical circumstances place on the present Greek conjuncture, NATO's Southern Flank, the defense of Europe, the threatened ushering in of Khomeiniac politics on the European continent, oblige us to view the matter not within the narrow context of preserving the lives of those still surviving organized patriotic forces of that nation from the threat of Igor Andropov's and Markos Vafeiadis' spetsnaz, but in the context of the interests of the Western alliance. The principle which formed the alliance, for those who remember, was the defense of the institutions of the nation-state against the encroachments of the leveling power of oriental despotism.

The question to ask is: Given that these are the stakes, what level of sacrifices 1) must one demand of oneself, 2) must one demand of others, 3) must one be prepared to impose on others without even asking them? These three kinds of sacrifices will, in scope and extent, be commensurate with the great stakes involved. Sacrifices to be suffered, demanded, and meted out will have to be great and severe. This must be understood before deliberations are undertaken regarding how one is to stop what Andropov's and Vafeiadis' sealed orders intend to cause to happen.

The consequences and responsibilities of what is to follow will be laid at Shultz's State Department doorsteps, at Richard Burt's desk of European Affairs, and in front of Henry Kissinger's black, cursed soul.

# An election of fraud

by Phocion

The Greek parliamentary elections of June 2, 1985 are fraudulent and illegal. Their result, whatever it may prove to be between the writing of this report and the time it reaches the reading public, ought to be declared null and void. No citizen and no civil servant, civilian or military, of that nation, owes any loyalty or respect to the results about to come out of that orgy of illegality, intimidation, and fraud, perpetrated by Papandreist goon squads and Communist hit teams.

The outcome of these elections will hound Greek political life like an ancient curse; it will hound that blind Oedipus, Andreas Papandreou until his demise; it will hound the organizations of the political parties which went along with the charade until their disintegration.

The outcome of the election will also hound the Greek people until they are chastised.

In form, these elections are illegally held because they are being supervised by the wrong government. The decision to hold elections four months prior to the constitutionally mandated date, was taken by the Papandreou-controlled parliament as a result of a constitutional crisis which was triggered by Prime Minister Papandreou on March 10, when he engineered the ouster of the President of the Greek Republic, Konstantine Karamanlis. A second violation of the Constitution occurred when a new President, hand-picked by Papandreou, was elected by parliament by means of an electoral procedure in clear, undisputed violation of the Constitution; a third major violation of the Constitution occurred when the Papandreou-controlled Parliament, after electing an unconstitutional President, proceeded to revise the Constitution itself. It had no right to undertake such a revision. Any revisions and amendments to the Greek Constitution can only be decided and promulgated by a specially elected Constituent Assembly, chosen by popular vote. A regular parliament sitting in legislative session is not authorized by the Constitution to entertain votes on constitutional amendments and revisions.

After this sodomic rape of the Greek Constitution, the reckless Mr. Papandreou turned around and argued that the "political climate"—a Greek political euphemism for the collapse of all semblance of political order—required elections to be held earlier than the constitutionally provided date.

Again, the Constitution provides for extraordinary elec-



# and violence

tions to be held under extraordinary circumstances, but it provides that they be held by a "caretaker government," composed of non-partisan personalities, whose sole mandate is to hold impartial elections. Papandreou, however, instead of resigning to a caretaker government, opted for another last fling of political sodomy, kept himself in government, and is administering the elections himself.

He did not stop there. He also changed the election rules. Up until this election, Greek voters, since the beginning of their national state in 1827, had the right to elect their individual representatives by name. Papandreou deprived them of this right. Of the 300 parliamentary deputies who will emerge from Sunday's election, not one will have been elected by the people. Voters will not cast votes for individual parliamentary candidates. They can only cast votes for the party of their preference. Individual deputies have been chosen by the parties' executive committees, arbitrarily, without anything resembling the U.S. system of party primaries.

## Thuggery and corruption

Once these Soviet-style electoral arrangements were completed, the election campaign began in earnest. A massive wave of intimidation has spread throughout the country. Papandreou's and the Communist Party's goon squads are seen in the streets of major cities, regularly beating up political opponents. Opposition newspapers regularly publish photographs of gory spectacles of persons whose faces and limbs are covered with blood, victims of Papandreou's political violence.

Citizens are being intimidated with loss of jobs or livelihood if they dare cast their vote for Mr. Papandreou's opponents; others are being bribed with promises of jobs, subsidies, and special favors. Law enforcement officers and military personnel who, according to law, are entrusted with ballot security on election day, are being screened and ferreted out. Officers and enlisted men suspected of harboring oppositionist sentiments are being sent to distant units, deprived of their personal service weapons, and quarantined.

The newspapers of the opposition are being subjected to intensive economic warfare, most forced to struggle to barely survive financially. All domestic flights of the airlines have been booked up with reservations of Papandreou's party to

ensure that opposition candidates cannot reach their constituencies. The government-controlled television and radio have virtually silenced opposition spokesmen. Citizens who own and operate ham radios as a hobby are routinely being dragged to police stations for interrogation.

Nothing quite like this is known to ever have happened in a country on this side of the Iron Curtain. Even in formally dictatorial regimes, you either have elections, or you don't. Papandreou, however, for reasons which have nothing to do with domestic Greek considerations, is hell-bent on holding these fraudulent elections rather than going the direct route and imposing himself Prime Minister for Life and by the Grace of God and Igor Andropov.

This charade of an election, illegal, unconstitutional, brutal, fraudulent, shameless, this rape of the state, can produce nothing good. Its outcome will be one of the following:

1) Papandreou produces a fraudulent majority in parliament and proceeds to destroy all those who might oppose his march into the embrace of Moscow.

2) Papandreou fails to produce a majority and forms a coalition government with the Communist Party, and proceeds to destroy all those who might oppose his march into the embrace of Moscow.

3) Papandreou's opponents, against all odds, produce a parliamentary majority and Papandreou proceeds to attempt a left-wing coup d'état with the assistance of the KGB spetsnaz unit of Communist Gen. Markos Vafeiadis and the corrupt Air Force. A civil war ensues.

4) Papandreou's opponent, the conservative New Democracy party, wins a majority, forms the next government and proceeds to take care of its first order of business: to challenge the constitutionality of the Papandreou-installed President of the Republic. A three-way conflict among parliament, the presidency and the Supreme Court produces a constitutional impasse and the issue is taken to the streets. Again, a civil war ensues.

In summary, all possible scenarios which might emerge from the election lead to one and the same thing: the disintegration of the Southern Flank of NATO. In this light, one must note the additional following reports: Recurring instances have been observed of stuffed ballot boxes being transported from nearby Bulgaria into Greece, to be stored for use on election night when the counting begins; second, an unusually large number of Soviet intelligence agents in the high hundreds has descended upon Greece since the middle of April.

Make no mistake about it: From the heady mist of Mr. Papandreou's pre-election orgy is emerging the opening phase of the battle for the fate of Western civilization. The Russians are making their bid for Europe in Greece. The State Department and its European Affairs chief, Under Secretary of State Richard Burt, seem to agree with the Russians that NATO's Southern Flank ought to collapse sometime between now and August.

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## Book Review

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# Greek general: Save Europe from 'Flexible Response' and Soviet power

by Criton Zoakos

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**I Sovietiki Proklisi Sti Decaetia 1980-1990**  
(*The Soviet Challenge in the Decade 1980-1990*)  
by Lieutenant General Ioannis Bratsos, H.A. (ret.)  
Euroekdotiki,  
(Athens, Greece), 1982. 350 Drachma 413 pages.

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The author, General Bratsos, received his commission in 1939, saw combat during the Second World War in the Greek-Albanian Front in 1940, after the collapse of Greece to the Axis powers he escaped to the Middle East and joined the Free Greek Forces there, and later participated in the Allied invasion of Italy. He commanded combat units during the Greek Civil War against the communists. He later served as commander of Army Corps, the First Army, and finally as Chief of the Joint General Staff, until ousted from the ranks for political reasons.

His book, *The Soviet Challenge in the Decade 1980-1990*, written one year before President Reagan's historic March 23, 1983 speech which launched the Strategic Defense Initiative and the doctrine of Mutually Assured Survival, is one of the best pieces of strategic thinking emerging out of Western European military circles in the period of so-called "Flexible Response."

General Bratsos, in the context of his accurate assessment of Soviet strategic intentions and capabilities, rejects vehemently the entire "Flexible Response" posture of NATO, as he rejected it back in 1967 when it was first voted to become the alliance's official doctrine. He was forced to resign in 1968, one year after the doctrine was adopted.

In a manner which is unusual for a professional military man, General Bratsos does not only attack the doctrine of Flexible Response as an abstract policy, he has some vehement words to say against the particular person whom the general considers, accurately, to be the one responsible for Flexible Response, namely, McGeorge Bundy. Time and again in his book, General Bratsos identifies Bundy as one of the big problems of the Western alliance. Bundy, of course, was National Security Adviser to President Johnson when

Flexible Response was adopted as NATO doctrine. Bratsos argues that McGeorge Bundy's Flexible Response doctrine occasioned the Soviet Union to embark on a program of splitting Europe from the United States; that the Soviet Command decided to implement this strategy of decoupling by means of developing and deploying the SS-20 as the centerpiece of their West European deployment; that the Soviets have now completed this deployment; that the Pershing II and Cruise missile deployment by NATO is not an adequate response to the Soviet response to Flexible Response.

Bratsos then returns to demolish McGeorge Bundy's, McNamara's, George Kennan's, and Gerard Smith's joint proposal, published in *Foreign Affairs* magazine in 1981, to counter the Soviet SS-20 deployment by means of a NATO shift of emphasis away from nuclear weapons to "ultra-sophisticated" conventional armaments. Writes General Bratsos:

"McGeorge Bundy's manner of speech, already obsolescent, was motivated by an obvious refusal to address the problem of joint defense of the unified U.S.A.-European territory, a problem which has negative implication for the Western world; if McGeorge Bundy's proposals are accepted, they would contribute to the Soviet gameplan."

For an old general to pinpoint the "elected head of the Eastern Establishment" from five thousand miles away and hit him right between the eyes is not bad aim at all. Beyond this, the book is an important contribution to the cause of defending the West because:

- a) It identifies with precision the overall strategic doctrine, posture, and course of the Soviet Union.
- b) It warns that existing known doctrine of NATO is no match for what the Soviets are fielding.
- c) It outlines the parameters within which a new Western strategic doctrine must be formulated if it is to be adequate.

### The Soviet drive for domination

Bratsos' thesis is that the U.S.S.R. aims at unchallenged world domination by the end of the decade; that the scheme for domination is based on the Sokolovskii doctrine of 1962; that this doctrine excludes the Western concept of "deterrence"; that since that time the U.S.S.R. has prepared itself to "fight and win" a general nuclear war; that, in conformity

with the Sokolovskii doctrine, the U.S.S.R. is employing not only directly military means, but also economic, psychological, diplomatic, political, and social means in a centralized way; that "national liberation movements" and international terrorism are very important instruments of the Russian General Staff.

Finally, Bratsos argues that second only to their relentless buildup of strategic offensive forces, the Soviets have applied all their resources to splitting Europe from the United States *as their principal means of attaining sole world domination*. In General Bratsos' estimation, the minute Europe is lost to the United States, Soviet world domination begins. In the form of a polemic addressing McGeorge Bundy, he says the following:

"Finally, the professor must realize that his conceptions undermine the unity of NATO. . . . And as he knows better than anyone else, for he is also a professor of History, the security of Europe is vital not only for the Europeans but equally for the Americans. For it is Europe where one finds the greatest concentration of industry and the greatest economic power in the world. If the political orientation of Europe shifts in favor of the Soviet coalition, or, if it becomes occupied by the communist forces, then we can say that the United States itself will find itself in a position of great peril, in a desperate position. . . ."

That General Bratsos' proposals to remedy the situation were made at a time in which the option of President Reagan's Strategic Defense Initiative was not known, are of historical interest. He writes:

"It is necessary to chart the course of a new NATO strategy for the defense of Europe based on closer cooperation between the U.S.A. and Europe, given the fact that Flexible Response, as we have proven, is obsolete and must be replaced by a new doctrine which, applied on European space as a whole, will provide for:

- Employment of strong conventional forces;
- Immediate employment of tactical nuclear retaliation by means of tactical nuclear weapons in addition to cruise missiles and Pershing II, hitting targets within Soviet territory;
- Employment of the neutron bomb as a complementary means of dealing with the Soviet Union's terrifying superiority in armor in the European theater."

In the context of such doctrine, he proposes in addition:

"There is urgent need for the rapid reorganization and restructuring of NATO, for the adoption of a global strategy which can meet more fully and more effectively the present conjuncture and the present global expansionist strategy of the Soviet Union, with special emphasis on meeting the challenge of the Soviets' peripheral subversive strategy in Third World nations, a matter which may perhaps prove to be the greatest danger to the Western world when this subversion is protected by Soviet thermonuclear cover."

In this general context, General Bratsos locates the military problem and significance of Greece, Turkey, and NATO's Southern Flank. He simply identifies the fact that whether

Greece falls into the Soviet military sphere politically or militarily, the same result will obtain: Soviet or Soviet-controlled military forces will descend into northern and central Greece and European Turkey. The Soviets will become masters of the Dardanelle and Bosphorus Straits, of all the Greek islands, of Crete, and thus of the entire Eastern Mediterranean. Italy will become the "front-line state" of NATO, facing a Dalmatian coast dominated by the Soviets. Turkey will be neutralized completely by a relatively simple enveloping maneuver south of the Caucasus range (see maps). With the fall of Greece, he argues correctly, the defense of Europe will be all but over.

Many other useful arguments are presented by the competent General Bratsos, which make this book, despite the fact that it was written before the Strategic Defense Initiative had become a consideration, worth translating into English and circulating within the Pentagon.

I would like here to add a note respecting a certain possible objection to Bratsos' arguments which may come from certain quarters. The State Department, aided and abetted by certain uniformed careerists at the Pentagon, already committed to letting Greece fall to the Soviet embrace, have been privately circulating the fraudulent "intelligence" that "the Greeks have been given offers by the Soviet Union to take part in the dismemberment of Yugoslavia and Turkey," that the Greek authorities, in private, know that "with the decline in U.S. defense capabilities" they cannot "count on being defended by the U.S.A. for more than seven days" and, therefore, have opted to take the Soviets up on their offer.

