

EIR

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The U.S. needs ten million new machine tools
Lindner bank takeover exposes drug connections
Venice makes plans to rule a 'New Yalta'

Why the United States faces bankruptcy in 1985



The Recovery That Never Was

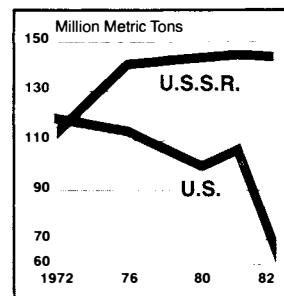
Find out what the White House should know . . . but doesn't

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

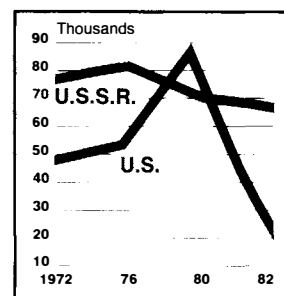
- Unless President Reagan replaces his present, foreign and domestic, monetary and economic policies, the U.S. economy will continue to describe an accelerating downward trend in output of goods and in balance of trade.
- The potential for a 1931-32-style deflationary blow-out or new skyrocketing of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

For information about the Quarterly Report and a new feature, EIR's 1985 statistical yearbook, please contact your local EIR representative or Richard Freeman, EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390.

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EIR

From the Editor

It is truly ironic, perhaps tragically so, that on the very day President Reagan announced that his administration would continue in compliance with the SALT II treaty, proven so massively violated by the Soviet Union, the Soviet leadership was issuing announcements that effectively placed the Soviet economy on a total war-mobilization footing—akin to what the United States itself did in 1939-43. The Soviet leadership understands what the U.S. leadership does not: the relationship between effective war-fighting capabilities, and industrial, scientific, and technological mobilization.

EIR is currently in process of preparing a new *Special Report*, which will demonstrate the assertion: The Soviet Union has already declared war on the United States. The report of over 100 pages will be available from EIR Research for \$150, and will include analysis and documentation of:

- The Soviet military doctrine to the effect that war-scale mobilization of the economy is already a state of war.
- The maximum option of the Ogarkov War Plan.
- The Soviet military command for World War III, including organization, capabilities, order of battle, and theaters of war.
- Soviet imperial motives, including the history of imperial Russia and the Chaldean-Byzantine model of empire.
- The "Andropov Dynasty," whose figures LaRouche has characterized as "Stalin's children."
- Soviet imperial objectives, in Europe, the Middle East, and Asia, and the rewriting of the world political map as per the modern Neville Chamberlain,
- The build-up of Soviet absolute military superiority, comparing U.S.A./NATO and Soviet/Warsaw Pact capabilities in offense, active and passive defense, and industrial capacities, actual and projected.
- Soviet strategic sabotage and assassination programs.
- The Soviet plan of attack and the keys to a U.S./NATO counter-plan.

Nora Hamerman

EIR Contents

Book Reviews

36 Soviet military superiority: A very rude awakening

Editor-in-Chief Criton Zoakos looks at *Soviet Military Supremacy. The Untold Facts About the New Danger to America*, by Quentin Crommelin, Jr. and David S. Sullivan

Departments

11 Report from Italy

Referendum points toward social chaos.

12 The Pestilence of Usury

IMF shock threatens democracy.

13 Agriculture

Behind the outbreak of salmonella.

48 Attic Chronicle

The murder of station chief Welch.

49 Southeast Asia

Malaysia proposes 'proximity talks.'

64 Editorial

Appeasement is suicide.

Economics



NSIPS/Stuart Lewis

White House Chief of Staff Donald Regan (left) and Budget Director David Stockman, shown here at the June 10 meeting of the American Stock Exchange in Washington, are two of the ringleaders advising President Reagan to continue economic policies which are pushing the United States to the edge of bankruptcy.

4 EIR's June Quarterly shows why U.S. faces bankruptcy

The report on 1985's second quarter, entitled "The Looming Bankruptcy of the United States," surveys the national assets available to back up the nearly \$7 trillion outstanding liabilities in the credit system, and concludes that it is not only the banking system as such, but the national credit system as a whole which is bankrupt.

6 BIS hails Dope, Inc. power over U.S.

7 BIS stalls bridge loan to Argentina

8 Food company giants expand their control

9 Currency Rates

10 Thailand creates body to study Kra Canal

14 Business Briefs

Feature

16 The U.S.A. needs ten million new machine-tools

As one of the first steps in the defense mobilization required to deter the Russian Empire and create a second industrial revolution, the United States requires investment in the production of metal-cutting and metal-forming machine-tools, at present levels of technology, of approximately \$600 billion.