Therefore, the State Department argues, lying, since the Greeks have opted for the Soviets, we have no choice but to put all our eggs with Turkey. Thus, a secret memorandum was caused to be written in Washington, which Soviet Ambassador to Greece Igor Andropov is circulating to the leaders of all political parties in Athens, and which purports to describe an American policy of favoring Turkey to invade and occupy certain Greek islands in case Greece formally moves to join the Russians. Ambassador Andropov is using this piece of literature in Athens to argue that "the Americans are no friends of the Greeks," right before election day.

The problem with this specious State Department argument is this: Turkish military leaders will not feel comfortable at all to see that the United States, under present circumstances while NATO's southern flank is still alive, is not interested in defending Greece. The Turkish leaders will ask themselves: How could the State Department defend us, after NATO has collapsed in the Eastern Mediterranean, after we, Turkey, have been encircled, from the north by the Soviet Black Sea, from the south by the Soviet-controlled Syria, from the west by the Soviet-controlled Greece. Our east can be enveloped by a six-hour-long march of Soviet troops over the Caucasus. The Turkish generals' reaction after the fall of Greece, will be: "Let us see what the Soviets have to offer."

Anybody at the Pentagon who thinks otherwise, should read General Bratsos' book.

## How Moscow has regained the Middle East initiative

by Thierry Lalevée

Initiated in early February by the visit of King Fahd of Saudi Arabia to Washington, the momentum for peace in the Middle East received what can be characterized as a death blow when, on May 29, the American administration refused to formally answer proposals for renewal of peace negotiations by Jordan's King Hussein. Meeting with President Reagan at the White House, Hussein presented what he had described as "the last chance for peace"—an official recognition by the Palestine Liberation Organization of United Nations resolutions 242 and 338, which recognize Israel.

President Reagan, who had been told by the State Department that this would be a routine meeting, was visibly unprepared for such an offer, and remained speechless. American officials publicly expressed reservations over the proposal, implying that they would wait for PLO head Yasser Arafat to say it himself.

This posture is more than cynical, given that American officials have always insisted that Hussein act as spokesman for the Palestinians!

In short, the State Department is acknowledging the success of Moscow's—and their own—wrecking job against the very foundations of the September 1982 Reagan peace plan. As the talks between Undersecretary of State Richard Murphy and Soviet diplomat Vladimir Polyakov last February in Vienna revealed, there has been active complicity between the State Department and the Soviet Union in this process. "You want Lebanon? Take it!" Murphy told his Soviet partner—at the very moment that the White House was considering a several-billion-dollar development offer for Lebanon from Saudi Arabia's King Fahd!

Murphy and company concluded an "understanding" with the Soviet Union: Both superpowers will refrain from direct involvement in any way in the Middle East. Naturally, this completely undercut all White House negotiations with Arab leaders—Egypt's Hosni Mubarak, Jordan's King Hussein, Algeria's Chadli Benjedid. Each one went to Washington with significant, not to say excellent proposals for relaunching a peace process in the Middle East, and each returned to his own capital empty-handed.

So, while America's policy toward the Middle East has sunk into non-existence over recent months, despite the repeated pleas from Arab leaders that Washington take leadership, the Soviet Union has had little difficulty in shifting the situation back in their favor. No miraculous feats of diplomacy or financial offers did the job. Rather, given the State Department's complicity, Moscow has used sheer terror, organized around the consolidation of a Tripoli-Damascus axis, with Teheran as a junior partner.

Then, Moscow gave the green light to Syria for the final assault against the Lebanese nation, during the visit of Bulgarian party chief Zhivkov to Damascus in the days immediately following the first Warsaw Pact summit to be chaired by Mikhail Gorbachov. Shi'ite and associated militias began massacring Palestinian civilians in Beirut. On May 31, Syrian President Assad agreed to put Syrian troops into Beirut, after besieged Lebanese President Amin Gemayel begged him to do so, in Damascus. Syria's final take-over of the country will achieve Damascus's long-held ambition of integrating it into the "Syrian Nation," as the Syrian foreign minister told an understanding French government on May

23 in Paris. But it is also aimed at sending a signal to pro-American Arab governments: "You could be next on the list!"

This, of course, also implied a green light from the State Department, and from the government of Israel, which is very much a party to the "understanding" worked out between George Shultz and the Russians. Israel has engaged in a series of negotiations of its own with Moscow, directly and through intermediaries, leading up to the current new atrocities by Syrian-controlled militias in Lebanon. On the public record alone: Yitzhak Shamir met with Andrei Gromyko at the United Nations in November 1984. KGB billionaire Armand Hammer visited Moscow, and then, former Austrian Chancellor and Socialist International celebrity Bruno Kreisky paid a call, both on the Israelis' behalf. Seagram's magnate Edgar Bronfman held talks with Soviet officials—in his capacity as a spokesman for Israel's "Lansky mob," the drug-running and casino-grambling crowd now virtually in control in Jerusalem. Then, on the early-May occasion of celebrations of the end of World War II, the first Soviet military delegation since 1967 visited Israel, in a "private" capacity.

The upshot: The Soviet Union will allow a growing stream of Russian and Eastern European Jewish emigration to Israel, to help populate the West Bank, and Israel will allow Syria to have a free hand in Lebanon.

Muammar Qaddafi also played a key role. Libya, which claims to be the defender of the Palestinians and called for an end to the fighting in Beirut—after the massacres had already occurred—was essential to Syria's success. This became public knowledge on May 18, when the Syrian and Libyan cabinets met in joint session in Damascus to discuss a "merger" between the two countries.

Few could have any illusions that this proposal is meant seriously; most know that neither Damascus nor Tripoli nor Moscow actually want it to occur. The two countries have specific roles to play in different regions of the projected Soviet imperial domain. Both satrapal governments also know that massacring Palestinians in Beirut will not be enough to destroy the Palestine Liberation Organization of Yasser Arafat, which represents a powerful challenge to Syria's claim to regional domination. While Damascus and Moscow need the radicals of the so-called Palestinian National Salvation Front of George Habash, they also need some means of keeping channels open to the PLO. That is Qaddafi's role.

According to intelligence sources, the subject of the discussions in Damascus was not an illusory Libyan-Syrian unity, but a joint reactivation of the Abu Nidal terrorist network against Arafat, Hussein, Fahd, and Mubarak. This will involve a merging of the terrorist capabilities represented by the numerous entities spawned by Syria in Lebanon over recent months.

On May 23, Egyptian intelligence narrowly averted an Abu Nidal-network operation in which terrorists trained in Libya and Syria were about to drive a car-bomb into the U.S. embassy in Cairo. In the same vein, "Islamic Jihad" kidnaped two Frenchmen on May 23, and the director of the American

Hospital in Beirut on May 28. They now threaten to execute these hostages unless members now jailed in Kuwait are released. In preparation for such operations, Libya in recent weeks has purged more than 200 members of its intelligence service considered unreliable; this has included Minister of External Security Col. Belkacem Younes Ali. Syria did the same last February, when it strengthened the capabilities of the Syrian Security Council led by the president's brother, Rifaat al Assad.

### An evil choice

Faced with the terrifying absence of any initiative whatsoever from Washington, Egypt and Saudi Arabia are now being presented with a very simple choice by Moscow: Either break with Washington or be destabilized. The careful coordination and timing of terrorist threats and diplomatic offers has never been clearer than in the Russian client-states' current behavior toward the Saudi Kingdom and the Gulf countries in recent weeks.

First was the diplomatic show which saw Muammar Qaddafi arrive, unannounced, in Jeddah for a meeting with King Fahd, and then go on to Mecca. In Jeddah, he proposed to the King joint cooperation to help the new regime in Sudan—which the State Department, with noteworthy timing, has both pressed for compliance with genocidal International Monetary Fund programs, and cut-off from arms aid in the face of a guerrilla offensive in the south. In Mecca, Qaddafi conducted a public prayer calling on the Kingdom to break with America.

Twenty-four hours later, two bombs, claimed by "Islamic Jihad," were detonated in Riyadh, just as Prince Saud al Faisal, the foreign minister, was conducting his first visit to Teheran since the beginning of the Gulf war more than five years ago. At the same time, just to emphasize that compromise with the Soviet client-states is the most judicious path, a Saudi diplomat kidnapped by "Islamic Jihad" in January 1984 was returned to Riyadh, profusely thanking Hafez al Assad for his personal efforts in securing his release!

It is not then difficult to guess the tenor of Saudi discussions with Soviet diplomats a few days later at meetings in Kuwait. Perhaps the Saudis were not cooperative enough, for on May 25, a kamikaze-car-bomb nearly killed the Emir of Kuwait. Next time, Riyadh, too, may expect, not mere bombs, but kamikazes.

For the first time in a decade, Saudi Arabia, like other Gulf countries, is facing a severe economic crisis with attendant social instability, especially among foreign workers. Under such circumstances, it may not be long before the princes choose sides. The Saudis notably refrained from extending support to the February agreement between Arafat and Hussein which implied PLO recognition of Israel and made the Jordanian King spokesman for the Palestinians. And, on the massacres of Palestinians in Beirut, Riyadh's silence has been deafening. This is nothing less than a gesture of good will toward Assad.

# Major maneuvers open on European continent

by Konstantin George

On Saturday, May 25, a six-day Warsaw Pact military maneuver involving Soviet and Czech units, totaling at least 25,000 troops, began in Western Czechoslovakia. The event, receiving scarcely a line of coverage in the Western press, marks the opening of a major series of Soviet ground and air maneuvers on the European continent, which will continue through September.

Military professionals are not nearly as sanguine as the Western press, regarding these developments. Pointing to the 1984 summer maneuvers in Central Europe and the Western Soviet Union, which rehearsed a surprise attack on West Germany, that would require no preparations, and hence, leave no warning time, a veteran military intelligence analyst told *EIR*: "The Soviet maneuvers of June-July 1984, and later in August-September 1984, massive as they were, were essentially rehearsing offensive unit operations at the Front Level [The Soviet term "Front" refers to an operational area involving several Armies]. We expect these maneuvers to be systematically expanded in scope during 1985 and 1986 . . . to encompass the Theater of War, or 'TVD' level."

The analyst continued: "The Soviets need to conduct maneuvers, which would de facto span the entire Western Front." After stressing that the Soviet buildup of offensive weapons systems, from missiles, to tanks, to munition stocks, is far beyond the published Western estimates issued by IISS and other institutes, he reported: "Two to three years are required to bring their forces to the point where they can invade the entire length of the Western Theater, without making any visible assault preparations."

He concluded in alarm: "I'm firmly convinced that in two to three years, the Soviets will be in a position to mount a surprise attack across Europe."

## On the move in Bohemia

The exercises now underway in the Bohemia and Moravia regions (Western and Central Czechoslovakia, respectively), are clearly offensive operation rehearsals, even from the limited information issued by the Warsaw Pact on the maneuvers to date. The Czech News Agency, CTK, reported on May 24, that the aim of the exercises involving Soviet and Czech ground and air forces, was to "enhance ground-air coordination," i.e., air support of forward-moving army motorized and tank units.

The Soviet "Central Group of Forces in Czechoslovakia" number 80,000 ground troops, including six Divisions (three Armored and three Motorized) plus one SS-22 Brigade with 36 SS-22 Launchers. The SS-22, with a 1000 km range (625 miles), was first introduced into Czechoslovakia after the big "Shield-84" maneuvers of September 1984. According to well-placed sources, the current maneuvers will mark the first use of the SS-22s in the C.S.S.R. in a major military exercise.

While news is still sparse, sources have confirmed that Soviet units participating include "Central Group" HQ units based at Mlada Boleslav, northeast of Prague, and units of the 18th Motorized Division, also based there. It has also been confirmed that units of the Czech 20th Motorized Division, based at Karlovy Vary, near the Bavarian frontier, are also participating.

The current exercises are the biggest since the "Shield-84" maneuvers of August and September 1984, which involved over 60,000 troops. Besides Soviet and Czech units, units of the East German Polish Armies, and token Hungarian, Bulgarian, and Rumanian units participated. In contrast to the present exercises, which began after no visible preparations, "Shield-84" featured extensive preparation time, with the Warsaw Pact contingents arriving over the latter half of August, and the active part of the exercises first beginning on Sept. 9. Shield-84's active maneuvers climaxed simultaneously on Sept. 11 and 12 in three geographical regions: in Slovakia, or Eastern Czechoslovakia; in the central region of Moravia; and, in Bohemia. Highlights of the Bohemian portion of the maneuvers included a multi-national Warsaw Pact unit crossing of the Elbe with pontoon bridges, and, the dropping by parachute of a Soviet Airborne Division, with its airborne armored vehicles, from the U.S.S.R. into Bohemia.

## New ICBMs by the hundreds

The picture of a surging growth of Soviet offensive military capability, timed to achieve maximum strategic superiority over the United States and NATO by about 1988, is confirmed in the cold facts and figures available in May from the *White Book* of the West German Defense Ministry. The Ministry declares: "The Soviet Union is now in the midst of considerably expanding the number of its ICBMs, which are so accurate, that they could hit or destroy even protected missile silos."

The Ministry reports that the Soviets are now in the midst of: 1) Replacing their 520 one-warhead SS-11s, stationed between 1966 and 1973, with the mobile precision accurate ICBM, the SS-25. 2) Beginning in 1986, the 150 SS-17s, a MIRVed missile with four warheads, which was first stationed in 1977, will be replaced by the precision accurate SS-24 mobile ICBM. Each SS-24 has 10 warheads. Thus, in addition to the accuracy question, the SS-24 stationing represents a net gain of 900 nuclear warheads.

# U.S.-Saudi joint Shuttle: a new approach

by Our Special Correspondent

The next United States launching of the space shuttle Discovery, in mid-June, will include for the first time a jet-pilot from Saudi Arabia, Prince Sultan Bin Salman. Along with a French astronaut, Patrick Baudry, this flight will mark the first U.S. space mission involving astronauts from three nations. It also represents a significant breakthrough for U.S.-Arab relations, despite heavy opposition from pro-Israeli forces in the United States and Israel itself.

The purposes of this mission will include the testing of pop-up mirrors to be utilized for the ground-based laser system being developed under the President's Strategic Defense Initiative (SDI). Another included program in this mission will be the deployment of the second ARABSAT satellite, ARABSAT 1-B, which is owned by the 22-nation Arab Telecommunications Consortium. Saudi Arabia, which has funded 26% of the project, is the leading contributor.

The first such satellite, ARABSAT 1-A, was launched by the European Space Agency's Ariane space shuttle from French Guyana on Feb. 9, and is now positioned in orbit above the Arab world. Jordan, with its new earth station completed, is among the first Arab countries to link up with ARABSAT.

On the ground, ARABSAT's earth control network has been preparing for the launches. Two telemetry, tracking, command, and monitoring (TTCM) stations will communicate with the satellites and serve as the master control terminals—one near Riyadh in Saudi Arabia, and the other near Tunis. The Riyadh station, as the primary ARABSAT tracking facility, will be monitoring the satellites during launch and while in orbit.

In the Arab world, this U.S. and European sponsored program represents one of the last remaining hopes of bringing the Arab world into the Space Age, and creates a new set of conditions for the type of cooperation needed in the Middle East—given that Lebanon has been destroyed and the chances for a lasting peace in the region otherwise appear almost nil.

The critical political importance of this joint U.S.-Saudi project is well understood by those political forces opposed to the venture. Not surprisingly, the Israeli intelligence service, the Mossad, through their U.S.-based assets, opposed the joint venture, and up until the current take-off date, had

been successful in delaying two earlier scheduled launches.

The project's development, of course, was a result of the special relationship and good will between the United States and Saudi Arabia, unique in the Arab world. Hence, the forces determined to sabotage Middle East peace are now mobilized to poison this relationship.

According to well-placed sources, the publication of the book, *The American House of Saud: The Secret Petrodollar Connection*, by Steven Emerson, represents a signal to the relevant forces in the U.S. Congress to launch an "investigation" into the U.S.-Saudi connection. Simultaneously, a new movie or TV mini-documentary series portraying the House of Saud as corrupt, venal, and dangerous is being planned for release in either the summer or fall. Emerson's backing for the project came from former presidential candidate John Anderson, who has already formed a special committee to "investigate the Saudi connection." Operating behind the scenes and looking to generate so-called "public interest" is the organized-crime-linked senator from Cleveland, Howard Metzenbaum.

Metzenbaum enjoys support from a network of State Department officials and ex-officials, including one of the key figures in promoting the line that the Saudi government is "unstable," David Long. Long, a former State Department official in the Bureau of Intelligence and Research (INR), prepared a classified study on the stability of the Saudi Royal Family and the emergence of the Shi'ite minority. Long's report asserted the alleged fact that the Saudi regime could not last more than three to five years. His study, commissioned in 1981, was released to author Emerson as a means of bolstering the claim that there is a "need for opening an investigation into the Saudi regime."

## Cui bono?

The beneficiaries of the destabilization of the Saudi government are threefold: 1) the Soviet Union; 2) a certain faction in Israel; 3) Iran. Given U.S. strategic interests in the Middle East and Persian Gulf, destabilization of the Saudi regime would end any viable U.S. presence in the region.

Presently, the operations of Khomeinac Islamic terrorist networks are reaching into the Saudi capital, Riyadh, and are aimed at weakening the legitimacy of King Fahd. At the end of May, a series of bombings took place in the capital. These operations came on the heels of a massive new destabilization in Lebanon and near genocide against the Palestinian population there by Shi'ite militias backed by the Israelis and the Syrian regime.

Given the present, systematic collapse of U.S. Middle East policy, the only viable option remaining to the United States is the immediate extension of recognition to the Palestine Liberation Organization. This would open the way for a Middle East settlement, and permit a continued development of the type of relationship with the Arab world, based upon scientific and technological cooperation, that is exemplified by the U.S.-Saudi Shuttle project.

# The human rights mafia behind Sikh terrorism

by an EIR Investigating Team

Under the banner of "justice" for the Sikh terrorists who murdered Indian Prime Minister Mrs. Gandhi, there is a large and growing "human rights" movement attempting to destabilize India. It is directed by the same Anglo-Soviet circles who ordered the assassination, and is characterized, from top to bottom, by a fanatical hatred of the "Gandhi Dynasty's" attempt to create a modern nation state in India. Not surprisingly, this Amnesty International-led mafia is heavily interfaced with the anthropologists, religious specialists, and others who created modern postwar Sikh terrorism in the first place (see *EIR*, May 28), including much of the same personnel who were active in overthrowing the Shah of Iran.

It is generally acknowledged by specialists that the first shot of the Iranian revolution was fired, not by a mullah, but by Amnesty International (AI), in November 1976. In that month, AI released a major international report charging the Shah with torture, violations of minority rights, etc., beginning an international campaign to discredit him. With slightly different predicates, AI is now leading the charge against India, on behalf of the Sikh terrorists trying to establish a nation of "Khalistan" out of a broken India.

## Human rights for whom?

The intentions of the human rights gang led by Amnesty, are best judged by examining their clients, in the United States and abroad. The two most prominent organizations in the United States, with whom the Amnesty crowd works, are the World Sikh Organization (WSO) and the Sikh Association of America (SAA), both of whom are not only separatist-terrorists, but notoriously so. The American population got a good taste of the Sikh Association of America when its national president, Dr. Hamdan Azad of Houston, appeared on ABC's Nightline hours after Mrs. Gandhi's assassination. Even the cynical Ted Koppel was shocked by Azad's gleeful endorsement of Mrs. Gandhi's murder.

To those who have followed Azad and his SAA, the reaction was entirely expected—he is a leading associate of the self-styled "president of Khalistan," Dr. Jagjit Singh Chauhan, who repeatedly called for the assassination of Mrs. Gandhi, over the British Broadcasting Corporation and any other media available to him. Callers to Chauhan's Khalistan

House in London, are directed, that in the United States, "you must get in touch with Dr. Azad."

As for the WSO, its General Secretary, General Jaswant Singh Bhullar, was the chief military adviser to Sant Bindranwale, the Sikh terrorist leader who was directing assassination campaigns against civilians and anti-Khalistan Sikh factions in the Punjab. With Bhullar's help, Bindranwale turned the Golden Temple into a fortified command post for terror, finally precipitating the invasion of the temple by the Indian Army. Several days before the storming of the temple, on May 30-31, Bhullar fled India, reportedly with an arrest warrant on his head. After a tour of Canada, the United States, and the U.K. to meet with Sikh terrorists abroad, Bhullar and associates founded the WSO in July 1984. As WSO President Didar Singh Baines has said of the WSO, "Dr. Chauhan runs the government [of Khalistan], we are the party."

The philosophy of these two interlinked organizations was explained by Kuldit Singh, the Detroit-based secretary of the SSA, to one of his clergy supporters: "Well, Khalistan movement, now it is the movement of the entire community, here also. Everybody now, you talk about the WSO, their main resolution is Khalistan. You talk about the Sikh Association, our resolution is also for Khalistan. Khalistan was a very legitimate demand and government has turned down that demand and started killing Sikhs left and right."

However, as the controllers of Sikh terrorism realize, the road to Khalistan will not be paved with rantings on national television about assassinating heads of state. Thus, the more subtle approach, emerging out of the Sikh terrorist faction in the past several months, is the "human rights line." As Surgit Singh, the Buffalo-based community relations director of the WSO, attempted to explain: "Personally, I am not a member of any organization. Once you become a member of any organization, your credibility for humanitarian causes is kind of gone because anything you say is considered political propaganda. However, I do hear from WSO people and also from the Sikh Association of America. . . . I chose the path of human rights."

What this independent gentleman, in his zeal for humanitarian causes, perhaps forgot to mention, is that he has been the close friend and chief speechwriter for Jagjit Singh Chauhan for over 35 years. Surgit says he was advised "to go the human rights route" in a meeting some months ago with Jeane Kirkpatrick, the former U.S. ambassador to the United Nations, and an old friend.

Surgit evaluates the progress of the WSO down the human rights road as follows: "WSO is coming a little further now. The problem was that they had a group of people who were too emotional. I tried to tell them they should disassociate themselves from that group because things are done differently in the West from the way they are done in India or anywhere in the Third World. Your method is different,



your approach is different.”

The following are the chief players in the “human rights” plan to destabilize India:

**Amnesty International:** With a branch in India, and currently in sensitive negotiations to get another group in to investigate the “Sikh cause,” AI has been after India for years, as indicated in the Indian coverage in its recent publications, such as “Torture in the Eighties.” AI professor Barney Reuben of Yale has just authored a preface to a Sikh human rights book which will be out in mid-June. Leading AI policy figures include Ramsey Clark, who marched in Teheran carrying a “Death to America” placard and Zbigniew Brzezinski, notorious for his “fundamentalism as a bulwark against communism” line which has destroyed much of the Middle East.

**Human Rights Internet:** HRI’s Washington, D.C. executive director Laurie Weissberg was instrumental in pulling together the mid-April “hearings” on Capitol Hill where Bhullar and company told their story to U.S. congressmen.

**National Council of Churches, South Asian Division:** under Rev. Lonnie Turnipseed, the NCC has been engaging in dialogue and prayer sessions with terrorist Sikhs and their supporters, “so they do not feel isolated.” The parent body of the NCC, the World Council of Churches, was kicked out of Egypt by Egyptian President Sadat some months before his assassination on charges of destabilizing the country.

**Minority Rights Group:** Based in New York and London, MRG has been one of the loudest cheerleaders for Sikh terrorism. A leading figure in London MRG, Dr. Christopher Shackle of the University of London, authored their pamphlet on minority rights violations in the Punjab. Shackle’s interest in human rights is a bit odd. His office is at the headquarters of the East India Company in London, which *still* exists and retains the most voluminous files on India. The East India Company, of course, was responsible for the deaths of millions in India in the 19th and 20th centuries through manipulated famines.

At least one of Dr. Shackle’s erstwhile students converted to Sikhism and became a key figure in the support apparatus of Chauhan. The New York MRG figure Barbara Joshi testified at the mid-April hearings, and is raring to go to push the terrorist Sikh cause.

**Human Rights Committee for Sikhs:** Based in Syracuse, N. Y., this outfit is headed by a former Jewish anthropology student, who converted to Sikhism during the course of his studies and is now known as “Ralph Singh.” Singh is a fanatical one-worldist, president of his local United Nations Association, and bitterly opposed to the industrial development of India because it “disrupts traditional cultures.”

**Human Rights Caucus of the House Foreign Affairs Committee:** Led by Congressmen Lantos and Porter, the Caucus was a cosponsor of the mid-April hearings, providing the room on Capitol Hill. When those hearings caused a

major international incident between the Indian and U.S. governments, the State Department responded, “As part of the American democratic process the public discussion of domestic and foreign issues is encouraged.”

Other congressional supporters named by Bhullar’s gang as close to them include Yatron, Fazio, Rowazik, Torricelli, and Solarz, with Vic Fazio (D-Calif) planning to circulate a “dear colleague” letter on their behalf.

**Society for Endangered Peoples:** A leading figure in this Libyan-funded organization is the London-based Richard Hauser, whom Chauhan describes as “his spiritual guide”; regarding Chauhan, Hauser says “I like Chauhan enormously. . . . We have worked together quite a lot.” Hauser is now in touch with “leading figures in the Indian government” in conciliation work of various minority groups, which he says is “quite sensitive.” Of his contacts, he reports that it “would be indiscreet” to release their names.

**U.N. Human Rights Committee:** The key contact in this outfit of Bhullar’s WSO is Tom McCarthy. The Sikh cause will be brought up in August at the Geneva U.N. session.

**Anti-Defamation League of B’nai B’rith:** WSO community relations leader Surgit Singh reports that he is collaborating with ADL head Kenneth Bialkin. Bialkin is notorious as the lawyer for drug-pusher Robert Vesco, now operating out of Cuba. ADL Washington head David Brody has also been contacted to help.

To help clean up its terrorist image, the WSO has retained the public relations help of former Congressman Jim Corman, headquartered in the same building as Bhullar, at 1420 16th Street in Washington. Corman reports that, unfortunately, everyone accuses his clients of “skulduggery,” but “I must say, I’ve worked with these people for nine months and I am convinced they are honest, straightforward people and there’s no terrorism or anything else they’re involved with, particularly General Bhullar and the group he’s with.” Either Corman’s judgement is influenced by the fact that Bhullar’s gang has not murdered anyone in his presence, or perhaps by the fee paid to him by WSO’s President Didar Singh Baines, the figure who says that the WSO is the party for Chauhan’s government of Khalistan.

In an interview, Chauhan further boasted that in India, the Sikhs had the cooperation of the People’s Union for Civil Liberties and the People’s Union for Democratic Rights, which are “extremely active,” according to Amnesty International. Both organizations have attacked the anti-terror laws passed by the government after the Sikh blind terror wave of May 10, which killed 80 people. The main concern of these organizations is not “human rights,” but the overthrow of the current government. The PUDR is a front for the Communist Party Marxist, which is drawing closer to the Soviet Union; the PUCL was formed during the 1975-77 Emergency by Janata Party leader J. P. Narayan.

## Parliamentarism to legalize casinos

by Silvia Palacios

The government of Brazil's new President Sarney is immobilized. More than the hoped-for government actions for change which the Brazilians expected with the new civil government of Tancredo Neves, who died before he could take office, what sticks out is ministerial infighting, which only helps the plans of the Justice Minister, Fernando Lyra. He is trying to weaken the President to impose a British-style parliamentary system, which will facilitate the plans of the financial oligarchy to turn the whole of Brazil into a center for laundering dirty money, with all the corruption that goes with it.

Ever since he came into office in the Justice Ministry, Lyra has attempted, sometimes successfully, to obsessively take control of the political process. His efforts are dedicated to turn the process of amending the Constitution—the Constituent Assembly—into a battle in favor of the old British colonial idea, parliamentarism, against the U.S.-modeled republican presidential system which is so necessary for Brazil's technological development. On May 10, he stated that the majority of the Congress favors parliamentarism: "The parliamentarians have taken a liking to power in these recent days."

British longings govern the political motivations of a powerful faction of Sao Paulo, headed by the governor, Franco Montoro, who is oh-such-a-good-friend of Henry Kissinger, as well as of the Spanish Nazi philosopher Ortega y Gasset, who says that man is a manipulable being, "man is his circumstances."