Investigation

24 New Ohio bank scandal: The swindle of the century?

In effect, an Ohio court decision ensures that Marvin Warner will receive over \$100 million from the taxpayers of Ohio to get his own bankrupt bank back—"seller" Warner's links to his "buyers" are that close.

26 The criminal empire of Ohio's Carl Lindner

International

28 Soviet leaders announce crash war-economy plan

Documentation: The Soviet mobilization for a war economy.

32 Will Germany's Chancellor Kohl be toppled by Genscher, too?

Documentation: Herbert Kremp's "Where Is Genscher Going?" from *Die Welt*.

35 Carrington organizes Europe against SDI

38 Tradition, Family & Property cult again tied to attempts on Pope's life

Documentation: A Brazilian interview with a Bragança family member, and the Italian *La Repubblica's* publication of the "Third Prophecy of Fatima."

41 Moscow's peace of the dead

The threat to Yasser Arafat.

42 Venice, the oligarchy's capital, makes plans to rule the 'New Yalta'

45 How GRU terror targets the West

A Soviet "defector's" revelations.

47 Soviets, Bulgaria pressure Turkey

50 International Intelligence

National

52 Saving SALT II will invite more Soviet aggression

On the same day that President Reagan pledged his administration to the never-ratified SALT II treaty, Soviet party chief Gorbachov demonstrated that the Kremlin leadership understands full well the relationship between victorious war-fighting and in-depth economic mobilization.

Documentation: President Reagan's statements and the Soviet response.

56 Rajiv Gandhi and President Reagan set basis for U.S.-India relations

The assessment is that the Indian prime minister has accomplished his mission.

58 Eye on Washington

Meese takes aim at money laundering.

59 Pentagon

The FBI's biggest "failure" yet.

60 Congressional Closeup

62 National News

EIR's June Quarterly shows why U.S. faces bankruptcy

EIR's Quarterly Economic Report on the second quarter of 1985 was released June 15. Entitled "The Looming Bankruptcy of the United States," the report surveys the national assets available to back up the nearly \$7 trillion outstanding liabilities in the credit system, and concludes that it is not only the banking system as such, but the national credit system as a whole which is bankrupt.

If present policies inherited from the Carter-Volcker combination are continued, the report argues, the United States economy will enter a phase-change over the coming weeks and months. Already evident in the renewed liquidation collapse of basic industry, agriculture, and infrastructure, into another downward ratchet of Paul Volcker's depression, that shift could take either of the two forms identified by leading economist Lyndon H. LaRouche in his introduction to *EIR's* first *Quarterly Economic Report* of the year.

In that location, LaRouche established that the continuation of the depression policies associated with Volcker's rule at the Federal Reserve, would either lead into a deflationary-type collapse of imputed paper assets, or into a hyperinflation of paper values. Efforts to avoid either course would feed into the impulses fueling the other.

Under either course, the downward spiral of the physical economy would continue. For under either course the physical economy's capacity to function, in terms of maintenance of plant, equipment, and infrastructure, and the consumption of the work-force, is being looted for the account of waste, parasitism, and usury.

The relative growth of the paper, monetary values associated with the latter criminal, and border-line, or legalized criminal activities, is what prompts the ideologized proponents of Donald Regan's and Paul Volcker's fictitious "re-

covery" to continue to spout their lunacies.

The report establishes that by the beginning of 1985 the costs incurred in maintaining the existing capacity of the physical economy to function were being looted at a rate approaching \$1.5 trillion per annum. Concretely this total breaks down as follows:

- 1) \$100 billion per annum necessary investment in the maintenance of plant and equipment of the nation's largely obsolete industry, that is not being made;
- 2) \$250 billion per annum necessary investment in that nation's basic economic infrastructure, that is, energy production and distribution systems, transportation systems, and urban infrastructure, such as water purification, and sewage systems;
- 3) \$600 billion underinvestment in the nation's wage bill;
- 4) \$400 billion to the account of the trade deficit, officially appraised at \$135 billion.

Import dependency

The latter typifies the lunacies in thinking that pervade the whole. Imported goods, from clothing and household appliances, to capital goods such as machine tools and forging equipment, now account for some 30% of the required inputs of the U.S. economy on a yearly basis. Labor unions and manufacturers' associations, working through senators like Danforth and Specter, have demanded protectionist tariffs against what they call the flood of imported products.