Montoro's program is reduced to the "small is beautiful" theory pushed by, among others, the Club of Rome. On May 24 on a television program, the Sao Paulo governor unloaded his fury against the Brazilian nuclear energy program as an "ostentatious project"; and he added that the constitutional model adopted by the country with the birth of the republic in the last century was unacceptable and obsolete, since it imitated the precepts of the "North American Constitution." Among the modifications he announced should be made in the Constitution, one clause stands out—to "respect the ecology."

There's more to it than phrases from ecological utopianism. According to the book, *O complô que elegeu Tancredo*, Montoro's man inside the cabinet, Industry Minister Roberto Gusmão, was the recipient of the confidences of the specu-

lator Mario Garnero, who has been indicted by Brazilian authorities for financial fraud. In the critical moment when the change to the civilian government was being effected, Garnero visited Gusmão, then Montoro's interior secretary, and told him that it would be best to adopt a parliamentary system and that President-elect "Tancredo can stay on as Prime Minister."

Who knows—the parliamentary inclinations of Garnero may have perhaps helped him to get the Justice Ministry to block and foot-drag on the action of justice to put said financier in the place he belongs—jail.

On March 28, while Finance Minister Francisco Dornelles was putting on the pressure to preventively detain Garnero, a ministerial source stated that Dornelles was hopping mad "because of the delay of the Justice Ministry in moving on the consideration of preventive detention." As a result, Garnero had the time to orchestrate his defense.

### Justice in samba rhythm

It was on May 8, that the real colors of the minister started to show. Lyra spoke of the projects he has in his ministry. After presiding over a meeting with the Security Secretaries of the entire country, he declared himself in favor of legalization of *bicho* games (which are illegal but tolerated), a betting operation controlled by the drug trafficking mafia, which also finances the degrading samba schools.

On May 14 on television, answering a question on whether it was not a contradiction to fight drug trafficking and on the other hand to legalize *bicho* which "always carries something more with it" (drugs), Lyra argued, "Yes, but if society wants it (as it seems to), we are going to legalize it." Exactly like Milton Friedman, he said that everybody "has the right to commit suicide as he pleases."

He also threw into the ring another argument, identical to that of the mafias which demand that governments prostitute themselves by legalizing dope production: If *bicho* is legal, the state can share in the profits which now go only to private entities.

But the mafia is the mafia, and Minister Lyra knows it. In an interview on March 25, Ivo Noal, one of the biggest *bicho* controllers in Sao Paulo, stated that the profits will not be shared. If the state tries to cut in on the take, he said, we will have an underground organization of the game "parallel to the legal one."

The archliberal Fernando Lyra, friend of the ultraleftists, agrees with the IMF plan of making Brazil into a fiscal paradise for dirty money and flourishing casinos and prostitution much worse than Hong Kong. As federal deputy Israel Dias Novaes revealed, there is a lobby acting in Congress "financed by international economic groups which exploit gambling" whose immediate objective is to "pass a bill which will reopen casinos in tourist cities."

This demand has been insistently proposed by a "business" group of Petropolis, the city controlled by the Bragança royal family.

## Economy may topple mullahs

*For the mostazafins, the very poorest, the situation is desperate enough for a new revolution.*

On May 17, several hundred thousand Iranians demonstrated in the largest cities of Iran against the five-year-long war with Iraq. In Teheran, several thousand cars created an enormous traffic-jam while passersby carried red flowers and distributed sweets to each other. But for a few incidents in Teheran, Ahwaz, and Tabriz, a few clashes with the Pasdarans (Revolutionary Guards), and a few arrests, the demonstrations came off peacefully.

Shahpur Bakhtiar, the last prime minister under the Shah, who had called for such passive resistance, was quick to claim success, and called on his supporters to stop demonstrating to avoid any bloodshed.

However, as many Bakhtiar supporters recognized, it was not merely the call by him several weeks prior to the events which had brought hundreds of thousands into the street. Rather, the success of Bakhtiar's call resulted from its timing: It coincided with events inside Iran that highlight growing unrest and disgust over the war with Iraq, especially on the part of those inhabitants of the cities who are now targeted by Iraqi bombs and missiles, as well as increased dissatisfaction at the economic mismanagement of the country by the mullahs.

Exemplary of the situation were the street-battles fought in the first week of April between the local inhabitants of northern Teheran and the Pasdarans. Shocking to the mullahs was the fact that these inhabitants belonged to the *mostazafin* (poor) layers,

who have previously been seen as the pillars of the regime.

Prompting the violence, in addition to food shortages, was that this particular quarter of Teheran had been systematically hit by Iraqi war-planes for several days, and had received no help whatsoever from the Pasdarans—but for a television team!

Immediately coming to the defense of the local inhabitants were some 20 members of parliament belonging to the conservative Hojatiyyah Brotherhood. They called for an end to the war. The Hojatiyyah, on religious grounds, have been opposed to the appointment of Khomeini as the Caliph of all Muslims. They were supported by a few grand mullahs such as Ayatollah Tabatabai, Ayatollah Golpayagani, and several others who have since been put under house arrest.

The growing opposition to the war now is directly based on the disastrous consequences it has had for Iran's fragile economy. While war on the borders with Iraq didn't really affect the daily life of the hundred of thousands of *bazaari* who sided with Khomeini against the Shah, the targeting of the cities has disrupted normal economic and trading activities. Furthermore, such disruption has been aggravated by Prime Minister Mir-Mussavi, who decided to impose communist-like economic measures which the traditional *bazaari* tradesmen are fundamentally opposed to. Using the channels of the Imams of the Friday Prayers, "Imam Jome," who

have a direct channel to Khomeini's official heir, Ayatollah Montazeri, and have a wide-ranging intelligence network to enable them to prepare their Friday preaching, the *bazaaris* have called for Mussavi's resignation and a "liberalization" of the economy.

However, a liberalization cannot make up for the fact that the Iranian economy has been steadily collapsing. Iran's GNP has declined by 50% since 1979, according to member of parliament Nadji Najafahdi, from 7,500 to 3,200 billion riyals. First to collapse has been Iran's agriculture, of which the mullahs claimed to be the defenders in 1979. The peasants and farmers were the first to be sent to the front, while millions of others fled the battlefield areas in the countryside for the cities.

Teheran, which had 5 million inhabitants in 1979, now has 9 million; Qom went from 200,000 to 2 million; Karadj from 300,000 to 2 million, etc. The massive exodus from the land naturally led to massive food shortages, which hit average families hard.

With an average monthly wage of 30,000 riyals (\$300), such basic food as a kilogram of potatoes will cost R300 on the black market, rice R1,000, meat close to R2,000. Rent in Teheran, for those who can afford an apartment, may go up to R20,000. Officially, as food is to be distributed centrally by local committees, the black market doesn't exist. Reality is otherwise, especially when Pasdaran members quickly buy all available food supplies for themselves—then to sell it at incredible prices to whomever can buy. Only dignitaries of the regime or favored families of martyrs can afford it—when unemployment runs as high as 6 to 7 million.

For the *mostazafins*, the situation is desperate enough for a new Iranian revolution.

## **Brandt gets his orders from Gorbachov**

*Even the Red Army chieftains turned out to meet with Brandt, to plan strategy against the Western alliance.*

**P**resident Reagan was right to reject a meeting with Social Democratic Party (SPD) chairman Willy Brandt in Bonn on May 5. Hearing anti-American barrages daily from the propaganda mills in Moscow, there was no reason for him to listen to it all again from Brandt.

The Soviets are grooming Brandt's Social Democrats to oust the government of Christian Democratic Chancellor Helmut Kohl, to pull West Germany out of the Western alliance, and to nip in the bud the tentative moves from Bonn toward cooperation with the U.S. Strategic Defense Initiative (SDI). During a flurry of diplomatic activity May 21-29, Brandt received his marching orders on this score directly from the Kremlin—including the "peace-loving" Red Army brass.

First, on May 21, Brandt and his *alter ego* Egon Bahr (the architect of the Social Democrats' strategic policies, including Brandt's famous *Ostpolitik* of the early 1970s) arrived in Paris to meet Lionel Jospin, the chairman of the French Socialist Party, and other French party leaders. A common platform was adopted, denouncing the SDI as an attempt to "militarize space," and calling for a "European alternative in defense and economics, monetary and technology policies."

In the German weekly *Der Spiegel* published the previous day, Bahr had revealed what this was really about: Europe should stay out of the SDI, but work on a strictly non-military space project, and the French and British should strike a deal with Moscow which would make American nuclear weapons in Western Europe "expend-

able." This was, wrote Bahr, what Brandt wanted to discuss with Soviet leaders.

Arriving in Moscow on May 26, Brandt was accorded high honors. The next morning, with Bahr in tow, the Brandt delegation had a three-hour session with General Secretary Mikhail Gorbachov, Foreign Minister Andrei Gromyko, and Central Committee officials Boris Ponomaryov, Vadim Zagladin, and A. Aleksandrov-Agentov. This was followed by a "private" session among Brandt, Bahr, Gromyko, and Gorbachov, lasting another five hours. In the evening, Moscow television covered the meetings as the leading news item for about 20 minutes—play-up hardly accorded any Communist leader lately.

Brandt presented himself as a staunch adversary of the SDI, and of American policy in Central America and the Third World. He told Gorbachov that Western Europe needed a security policy which could only be based on "partnership" with Moscow, and accused President Reagan of "cheating the peoples at the Geneva talks."

Then Brandt presented his design for a Europe free of nuclear and chemical weapons, which would, he said, see its Eastern and Western parts "collaborating in science, economics, technology, and ecology."

Gorbachov replied with lavish praise of Brandt's former role as chancellor in "the planting of good seeds"—the *Ostpolitik*—and spoke of Europe as "our common roof." Hailing the Social Democrats as comrades of the Communists in the workers' struggle

against capitalism, he declared: "In spite of all remaining ideological differences, Communists and Socialists should collaborate in finding the solution to the most essential problems in our time."

Brandt and Gorbachov agreed to form a joint working group of the German Social Democrats and Soviet Communists on questions of disarmament, opposition to the SDI and chemical warfare, and Third World policy. The group will have its first official session in Bonn in September, and the delegations will be headed by Bahr and Ponomaryov.

The day after his meeting with Gorbachov, Brandt caucused again with Ponomaryov, discussing Third World issues, the world debt crisis, the dollar economy, and the role of the International Monetary Fund and World Bank. While the details of these talks were not released, the two agreed that "collaboration" on these matters should be intensified.

While Brandt and Gorbachov met in Moscow, the German Social Democrats and Italian Communists met for a strategy symposium in West Berlin, and European member parties of Brandt's Socialist International met in Paris to discuss issues like "European self-assertion against the dollar" and "alternatives to the SDI." The demand is on the table now that Europe set up its own, independent monetary system with a reserve currency unit of its own. The Socialist International has made this proposal, and the Soviets endorse it, naturally, because it fits their own drive to split Western Europe from the United States economically.

Brandt's sojourn in Moscow concluded on May 29 with a meeting with Marshal Sergei Akhromeyev, the Chief of the Soviet General Staff. What did they discuss? "Peace and disarmament"!

### Communists push cost of living vote

*The referendum of June 9 is designed by the Nazi-Communists to profit from the government's 'recovery' delusions.*

**E**merging from the night session which ended the Communist central committee meeting on the causes of the heavy electoral defeat on May 12, one of the rising stars of the Communist Party, Renato Zangheri, told the press that no agreement had been reached on anything, except on one point: the need to focus all efforts on the referendum on the cost of living escalator.

Forty-four million Italians will be forced back to the polls on June 9, less than one month after the administrative elections, in order to give the Communists a chance to take revenge against the coalition government which won on May 12. Formally, the abrogative referendum will decide whether the Italians want to stick to the government-labor agreement reached on Feb. 14, 1983, on cutting four percentage points in the cost of living escalator, or whether to abrogate this agreement.

The five parties forming the government coalition, Christian Democracy, Socialist, Social Democratic, Liberal and Republican, agreed to vote "no" in the referendum, after many weeks of attempts to avoid it by making better offers to the trade unions, which were not accepted by the Communists. The reason given by the five-party coalition is that it was thanks to the cuts in the cost of living escalator that Italy's economic situation got "better" and the inflation was "reduced."

In Italy, as in the United States, the present administration claims that

the country is in the middle of a promising "recovery," while the real economic situation is getting more and more dramatic as a result of the International Monetary Fund's genocidal austerity policy, accepted by all parties, from the Communists to the fascists.

The Communists, extremist parties, and the Greenies, who will vote "yes" to abrogating the cuts in the cost of living escalator, do not plan at all to improve the living standards of the Italian population with the referendum. They themselves admitted that even if the "yes" wins on June 9, nothing will really change for the workers, heavily hit by IMF-dictated austerity. They will get \$10 more in their June pay envelopes right after the vote, only to see the \$10 disappear in July, since the industry association, Confindustria, already announced that it will start new negotiations on the cost of living escalator at the end of June, abolishing all the agreements reached before, including the result of the referendum.

In short, the Communists are planning to buy with 10 miserable dollars the votes they could not get on May 12, and then demand again a role inside a future government, as the only ones who could impose on the cheated workers what they call "equal austerity."

The main purpose of the referendum is therefore to demonstrate that the Communists are not on their way out of the Italian political scene, as many hope, and that the vote on May 12 was only a brief parenthesis in a

long Soviet destabilization of the country. For this reason the Communist central committee decided to postpone to after the referendum, any decision on an extraordinary party congress, which was demanded by all local federations to ask for the head of General Secretary Alessandro Natta.

The internal fights which erupted after the May 12 defeat have been put aside for the moment, and an artificial unity was reached on the need to win the referendum. A few hours before the government's final decision on whether the referendum would take place or not, the Communists had already filled the walls of Rome with posters calling on the voters to vote "yes" on June 9, and a mass rally had been held in Piazza Navona in Rome on the issue.

Moreover, on May 30 the Italian press was filled with the news that the pro-Nazi MSI party of Giorgio Almirante was joining the ultraleft in urging a "yes" vote!

If the five-party government led by Premier Craxi sticks to the fairytale of an Italian recovery, and keeps accepting one after the other all the IMF demands, Italy might soon become the second Mediterranean country hit by social chaos and Soviet-run destabilization after Papandreu's Greece. Premier Craxi's party has announced that he will step down if the "no" vote loses in the referendum.

The decisions which were just taken by Treasury Minister Giovanni Goria and Finance Minister Bruno Visentini, the most loyal IMF agents in Italy, do not promise anything good for June 9: In the midst of a health red alert and the eruption of Legionnaire's disease, cholera, and AIDS cases, Goria and Visentini announced further cuts in health care and pensions, further taxes, and new increases in the gasoline price, exactly as the IMF annual report on Italy had demanded.

# International Intelligence

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## **Judge: Ali Agca is not as crazy as he sounds**

The Italian state prosecutor in the case of Mehmet Ali Agca, who attempted to assassinate the Pope in 1981, warned in an interview in the Rome daily *Il Tempo* at the end of May that no one should take at face value Agca's seemingly irrational statements during his trial, which opened on May 26. The trial is investigating the "Bulgarian connection" to the assassination bid.

Agca had declared in his deposition: "I am Jesus Christ, and I announce the end of the world in this generation"—a statement used by the Bulgarian authorities to argue that he is insane, and therefore that his allegations of Bulgarian control of the assassination plot should be ignored.

Judge Antonio Marini stated that Agca's bizarre statements are actually coded messages to his accomplices and friends. In particular, the judge cited Agca's statement linking the assassination attempt against the Pope to the Prophecy of Fatima.

"The Fatima secret is behind the attempt against the Pope," Agca had stated on the second day of the trial. Agca asked the Vatican to reveal the third secret of the Madonna of Fatima, which is said to parallel the Russian Orthodox Church's insistence that Moscow is destined to become the seat of the "Third and Final Roman Empire," and which predicts that the West will be taken over by Russia.

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## **German state attorney aids Green Nazis**

In a decision made April 18, and delivered to the defendants May 23, state attorney Dr. Wolfgang Greth has indicted European Labor Party chairwoman Helga Zepp-LaRouche for criminal libel.

Dr. Greth, who has a history of protecting Greens, including the assailant of a U.S. general in fall 1983, is acting on behalf of a complaint filed by the Green Party. The Greens asked the state to initiate the action

in response to an October 1984 leaflet and press release declaring that the Greens are current-day Nazis.

Under German law, the state can be brought in to pursue a libel case when the statement made is considered to be against the public interest. In such proceedings, the factual basis, or truth, of the statement is considered irrelevant, if it damages the reputation of the individual involved.

Upon being queried by the state attorney, Mrs. LaRouche and her associates provided the state with a 700-page dossier on the political pedigree of the Green Nazis, providing evidence from investigative research, court documents, and a myriad of newspaper articles, some from the Greens themselves, on the fascist, terrorist nature of the Green Party.

Yet the state attorney chose to ignore these facts, and move for a trial of Mrs. LaRouche, and the responsible editor for the leaflet, Mrs. Romy Schauerhammer. The particular evaluations which Greth was objecting to, include characterizations of the Greens as "eco-fascists," a "fascist mass movement," "fascist ideological background," and "ex-terrorists, old and new Nazis, Qaddafi-sympathizers and open supporters of violence."

All of these charges are more than amply documented in the dossier. Attorneys for Mrs. LaRouche and the European Labor Party will oppose the motion for a trial.

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## **Sufi movement goes more public**

A newly published magazine called *Sufi*, aimed at West Germany, Switzerland, and Austria, has announced that after decades of underground activities, the Sufi movement is now coming out into public view. In its first monthly issue, the magazine reviews the modern Sufi movement around cult leaders Oupensky and Gurdiev. The movement is now centralized in Bloomfield, Indiana.

Mystic Sufism is the brainwashing ideology behind Islamic terrorism today, with its concept of "Fana," which means "to spiritually die before your death."

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## **Warning: Soustelle arrives in Mexico**

Nazi anthropologist Jacques Soustelle arrived in Mexico on May 26 and was expected to meet with President Miguel de la Madrid, as well as with Finance Minister Jesus Silva Herzog on trade deals between Mexico and France.

Soustelle, who has been working closely with the Reverend Moon cult, made Moonie-style "conservative" pronouncements, claiming the Soviets are trying to decouple Europe from the United States, "because they know well that the continent, by itself, would have trouble standing up to them. . . . All Europe knows that strategic cooperation with the U.S. is what keeps the peace."

Soustelle, whose books promote barbaric practices of "primitive" cultures, is writing another book about Teotihuacan. His protégés in Mexico City are about to open a museum celebrating Aztec human sacrifices. Soustelle was under an arrest order for subversion in France from 1962 to 1968.

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## **Papandreou heats up Greece-Turkey tensions**

Greek Premier Andreas Papandreou is heating up tensions between Greece and Turkey, Turkish President Ozal charged, in an interview with the Anatolian News Agency. Ozal was responding to statements by Papandreou that Turkey represents the "main threat" to Greece. "There is nothing the two nations can gain from a meaningless armaments race," Ozal asserted, "but there are countless benefits for both from a reconciliation."

In one incident, the Papandreou government recently issued a note of protest to the Turkish government over the Istanbul municipality's decision to tear down a part of the garden of the Greek Orthodox church of "Hagios Gheorgios," to enlarge a street. A Turkish foreign ministry spokesman denied the lodging of a protest note by Athens, de-

claring that the verbal protest had already been given the necessary reply.

### ***U.S. cut-off of Sudan: worked out with Russia?***

Assistant Secretary of State for African Affairs Chester Crocker "can be expected to urge the Sudanese to resume discussions with the International Monetary Fund on stabilizing the country's economic situation," the *New York Times* quoted a State Department official, commenting on the purpose of Crocker's visit to Sudan on May 28. Crocker is the first U.S. official to visit Sudan since the overthrow of Gaafar Numayri on April 6.

Two days after Crocker's visit, on May 30, Sudanese Defense Minister Mohammed Osman Abdallah charged that the United States had reneged on arms agreements to Sudan. "As defense minister, I will do my best to obtain small and medium weapons from sister and friendly countries to replenish the losses in operations and other damage," Abdallah proclaimed.

Crocker met Vladilen M. Vaeev, chief of the Soviet foreign ministry department for eastern and southern African affairs, in Paris on May 29. The talks on Africa are part of the expansion of U.S.-Soviet "regional crisis discussions," and will be followed, in late June, by U.S.-Soviet talks on Afghanistan. In early May, U.S.-Soviet talks on the Middle East took place in Vienna.

### ***Mexican bishops push 'rock' synarchism***

Hundreds of Mexican youth attending a charismatic rock music mass led by Bishop Manuel Talamas on May 26, repeatedly raised their right arms and chanted "Christ the King," the slogan of the bloody 1930s Cristero insurrection against the Mexican Revolution. Later, before hundreds of youth in the plaza of the city across from El Paso, Talamas led other chants of "Christ the King."

Another rally of 20,000 synarchists in Leon, Guanajuato, attacked the Mexican government's failure to overcome the economic crisis, warned of a social "catastrophe," and called on their members to establish a national peasants union, as part of a "Christian social change."

### ***Kissinger blamed for Bangladesh tragedy***

Henry Kissinger is directly responsible for the catastrophe that hit Bangladesh at the end of May. In 1975, Kissinger, then U.S. Secretary of State, personally intervened to block the transfer of dredgers to Bangladesh, which were urgently required to alleviate silting and flood conditions in the Ganges-Brahmaputra river delta.

In May, at least 50,000 people were swept into the sea by a tidal wave that roared over islands that had been built up in the last years through silting. Although the Bangladesh government had a 48-hour warning on the cyclone, the government had no capability to evacuate the inhabitants of the islands, which were only recently settled and have no infrastructure at all. Over 2.5 million people are homeless, without means of subsistence.

The danger now is of spreading disease, because of the rotting corpses of animals and the lack of potable water. Bangladesh newspapers report outbreaks of cholera in affected areas, and typhoid is also breaking out. International agencies also estimate that every year, up to 150,000 children die of disease brought on by the monsoon period, which is yet to come.

Already, Bangladesh subsists half on aid from other countries. The World Bank projects that this country, which is desperately in need of technology transfer, will not be able to import, because of its lack of exports. This is the message of genocidal Malthusian economics.

As this publication pointed out in 1975, with infrastructural development, Bangladesh could be one of the world's most productive breadbaskets.

## Briefly

● **PRINCE CHARLES** has so far been kept away from the throne of Britain because of his cultish behavior, according to the West German weekly *Bild am Sonntag*. He allegedly communicates regularly with the departed soul of late uncle, Lord Mountbatten, during séances. He is also fond of wearing Indian guru robes and meditating in lotus-posture. The World Wildlife Fund backer eats only vegetarian food, and owns a farm with "biological-dynamic" agriculture.

● **PEREZ DE CUELLAR**, the U.N. secretary-general, stated on May 25 that the present drug epidemic resembles the plagues of the Middle Ages, and proposed a high-level world conference for 1987, "to develop a new bold offensive against drug abuse and drug-trafficking."

● **ALAN GARCIA**, Peru's new President, will announce a total war against drug-trafficking similar to that of Colombian President Betancur. *Caretas* says he will seek from the U.S. not only an increase in the miserable \$7 million aid being given to combat drugs, but better debt terms.

● **BULGARIAN-BACKED** vote fraud in Greece? According to an informed Greek source in the United States, a truck was recently stopped on the Greek-Bulgarian border, because of an accident. When local police checked the truck, they found ballots inside. The source says that the Macedonian region of Greece is a hotbed of activity of the anti-Papan-dreou New Democratic Party.

● **FIVE HOURS** of talks at Constance in southern Germany failed to bridge the differences between Helmut Kohl and François Mitterrand on May 28, when they met to discuss sharing Western European high technology. The sticky issue is Reagan's SDI, which the West German Kohl supports, and the French Mitterrand opposes.

## Reagan's tax-reform: A potential catastrophe with some good points included

by Lyndon H. LaRouche, Jr.

The televised appearance of Rep. Dan Rostenkowski (D-Ill.) right after President Reagan's announcement of his proposed tax-reform, makes one thing very clear. The most important thing about the proposed reform, is a sudden change in the President's relationship to the traditionalist faction among Democrats.

Over the past few weeks, Sen. Bob Dole and the Liberal Republicans have stabbed Ronald Reagan in the back more times than Brutus struck Julius Caesar. If the President is to save his administration, he might very well see himself forced to extend his hand across the congressional aisle. Representative Rostenkowski said very clearly, to a nationwide TV audience, that that is exactly what has occurred.

That new relationship to traditionalist Democrats is potentially the good side of the proposed tax-reform. Being a good Democrat myself, I find that side of the matter very appealing. While there are some good points included in the tax-reform itself, as it stands, if passed, that reform would be a national catastrophe.

I don't wish to be misinterpreted; I am not proposing that good Democrats split the Democratic Party, and fuse with the good Republicans on the other side of the aisle. Although I'm a republican by philosophy, I need a political party based on farmers, industrial operatives, and minorities, as well as industrialists and professionals. The people the Democratic Party is supposed to represent, makes me a good Democrat, not like the soft-on-drugs-and-Khomeini variety that romped around the White House under Jimmy Carter.

We don't have to split the parties, even though the Liberals on both sides of the aisle are pretty much a national-

security disaster. What our government needs, is bi-partisanship on vital issues, especially national-security issues, between good Republicans and good Democrats. It was many Democrats turning away from Senator Dole's current policies, when Mondale was pushing them in the election-campaign, which reelected the President. Bi-partisanship makes excellent political sense.

I may not agree with Representative Rostenkowski on the tax-reform itself, but I do agree with his idea of a Republican President's cooperation with good, normal, non-Carter-Mondale Democrats. That sort of cooperation might help to turn the United States around, away from the early disasters toward which we are heading.

In the short term, it is Rostenkowski's reaction, not the tax-reform itself, which will be important. As for the tax-reform itself, despite a few good points included, it would be a national catastrophe if it were ever passed in its present form.

The good part, is the proposal to lighten the tax-burden on lower-income-bracket households. I couldn't complain, since I have been pushing that reform since my 1980 Democratic presidential campaign; it happens to be right, whether I had been pushing it, or not. It is right, because anyone attempting to raise a family of four on \$25,000 a year, is either a hero or a magician. It's also right, because reducing tax-rates in these brackets will be of great benefit to the economy as a whole.

The President spoils it, by proposing to eliminate deductions on state and local income-taxes and home-owners' real-estate taxes. These state and local taxes hit hardest in the



states which have suffered the most from the presently deepening economic depression. In those states, the President's tax-reform means a rise in total tax-payments for some of the very households the President quite sincerely wishes to help.

The worst part of the proposed tax-reform, is the President's proposal to decrease capital-gains tax-rates, while raising tax-rates on farms and industries. If such a change were ever passed, the tax-reform would virtually wipe out most of what is left of our national economy. The President has it backwards: What he ought to propose, is a major increase in investment tax-credits, and an increase in the rate of capital-gains taxation. To turn this economy around, to produce the expansion of industrial employment that will balance the federal budget, we must shift the flow of investment and lending, away from capital-gains in financial paper, and into plant, equipment, machinery, and public utilities. If his present tax-reforms were passed, the United States would become a nation of gambling casinos and fast-food stands, with most of the food and industrial goods imported from foreign countries, and with a U.S. trade deficit big enough to reach to the Moon.

The problem is, that the President doesn't yet understand economics. The lies which Donald Regan has been telling the President for the past two years, haven't improved the President's education in economics.

I have the plain facts and figures on the desk before me. There never was a "Reagan economic recovery" in 1983-84; the economy continued to collapse. The President has been lied to by advisers such as Donald Regan, to the point that he actually believes that a recovery is in progress, and therefore he believes that the same policies now wrecking what remains of our economy will help to make things much better.

Of course, it wasn't President Reagan's changes in policy which caused the 1981-85 collapse of agriculture, industry, and basic economic infrastructure. It was not the President's changes in policy which caused the 1981-85 Federal budget deficit, or our zooming foreign-trade deficit. Whether the President realizes it or not, all he has done in economic policy, except for his tax-reduction, is to continue the policies he inherited from Jimmy Carter, and from Henry Kissinger and George Shultz before Jimmy Carter.

### **The facts about the economy**

The facts are documented in the 109-page, April 15, 1985 *Quarterly Report of the Executive Intelligence Review*, and in articles appearing in the weekly *Executive Intelligence Review* and *New Solidarity* newspaper. I will merely sum up those facts here.

The U.S. economy reached its postwar high-point during the middle of the 1960s, chiefly as a result of the combined effects of the postwar buildup of basic economic infrastructure, the aerospace research-and-development boom in technology, and the Kennedy investment tax-credit reform. From 1967 to 1970, the rate of growth in productivity levelled off. Beginning 1971-1972, productivity began to sag. The sag

accelerated as a result of the international monetary policies which Shultz and Kissinger pushed through at the 1972 Azores and 1975 Rambouillet summit-conferences. The rate of collapse was accelerated by the artificially induced "energy crisis" of 1974-75, and by the anti-technology policies of the Carter administration.

The worst blow to the U.S. economy started in October 1979. Then-newly-appointed Federal Reserve Chairman Paul A. Volcker, with Jimmy Carter's full backing, introduced a policy which Volcker himself had described publicly as "controlled disintegration of the economy." The U.S. economy has been in an accelerating down-slide ever since.

There is one complication. When an economy collapses, it does not collapse in a continuously even downslide. It comes down like a roller-coaster. Down for a while, then up a bit, then down again, and so forth and so on. The up-ticks never reach the level of the previous highs: just like a roller-coaster ride down to the bottom.

The U.S. economy went down beginning February 1980, into the late summer of that year. It levelled off a bit, and then started sliding down again in the spring of 1981. It reached a 1981-82 low about October 1982, and then levelled off again, collapsing at a slower rate than 1981-82 through most of 1984. In the last quarter of 1984, a new downswing began, erupting into a sagging of the dollar and waves of banking collapses beginning March of this year.

Today, if we deduct foreign imports from total U.S. sales, the U.S. economy is producing less than it was during 1982, and we are now plunging into the steepest collapse of the postwar period. This is what the LaRouche-Riemann forecasts warned the Volcker measures would cause, as early as my first warning of this in October 1979. *EIR* has called the shots in advance on every up and down of the roller-coaster ride, since October-November 1979!

This is what Donald Regan has told the President is a miraculous economic recovery!

True, some categories of "business income" have increased: Interest paid has zoomed to the point federal interest-payments are nearly equal to the annual federal budgetary deficit. Most of the rise of the federal debt, from \$800 billion in 1980, to over \$1.8 trillion today, is caused by the Volcker measures' increase of costs of financing the federal debt. The fast-food business has zoomed, all sorts of unskilled labor-intensive services have expanded. However, agriculture has collapsed, and basic industry and basic economic infrastructure have collapsed at an accelerating rate over the entire period; they continued to collapse during the 1983-84 period.

True, during 1983-84 consumer spending increased. Most of this increase in purchasing-power did not come from increases in income. It came from zooming increases in borrowing, increases in personal indebtedness. The increase in spending did cause some increased employment in automobile assembly plants, but the amount of automobile produced, for each automobile produced and sold, was less, so that by 1979 standards, the U.S. auto industry actually pro-

duced and sold the equivalent of about 4 million units last year; the rest was imported cars and parts. Steel has collapsed to a new steel production of about 40 millions tons, one-third of 1970s levels, while the rest of the 90-odd million tons of steel purchased came about half from imports, and another half from remelting scrap. As steel goes, so goes everything made of steel.

The President is told, and he repeats this, that "inflation has been turned back." It never happened. What did happen, is that the Department of Labor faked the figures on inflation, cutting the reported rate of inflation to about half the actual rate.

Back during the Carter years, the price of the U.S. dollar dropped to about two West German deutschemarks, where the dollar was priced slightly below its true purchasing-power. Today, the dollar is about three deutschemarks, and one deutschemark will buy as much in a German market, as one dollar buys in a U.S. market: The dollar is priced at about three times its competitive purchasing power. In other words, there has been a three-fold inflation of the dollar in slightly more than four years, with much of this inflation occurring since 1982.

Compare the size and weight of a 1979 Detroit automobile with a 1985 automobile. Next, look under the hood at the engine, and check the spare tire in the trunk of that compact. You are buying about half the automobile today you bought in 1979. Now compare the prices. The Department of Labor says you are getting much more automobile in 1984 than in 1979, and therefore lops off as much as 40% of the increase of price, which it says is not inflation, but the added cost of a better automobile. In other products in the market basket, the Department of Labor has faked the inflation-rate in the same way. That's how they cooked up the faked figures to tell the President, that "we have turned the corner on inflation"!

You ask, "How can the President overlook the fact, that agriculture and basic industry are collapsing?" Very simple. The fellows in the administration who fake the figures say, that the successful economy of the future is a "post-industrial society," a junk-pile with a new desk-top computer counting the scrap. They insist that by reemploying unemployed steel workers in fast-food stands, at near minimum wages, we are moving into the "economy of the future."

Some of these idiots around Washington go further than that. The Soviet Union is deploying hundreds of new nuclear missiles each year now, while the United States has not yet deployed even 40 MX missiles, the only U.S. missiles which are technologically equal to any of the hundreds of new missiles being deployed by Moscow. In tanks, naval warships, in aircraft, and so forth, the Soviet Union is vastly outproducing the United States, and already has a vast margin of absolute superiority over us. What do the wise guys around Washington say about this? They say, "That proves that the Soviet economy is collapsing. While we are becoming a superior post-industrial society, they are stuck in being an

industrial society. See, we're really way ahead of them!"

There, you have our "miraculous economic recovery"!

The President's tax-reform is designed to accelerate that kind of "miraculous economic recovery." More fast-food stands, more unskilled services, and wipe out what remains of industrial and agricultural investment. In other words, more rapid rises in foreign-trade deficits, bigger and bigger federal budgetary deficits, and higher and higher rates of inflation—at least, until the financial bubble bursts, and all, fast-food stands, and everything else, come all tumbling down together.

We are not far from the point that the bubble bursts.

### **The problem with the President's tax reform**

To understand the catastrophic elements in the President's proposed tax-reform, you need look at only a few passages in the President's televised address on May 28:

"... falling inflation, falling interest-rates, and the strongest economic expansion in 30 years."

"That old tired economy, wheezing from the neglect of the 1970s, has been swept aside by a young powerful locomotive of progress carrying a trainload of new jobs, Americans of average means."

"The pessimists will give a hundred reasons why this historic proposal won't pass and can't work. Well, they've been opposing progress and predicting disaster for four years. Yet, here we are tonight, a stronger, more united, more confident nation than at any time in recent memory."

Perhaps the President really believes those parts of his address. After all, already subject to one assassination attempt, and locked away behind urgently needed security precautions, his busy schedule makes him dependent upon what his advisers tell him. He does not know the real world; he knows what his advisers tell him is occurring in the real world. Since the President's weakest side is economics, it is on the subject of economics that unscrupulous advisers in his White House "palace guard" can most easily deceive him with faked figures and wildly false reports.

No doubt, the President honestly believes a recovery is in progress; therefore, he supports policies which will give us more of the same. For four years, we have had not progress, but deepening economic erosion. It is inevitable that more of the same, means much worse.

We must lighten the tax-burdens on households, yes. We must also multiply the investment tax-credit allowances in investment in new technologies for agriculture, industry, and public utilities, while we increase the tax-rates on capital gains from speculation in financial paper. We must get out of the "post-industrial decay" which is ruining us, and back into a nation dedicated to high rates of investment in improved productive technologies. We must turn back the flood of money into wasteful and low-productivity investments, and turn that flood of savings and credit back into expansion of production of physical goods. Until we make that change in policy, every reform will only make things worse.

# The Kissinger-Soviet roots of Richard R. Burt

by Mark Burdman

The informed gossip in Washington, D.C., is that it is only a matter of time, before Assistant Secretary of State for European Affairs Richard R. Burt, is nominated as U.S. ambassador to the Federal Republic of Germany, to succeed current ambassador Arthur Burns. But if the particulars of Burt's dossier as an espionage agent for powers hostile to the United States be known, what would better be discussed is what sentence best befits his crimes.

Richard Burt is one of those synthetic State Department creatures, manufactured during and after Henry Kissinger's years at State, beginning in the early 1970s. Like most in Kissinger's stable, Burt compulsively leaks security-sensitive information to the Soviet Union, and is an unprincipled and pragmatic wheeler-dealer, and power-hungry egomaniac.

Now barely 40 years of age, Burt was, while in his mid-20s, "selected" for special service by Kissinger, and Kissinger's British Foreign Office mentors. While attending the Fletcher School of Law and Diplomacy in the early 1970s, Burt was spotted by Brigadier Kenneth Hunt, a top official of the International Institute of Strategic Studies (IISS) in London, and by British-born strategist Geoffrey Kemp, later a Reagan administration adviser on the Middle East for the National Security Council. Starting as a research associate at IISS, Burt rose rapidly to become in 1975, the first American-born assistant director at IISS.

One key to Burt's meteoric rise in the policy-making "establishment" may lie with his family.

Wayne Harper Burt, Richard's father, has been a chief executive and/or president of several companies in the Newmont Mining nexus. The decades-long chairman and chief executive officer of Newmont, is Plato Malozemoff, a Russian emigré entrepreneur whose family had made its riches in mining operations for the British in Siberia. Newmont's importance in British-Soviet mining cartel arrangements became highlighted in the spring of 1982, when the American subsidiary of Consolidated Goldfields, a conglomerate notorious for mediating gold deals between South Africa and the U.S.S.R., bought 22% of Newmont's shares.

Coincidence or not, this stroke of luck for Burt's father's firm occurred almost simultaneously with the May 1982 decision by the Reagan administration to nominate Burt as Assistant Secretary of State for European Affairs.

In 1977, Burt was reassigned from London IISS, to Cyrus Sulzberger's *New York Times*, as a special Washington, D.C. strategic-affairs correspondent. During the 1977-81 period of the Carter administration, Burt established a "special relationship" with Leslie Gelb, director of the Politico-Military Affairs division of the State Department. On the basis of the Gelb connection, and other leak-points, Burt was privy to highly classified national security information.

In 1979, Burt almost single-handedly ruptured U.S. intelligence-reconnaissance capabilities required for verifying Soviet compliance with strategic arms limitation treaties. In April 1979, he revealed the secrets of U.S. U-2 plane reconnaissance flights, to be flown from Turkey. The uproar resulting from his article, inside Turkey, jeopardized the integrity of those facilities, which had become all the more important because of the collapse of U.S. monitoring capabilities stationed in Iran.

With NATO's southern flank in crisis, U.S. capabilities in the northern front had become all the more vital. Richard Burt once again went into action: on June 29, 1979, he published an exposé in the *New York Times* on the U.S. CHALET satellite-reconnaissance facilities stationed over Norway. Again, the ensuing sensation severely jeopardized U.S. capabilities.

According to a July 14, 1979 article in the *Washington Post*, U.S. intelligence officials were "screaming, hopping mad," over Burt's CHALET leak. The *Post* reported that the CIA requested that the FBI initiate an investigation into Burt's leak.

In August-September 1982, when the U.S. Senate was presented with Burt's name as nominee to be assistant secretary of state for European affairs, an intense battle raged within the Senate intelligence and judiciary committees, which often met in closed-door session, to discover the full extent of Richard Burt's "leakage."

In publicized Senate floor debates, first on Dec. 8, 1982, and then, again, on Feb. 15-16, 1983, Senators Jesse Helms, Malcolm Wallop (speaking on behalf of himself and Sen. Barry Goldwater), Orin Hatch, and Steven Symms, accused Burt, in the most unambiguous words available in the English language, of having violated U.S. espionage laws, and of having seriously undermined U.S. intelligence and security capabilities. They also revealed many other "indiscretions" committed by Burt, including his privileged knowledge of the circumstances of Britain's Cheltenham Communications Center spy scandal, and his repeated leakages to his good friend, Judith Miller, of the *New York Times*. The senators also claimed that the State Department's own Bureau of Security had been investigating Burt, for a "record of indiscretions."

Maybe, for Henry Kissinger and George Shultz, an espionage agent like Burt is the perfect choice to oversee the collapse of American influence in Europe, but for the United States and for the American population, the choice would be an unmitigated disaster.

## The bureaucracy vs. a crash SDI

*Complaining about the "defense bureaucracy" is one thing, but to do something about it, put the SDI on a crash basis.*

It has become a recognized fact throughout the Pentagon that the situation on Capitol Hill is now going "out of control." Escalating attacks, from both sides of the aisle, have been directed at every element of U.S. strategic capabilities. What is not being acknowledged and dealt with is the fact that what Congress is now doing has been made possible by the Pentagon bureaucracy itself. Until this is faced squarely by the advocates of the Strategic Defense Initiative, there will be no way to defeat what Congress is successfully doing.

The common denominator of the congressional maneuverings from the beginning of this session has been the effort to prevent the SDI from becoming in any way, a "crash program."

In a speech delivered to aerospace executives at the Fort Meyer Officers' Club, presidential science advisor George Keyworth bemoaned the difficulties besetting the SDI program, and continued sabotage by what he termed the "defense bureaucracy." But then, he emphasized that there is no need to accelerate the SDI program using "Manhattan Project" methods.

Keyworth uses the vague term "defense bureaucracy," because the specific people he is referring to in the Defense Department share his hostility to "Manhattan Project" methods of military mobilization.

As the war-time Manhattan Project exemplifies, a "crash program" is one in which the research, engineering, and production phase of a developing technology are carried out si-

multaneously, with the knowledge gained from successes and failures in one stage used to accelerate other stages of development.

Lt.-General Abrahamson and the Strategic Defense Initiative Office initially proposed just such an approach to the SDI. Opposition to the proposal was immediate from many quarters, with the Office of the Secretary of the Air Force (principal contracting agency for the SDI) being joined by a multitude of congressional staff aides and other "defense professionals" in quashing the approach. Dr. Tom Cooper, Assistant Secretary of the Air Force (Research, Development, and Logistics), eventually announced that the program would adhere to the Federal Acquisition Regulations (FAR guidelines), and thus, be treated just like any other military acquisition program—research, proto-type development, cost-effectiveness analysis, competitive bidding, *ad nauseam*.

From that moment on, the SDI program was handcuffed, and opened up to the sabotage operations now being conducted by Congress.

Dr. Cooper is typical of those tenured civilians who exercise enormous power in the DoD and the offices of the service secretaries. This apparatus, (Keyworth's "defense bureaucracy") is a product of the post-World War II reorganization of the War Department, and consolidated its present authority under Robert McNamara and his systems analysts.

The step-by-step process by which this apparatus was created will be the

subject of future studies in *EIR*. In the case of the SDI, it is sufficient to point out that the inertia of this bureaucracy, combined with congressional management of details of individual defense programs, represents a power which is now threatening to strangle the leading edge of U.S. defense capabilities.

It is impossible to run an effective research and development effort of the Manhattan Project type under existing guidelines. No "crash program" worthy of the name passes neatly through research, to prototype development, and finally, to competitive bidding for a contract to produce the "perfected system" at least cost. Military engineers who may have conceptualized the initial weapons system or technology have little or no control over the final product, which frequently emerges as quite a different animal than the one originally specified.

One could change the old saying, and describe the platypus as a duck, designed under FAR guidelines.

Any crash program approach to the SDI would threaten to bypass this deadly arrangement and reestablish the traditional dynamic relationship among military engineers, national research laboratories, and defense contractors which characterized the old Navy Yards and Army Ordnance facilities. Engineering teams familiar with prototype design and development—not auditors and "beltway bandits"—supervised the contractors doing the actual production and efficiently kept waste and fraud to a minimum.

Complaining about "the defense bureaucracy" will never substitute for a real mobilization. A "Peenemünde" or Manhattan Project approach to the SDI will pave the way for an effective attack on the bottlenecks and inefficiencies of the defense establishment.

## Soviet big 'likes' Henry

Required reading for those who harbor doubts that Henry A. Kissinger is a Soviet agent of influence, is the first-ever interview with the Western press by Alexander Yakovlev, the *éminence grise* behind new Soviet leader Mikhail Gorbachov, with Rodolfo Brancoli, journalist for Italy's *La Repubblica* daily, on May 21.

Before we recount excerpts from that remarkable interview, we present, as prelude, two anecdotes from The Henry Kissinger Dossier.

First, in August 1982, Kissinger advised newly appointed U.S. Secretary of State George Shultz, in a private discussion, that "worldwide American power and influence must be reduced to approximately 25% of its post World War II extent."

Second, there is the account by U.S. Admiral Elmo Zumwalt, in his 1976 book, *On Watch*, explaining why "the Kissinger-Zumwalt mutual admiration society began to come unglued." Zumwalt quotes from his own notes, on the subject of Kissinger: "K. feels that U.S. has passed its historic high point like so many earlier civilizations. He believes U.S. is on downhill and cannot be roused by political challenge. He states that his job is to persuade the Russians to give us the best deal we can get, recognizing that the historical forces favor them. He says that he realizes that in the light of history, he will be recognized as one of those who negotiated terms favorable to the Soviets, but that the American people have only themselves to blame because they lack stamina to

stay the course against the Russians who are 'Sparta to our Athens.'"

## 'Some surprises'

"I knew Kissinger when I studied at Columbia University, and later I met him when he was head of the National Security Council," Alexander Yakovlev tells *La Repubblica*. "To me, he seemed sincere and open, and I liked him."

This ringing endorsement comes from a man who, *Repubblica* claims, is the "éminence grise of the Soviet Union and the closest collaborator of Gorbachov." Yakovlev is further identified, as the leader of the Soviets' most prestigious international-affairs think tank, IMEMO, and the Soviet Academy of Sciences. After studies in history at Columbia University, and tête-à-têtes with Kissinger during the 1950s, Yakovlev became very active in the apparatus of the Central Committee, and, later in the 1970s, was Soviet ambassador in Canada. He accompanied Mikhail Gorbachov during the new Soviet leader's much-heralded early-1984 trip to London.

The interview shows that Yakovlev not only "likes" Kissinger; he endorses Kissinger's worldview—or, better yet, vice versa. "I think that we all have, during the past 40 years, overestimated the political role of the U.S.A.," Yakovlev tells Brancoli, "and in this way we have helped them to behave as they did. . . . The capitalist structure is polycentric. . . . It would be bad politics, to relate exclusively with the U.S.A. . . . There is an increase of the economic and military role of the U.S. allies. This is true for Japan and Europe, and other countries later. The split of Europe and Japan away from the American military strategy is not a fantasy."

Are you not exaggerating the

American decline? Brancoli asks.

"No, on the contrary," Yakovlev responds, "the exaggerating comes from those American conservatives whose patriotism and chauvinism is related to a dramatic vision. . . . But the figures are revealing: for example, the quota of the U.S.A. in world trade indicates a relative decline, and, in the future, we will see the emergence of new centers of power, like Brazil, Canada, Australia, and China."

Yakovlev asserts: "I think in time, we will be in a position to give you some surprises."

## 'New kind of dialogue'

It didn't take long for Henry Kissinger to answer in kind. In a May 25 speech before the Dutch Atlantic Commission in The Hague, Kissinger, according to a May 27 London *Times* account, "called for a new kind of political dialogue between the superpowers which would not be confined to arms control. They should decide where they wanted to be in 10 years, he said, then work back from there, drawing up a code of conduct to guide East-West relations. . . ."

"Warning the West that in the next decade they could find themselves reflecting on the 1980s as a period of lost opportunity, he said there had been three chances since the Second World War to change fundamentally the West's approach to international affairs: The first after the death of Stalin in the 1950s; the second following the U.S. rapprochement with China in the early 1970s. The third was now, with a new leader in Moscow and fresh faces in the Politburo."

We hope to discover how many of those "fresh faces" have the same kind of gushing admiration for Henry Kissinger as that expressed by Mr. Alexander Yakovlev.

## Close encounters of a congressional kind

On May 19, 500 activists from the National Democratic Policy Committee went to Capitol Hill to confront their congressmen and senators on their assaults on the defense budget and their support for the genocidal International Monetary Fund.

Among the reactions encountered were the following:

- Staff in the office of Sen. Charles Grassley (R-Ia.), who is the "G" in the "KGB" budget proposal to decimate the defense budget, immediately called the police on the NDPC delegation. The activists responded by asking his aides if they understood what was being said to them, since the NDPC members only spoke English and not Russian.

- Staff in the office of MX and SDI opponent Senator Sam Nunn (D-Ga.) called the police within 10 seconds of the NDPC delegation's arrival.

- Staff in the office of Senate Majority Leader Bob Dole (R-Kan.), who orchestrated each of the recent defense budget debacles, were asked to "Name That Tune." The NDPC delegation then sang the National Anthem. The police were promptly called.

- Aides to Black Caucus member and House Budget Committee Chairman William Gray (D-Pa.), who orchestrated an anti-defense budget onto the House floor and who voted for the IMF, told 75 Philadelphia constituents that there was no "universally accepted" alternative to the IMF. Then, spouting the racist arguments of the cultural relativists, the aide said that large-scale development projects would never work in Africa.

- An aide to Congresswoman Marjorie Holt (R-Md.), whose state was recently engulfed in a banking

panic, claimed that the economy is "doing just fine."

- Rep. Gus Savage (D-Ill.) when confronted by 25 of his Chicago constituents in the hallway could not explain why he voted for the IMF. He then fled down three flights of stairs in an effort to escape his insistent constituents.

- An aide to Rep. Howard Berman (D-Cal.), who is anti-defense and pro-IMF, threw the NDPC delegation out of the office when they told him that the IMF was "100 times worse than Hitler."

## Congressman challenges support for infanticide

When the House Foreign Aid authorization, H.R. 1555, reaches the floor on June 10, Rep. Chris Smith (R-N.J.) will offer an amendment which will curtail U.S. population assistance to any organization that provides funds to a country which condones infanticide through official policies. The amendment is directed against organizations which assist the Peoples Republic of China (P.R.C.), whose radical population control policies have led to widespread use of coercive abortions and infanticide. The organizations singled out for a cut-off of State Department Agency for International Development funds because of their activities in the P.R.C. are the United Nations Fund for Population Activities (UNFPA) and the International Planned Parenthood Federation (IPFF).

On May 20, Rep. John Edward Porter (R-Ill.) placed into the *Congressional Record* a "Dear Colleague" letter by Rep. Jim Moody (D-Wis.) urging a defeat of the Smith amendment. Moody argues that even

though Smith's assertions about China are "probably correct," the cut-off to UNFPA and IPPF would hurt other more "benign" population control efforts in other countries.

## Symms, Hollings: Abandon SALT II

A bipartisan effort led by Republican Senator Steven Symms (R-Ida.) and Democratic Senator Ernest Hollings (D-S.C.) is seeking to abandon strict adherence to the unratified SALT II arms control treaty. They will seek to deny funding for dismantling any U.S. nuclear strategic forces that pushes the United States over the SALT II limits. A Senate floor vote is expected when the Senate returns on the week of June 3. The Reagan administration is expected to decide its position on adherence to SALT II the same week.

In a "Dear Colleague" letter dated May 17, the Senators suggested their amendment be called the "Save the Poseidons" amendment since these would be the first systems that would be destroyed as new U.S. nuclear submarine missiles come on line. "The subject," said Symms, "is whether or not the United States of America should dismantle perfectly good weapons systems that the taxpayers of the United States have bought and that have been proven throughout their life span to be very good operational systems."

Symms and Hollings stressed in their letter that the Soviets are not adhering to the SALT II treaty. The Reagan administration, they pointed out, has confirmed to the Senate eleven Soviet SALT II violations, nine of which are conclusive.

Symms emphasized the tremendous Soviet buildup and lead over the

United States in strategic nuclear weapons. He noted that the Soviets have a much larger capability, and the U.S. a much smaller one than the Joint Chiefs of Staff estimates of 1978 predicted. "...Soviet strategic delivery vehicles have increased by about one-fourth and the Soviet nuclear warheads will have more than tripled by the end of 1985," Symms said in comparing current Soviet capabilities to 1978 levels. This has resulted in the "Soviets having about 1,000 more intercontinental missiles and bombers than the U.S. carrying about 4,000 more warheads."

## Senate rejects attempt to kill ASAT

The Senate rejected on a 35 to 51 roll-call vote May 24, an amendment to the FY 86 Defense Authorization bill sponsored by Sen. John Kerry (D-Mass.) that would have imposed a unilateral U.S. moratorium on testing of Anti-Satellite (ASAT) weapons systems. Minutes later the Senate adopted on a vote of 74 to 9, a Sen. John Warner (R-Va.) and Sam Nunn (D-Ga.) sponsored compromise that allows the Defense Department to conduct three ASAT tests, and to conduct more if the administration certifies to Congress "that the need for additional tests exists."

The Warner amendment language potentially allows the administration to conduct a rapid testing program. However, the amendment actually holds a gun to the head of the administration to force arms control negotiations to ban ASATs where the Soviet Union already has an operational ASAT system, and has no desire to negotiate.

Nunn put conditions on his sup-

port for the amendment. He said he was "disturbed" by a letter from Arms Control and Disarmament Agency director Kenneth Adelman that suggested that the U.S. ASAT testing program was contingent only upon the "technical" pace of developments. Nunn said that he "would emphasize that before the first test of the U.S. ASAT against an object in space can be conducted, the President must certify that the United States is endeavoring in good faith to negotiate the strictest possible ASAT limitations."

## Aspin announces policy to gut the SDI

House Armed Services Committee chairman Les Aspin (D-Wis.) told an audience at the Georgetown Center for Strategic and International Affairs (CSIS) on May 30 that he wants to eliminate all elements of the Strategic Defense Initiative budget which would allow for demonstration projects and prototype development. In his speech, billed as a "Democratic defense budget," Aspin called for defunding those parts of the program which "bump up against the ABM Treaty," parts such as "demonstration projects."

Aspin denied *EIR's* charges that his proposal would ensure that the technological feasibility of the SDI could never be demonstrated. But he did then admit that "I just don't know" whether it was possible to prove the SDI's feasibility without colliding with the ABM treaty.

*EIR* then asked Aspin if he could "distinguish one iota between your proposals and what the Kremlin requested Congress do to the SDI. Aspin replied, "I think the Kremlin would like to see the Congress cut the SDI a lot more than I would. But how Con-

gress acts on the SDI is independent of what the Soviets do. It depends on whether the SDI is technologically feasible or not." Of course, Aspin had just set up the conditions in which it could never be proven feasible.

## Senate ups military role in drug enforcement

By a voice vote on May 21, the U.S. Senate passed an amendment, put forward by Dennis DeConcini (D-Az.), which will give the Air Force Reserve a major peacetime mission in assisting efforts at curtailing international narcotics trafficking. The amendment to the Defense Authorization bill establishes an Air Force Reserve wing which will provide radar drug surveillance for civilian law enforcement. The unit would be stocked with a squadron of at least 16 sophisticated, radar-equipped surveillance aircraft and would fly surveillance missions for the U.S. Customs Service and other drug interdiction agencies.

In his floor statement motivating the amendment, DeConcini said, "There is no question that the Customs Service and the Coast Guard are outmanned, outgunned and outfinanced by the drug smuggler. . . . We are dealing with an enemy that sells nearly \$100 billion of his deadly poison in the United States every year. . . . We are dealing with an enemy that is becoming more and more sophisticated in both his equipment and his smuggling tactics. . . . A vote for this amendment should send a shudder through the drug trafficking families of this world that the United States has rolled up its sleeves and is willing to defend its borders from the drug menace."

The amendment is not expected to run into difficulty on the House floor.

# National News

## D.C. Methodist pastor seeks to legalize drugs

Rev. Andrew Leigh Gunn, senior pastor of the Mount Vernon United Methodist Church in Washington, on May 26 called for legalization of mind-altering drugs. "We are not winning the war against drugs, and the crime, violence, corruption, and death which drugs are producing make it imperative that other solutions to drugs be found. . . . Simply being opposed to drugs is not good enough in dealing with this costly, tragic problem," he said.

Gunn called for the government or the medical establishment "to dispense drugs to users at very low costs, to legalize drugs on a controlled basis." He said he would take his proposal to his 9.4 million-member denomination's General Board on Church and Society, as well as to other denominational agencies, and challenge other church bodies to rethink and change their position on drugs.

## Weinberger: Congress did what Moscow wanted

In a press conference at the Pentagon May 30, Defense Secretary Caspar Weinberger denounced the vote by the House and Senate to reject President Reagan's proposed budget increase and instead to freeze the defense budget. Weinberger pointed in particular to the disastrous consequences this will have for the Strategic Defense Initiative (SDI).

Weinberger emphasized that the budget freeze goes a long way toward implementing what the Soviet Union is demanding at Geneva: "One of the things that most disturbs me about the cuts . . . is that this would have the effect of slowing down in a very marked way the research on the Strategic Defense Program, and would be, I think, rather consistent with some of the things that the Soviet negotiators have insisted upon at Geneva."

"President Reagan and I still believe that a 5.9% real increase in defense spending is what America's security requires," the Secretary declared.

Discussing the effect of the cuts on the SDI, Weinberger explained: "[The Soviets] have talked about slowing down the research. . . . There have also been some suggestions that what they would also like would be first of all to stop research completely . . . and secondly, to slow it down so that we wouldn't really work on anything very effective, but we would be able to work along, perhaps, in a way that wasn't going to ever be conclusive or prove anything."

In response to claims by SDI critic Richard Garwin that the Pentagon does not really believe that the Soviet Union is pursuing its own equivalent of the SDI, Weinberger replied: "We perceive without the slightest equivocation and without the slightest hesitancy or doubt, that the Soviets have been pursuing very vigorously, quietly, and in the way they're able to do in a closed society, active research, looking towards the development and deployment of a Strategic Defense Initiative that would have the effect of making our missiles impotent and useless. . . . The Soviets are very busy, very active, spending a lot of money—about as much on defensive activities as on offensive—and that's a very large amount of money in the Soviet Union."

## U.S. support for PAN in Mexico under fire

Arizona Gov. Bruce Babbitt indicted the current U.S. role in destabilizing the government of Mexico, through support for the National Action Party (PAN), in an article in the *Los Angeles Times* on May 26. "The real question in Central America is Mexico," he wrote. "It is the last domino."

"The PAN, historically a token opposition, is now a real threat to the PRI [the ruling Revolutionary Institutional Party—ed.]. The challenge will reach its climax in

July with the elections. . . . If the U.S. right yields to the temptation of affiliating itself even more with the PAN, Mexicans will see it as a struggle between pro-American imperialists and anti-American revolutionaries. The result would be tragic for both countries."

Since 1980 when Mexico refused to sign the GATT trade agreement, Babbitt explained, the U.S. government and private circles—including Jimmy Carter's National Security Council and Republican Party conservatives—have subjected Mexico to "messianic pressures which are ruining our national policy towards Mexico," by trying to "undo 50 years of *modus vivendi* between the U.S. and Mexico."

## Schiller Institute exposes Burt's treason

Schiller Institute organizer Alan Ogden, of Baltimore, Md., created a national sensation on May 28, when he publicly indicted Assistant Secretary of State for European Affairs Richard Burt, for his role in paving the way for a Soviet-backed socialist-communist takeover in Greece. Burt was speaking at a forum sponsored by the World Affairs Council in Washington.

Ogden rose from the audience, pointed at Burt, and shouted: "You're a traitor, Burt! You're a Soviet agent! You're selling out Greece to the Soviets. I'm with LaRouche, and we're the people who are going to save Greece."

The audience of elite policymakers and diplomats (including the ambassadors to Washington from Greece and Bulgaria) went wild, and one man hurled a glass of water at Ogden, who ducked, drenching the finely-dressed woman behind him. Finally, a man identified as Joseph A. Powell, a federal government employee, leapt up, and, screaming wildly, socked Ogden twice in the face. Ogden was shoved from the room.

Ogden, who suffered head contusions, had to go to the hospital for x-rays. When



he attempted to press charges against his assailant, no one would accept the complaint.

The incident was filmed by C-SPAN, CNN, and ABC television, and received widespread national press coverage. UPI issued two wires on the event—the first erroneously stating that it was Lyndon LaRouche personally who had intervened to accuse Burt of being a Soviet agent.

State Department spokesman Marvin Kalb, asked by *EIR*'s correspondent at a press briefing on May 29 whether there was any State Department response to "charges made by a supporter of Lyndon LaRouche yesterday that Richard Burt is working in collusion with efforts toward a coup d'état in Greece," replied, "No comment."

## Kissinger to get top Mideast post?

"The Reagan administration will ask Henry Kissinger to be top mediator between Israel, Jordan, and the Palestinians," an Israeli source told *EIR* on May 31, citing a "secret report" being circulated by the Israeli foreign ministry and the Israeli embassy in Washington.

"According to the embassy's report, Kissinger was recommended for the job by the Jimmy Carter people, either by Carter himself, or by one of Carter's men, who talked with officials in the Reagan administration, probably including [Secretary of State George] Shultz.

"It's seen by Israeli sources as part of new discussions for some kind of U.S.-Soviet global deal, the kind that Kissinger always talks about," the source declared.

## IMF surveillance set for the U.S. economy

Treasury Secretary James Baker III confirmed that International Monetary Fund (IMF) surveillance of the U.S. economy will be on the agenda of the June meeting of the

Group of 10, the finance ministers of the leading Western industrial nations.

At a press conference on May 29 to unveil the Reagan administration's tax reform plan, *EIR* asked Baker whether the tax proposals cohered with the International Monetary Fund's demand for austerity conditionalities in the United States, as demanded by the Fund at its annual meeting in Washington, D.C. in April. "I can't pinpoint a direct correlation," he replied. The tax package has as much relationship to IMF surveillance "as any other fiscal or economic policy the United States might follow. . . .

"The question of the extent to which the United States is going to go along with additional or enhanced surveillance, is a matter which we'll be discussing in Tokyo on the 21st of June."

## Senator Nunn takes aim at U.S. agriculture

Senator Sam Nunn, the Georgia Democrat who is demanding the dismantling of U.S. military capabilities in Western Europe, has now also targeted U.S. agriculture for a wrecking job. Nunn has come up with a plan to encourage bankrupt farmers to amortize their debt by taking their land out of farming and turning it over to pine tree cultivation. Under the plan, reports the *Atlanta Constitution*, "farmers agreeing to convert their land to pine trees would give the FmHA a lien on future revenues from the trees in exchange for the federal agency agreeing to amortize their delinquent loans over a 40-year period."

Nunn wrote a letter to Agriculture Secretary John Block at the end of May urging immediate implementation of the proposal, claiming it is "a common-sense program which would aid many hard-pressed farmers in the southeast and . . . increase the long-term return to the federal government and the American taxpayer on existing FmHA loans."

What it would do to the U.S. food supply, the senator did not say.

## Briefly

● **GEORGE BUSH** will brief Europe on the Strategic Defense Initiative, during a tour through several West European capitals in the first half of June. According to sources in Bonn, Bush will give a more updated briefing on the political aspect of the project, and renew the American call for the Europeans to participate in the SDI. Bush is scheduled to visit Bonn, Paris, London, Rome, The Hague, and Brussels.

● **ARMS NEGOTIATOR** Paul Nitze told a Johns Hopkins School of Advanced International Studies audience May 30 that the focus of the Strategic Defense Initiative is "research," and that the constraints will be in the areas of development, testing, and deployment of space weapons. Nitze emphasized that the 1972 U.S.-Soviet ABM Treaty, "allows each party to engage freely in research."

● **RICHARD BURT'S** mooted nomination as U.S. ambassador to West Germany may be running into trouble. A congressional insider points to reports in the *Washington Post* of increasing anger among U.S. conservatives over "foreign service elitists" dictating ambassadorial appointments, and mentioning the "scheduled" Burt appointment in that context. "This is a sign that some people are beginning to raise questions," the source said. Despite rumors of Burt's imminent appointment, and the fact that his successor at the State Department has been chosen, no official nomination has yet been forthcoming.

● **EDWIN MEESE**, the U.S. attorney-general, on May 20 announced the formation of an 11-member committee on pornography, which will hold hearings to help the Congress pass legislation on the subject. Heading the committee will be Henry Hudson, a Virginia prosecutor who banned pornography in Arlington County.

## A leading Jesuit mimics LaRouche

No one ever said Fidel Castro wasn't a clever fellow. The Jesuit-trained Cuban leader recently fielded a proposal to relieve the unpayable debt burdens of the nations of Ibero-America. In so doing, he was mimicking Soviet officials, to the effect that heinous imperialists were wrecking Third World economies with artificially imposed debt burdens. Well, true enough.

In addition, he was mimicking *EIR* founder LaRouche, the world's leading—just about the world's only—economist, and the author of *Operation Juárez*, a 1982 proposal widely circulated in Ibero-America, recommending debtors' use of the weapon of collective default to compel a reorganization of the international monetary system. Castro mimicked LaRouche. . . to a point.

In remarks carried in Mexico's *Excelsior* newspaper and widely reported throughout the continent, Castro stated: "Latin American countries' foreign debt is unpayable. . . . Creditor nations could and should take charge of it, and use 10 or 12% of their military expenditures to answer their banks. . . . The United States could reimburse the creditor banks for the amount of credits these banks have loaned to the countries of Latin America and the rest of the Third World. . . ."

Way back when, the clever fellows in the Cult of Apollo at Delphi developed methods of oracular utterance that seemed to say and be one thing, and were actually quite another. The Jesuits are very good at such Delphic methods these days. Castro has not forgotten his training.

First, he does not propose to change the international monetary system in order to accomplish the economic development of the underdeveloped nations. Rather, he proposes that creditor-nations' governments reimburse the forces of usury in New York (and London and Zurich, and so on) whose practices in regard to interest rates, refinancing, flight-capital, and rigging of terms of trade—through the Federal Reserve, International Monetary Fund, and World Bank—have destroyed the

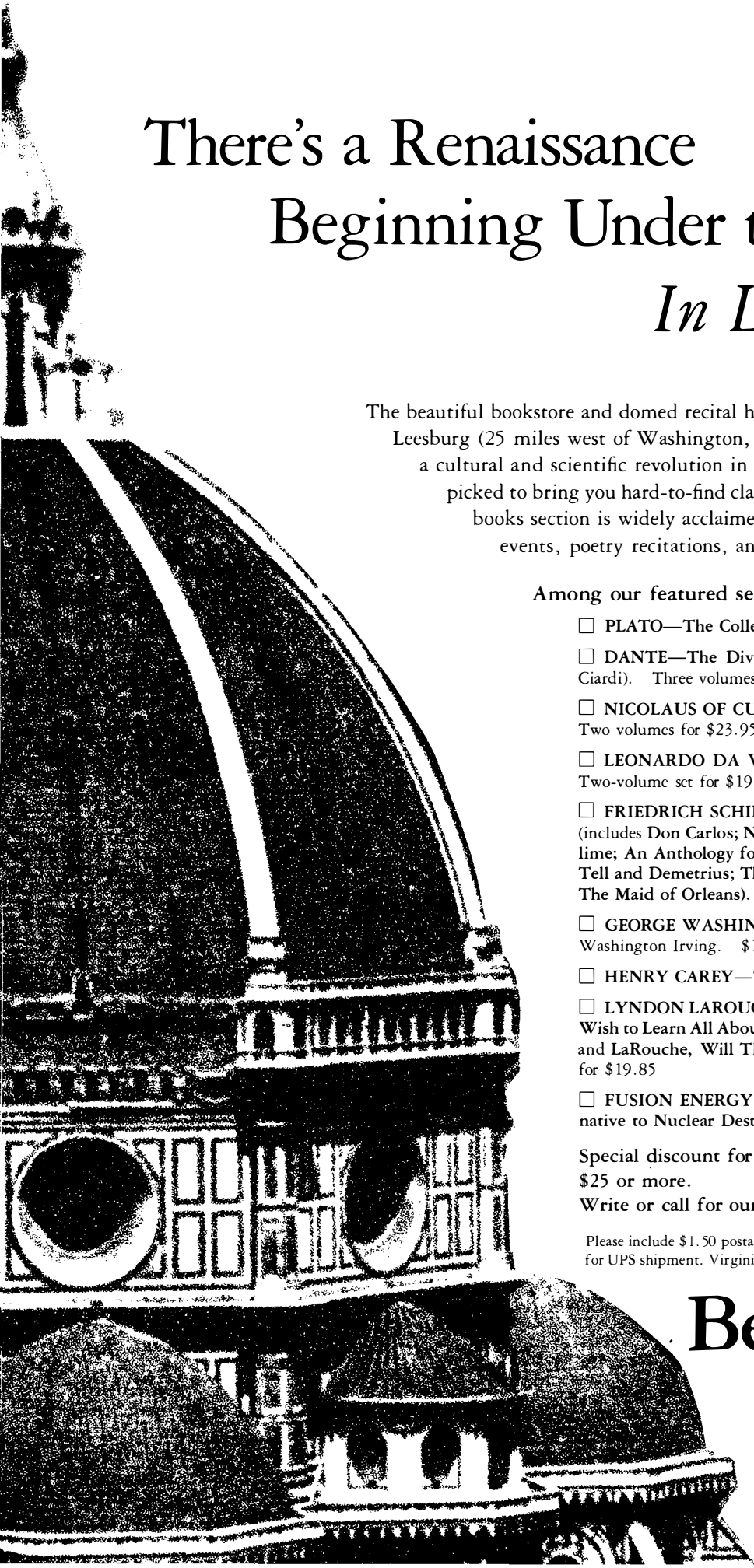
economies of creditor and debtor nations alike.

This is the same International Monetary Fund of which Castro said, thanks to it, he "no longer needs to export revolution." These are the financial forces, heavily involved in drug traffic, with which the Soviet Union is currently in alliance to promote the economic destruction of the nations of the West from within.

Second, Castro proposes exactly what the IMF and Paul Volcker's U.S. Federal Reserve have repeatedly proposed: That the U.S. defense budget be cut to bail out the usurers, and in particular, that funds be slashed from the Strategic Defense Initiative. To wit: "If the race for space weapons takes place, it would mean a fabulous cost to humanity. If, to the problems of the international economic situation . . . you add an arms race that would cost millions in a few years, without the least certainty that it will not end in a war, imagine the tragedy. . . ."

Castro is not actually proposing anything economically helpful to Ibero-America. He is proposing cuts in the U.S. defense budget, especially the SDI—what the Soviets are currently demanding in Geneva—on the Delphic argument that defense spending detracts from economic development.

Castro, like the Soviets, knows perfectly well that, at least in the nations which enjoy the Western cultural heritage, defense spending has been a spur to industrial progress. For example, the Strategic Defense Initiative, the Soviets fear above all for the very reasons that *it would not cost a net penny*: Laser and other directed energy technologies are not merely weapons, but will spin off into the civilian sector of industrial and developing-sector economies as tools, the most powerful ever developed by man. These tools, as nothing else can, would provide the means for both industrial nations' recovery and Third World nations development—leveling the power of usury provided that *Operation Juárez* monetary and credit arrangements were put in place.



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