They do not ask whether the United States, by early 1985 80% dependent on imported tractors, for example, still has the capacity to produce in the areas of activity supplanted by

imports. Nor do they translate the international over-valuation of the purchasing, or looting power, of Donald Regan's dollar into its domestic purchasing equivalent.

But if industry, and household consumption, are one-third dependent on imports, then one-third of the internal expenditures of those sections are for the account of imports. Therefore the trade deficit should rightly be estimated at the level indicated.

The economy and its work-force cannot continue to be looted in the indicated fashion. The toleration of the policies which have brought Volcker's depression upon us, in the name of the Great Recovery, has brought the country to the breaking point.

For example, in the hyperinflationary variant, the cost-expense ratio of the U.S. economy, that is crudely, investment in productive activity against the expense of maintaining overhead, whether economic, administrative, or waste, crime, and usury, has deteriorated over the years since 1980 from \$1.00 of investment in production to \$4.40 in overhead, to reach \$1:\$7.60 by early 1985. It is projected that this ratio would shift further to about \$1:\$13.0 over the period ahead. That is the equivalent of \$1 of production being chased by about \$13.00 of paper.

Alternately, in the deflationary variant, by one available route, under present policies, the devaluation of the dollar, mooted by international financial agencies, such as the International Monetary Fund, would increase the monetary valuation of imports by the amount of the devaluation, and reduce domestic consumption proportionately.

This identified turning point in the economy, registered in the credit and financial system by the ongoing wave of bank closures, and the spreading liquidation pattern in industry, agriculture, and infrastructure, is examined in light of the two other principal threats faced by the United States.

These are, firstly, the Russian buildup to achieve potential war-winning advantage, by perhaps as early as 1988, and secondly, the threat of the emergence of global forms of pandemic and epidemic killer disease, as the world economy is pushed toward that threshold by the "conditionalities" policies of the International Monetary Fund.

The bankruptcy collapse of the United States economy is the adjunct feature of Soviet strategy which Marshal Ogarkov and his associates in the Kremlin military dictatorship count on, as decisive, in the unfolding of their war plan to take global power from a humiliated, and self-destroyed United States, in the final years of the present decade. Equally, it is the downward spiral of the United States economy, which is dragging the rest of the world over the threshold of the outbreak of the cited forms of pandemic and epidemic disease.

The market-basket

An included new feature of *EIR's Quarterly Economic Report* is the analysis of the economy from the standpoint of

the market-basket. For this report *EIR's* Economics Staff reduced available data from the United States to assemble a review of the market-basket of household consumption for the span from 1950 down to the present.

The analysis presented shows an overall more than 40% reduction in household consumption since the early 1960s, when it was still the case that a single wage-earner could support a family household which included two or more children. This is no longer the case, and has not been for some time.

Opposite to the government bureaucrats who compile the Consumer Price Index, used to calculate cost of living increases on the wage, social security, and pension payments of about 80 million Americans, the commodity basket approach of LaRouche does not assume that the wage packet, in monetary terms, is something self-evident, or that what wage and salary earners spend their wages or salaries on is simply a matter of preference.

The commodity basket approach examines the production of the physical commodities required to support households in the reproduction of the labor force, that there might be another generation so employed. Thus the consumption patterns of the 1950s, 1960s, 1970s, and 1980s were measured against both family formation, and fecundity, and the production of the commodities that comprise the household market basket. This includes, food requirements, clothing, transportation, housing, health, and education.

Allowing for insanity in the organization of U.S. national life, as indicated by the predominance of the inefficient automobile, since the destruction of public transportation systems in the late 1940s and early 1950s, and by the inefficient and costly way in which we build substandard housing units, rather than investing in infrastructure improvement to permit the creation of new cities, instead of bedroom communities, the report nonetheless shows how far we have fallen, both from maintaining the production required to support family fecundity, and from maintaining the existent family household's standard of living.

The collapse of household consumption, combined with the collapse in infrastructure, create the preconditions for the epidemic spread of deadly disease inside the United States.

For reference, if a family of four were now to eat according to the nutritional standards of the U.S. Department of Agriculture for a "moderate" diet, it would require an after-tax income of about \$38,000 per annum, but only about 12% of the nation's 80 million households earn so much in a year. What the bureaucrats call consumer "preference" is what everyone knows it to be: austerity against household consumption under conditions of economic collapse.

This analysis will be extended to the production of producers' goods in *EIR's* next report, scheduled for publication Sept. 15.

Meanwhile, the emergency is already upon us.

BIS hails Dope, Inc. power over U.S.

by David Goldman

The Bank for International Settlements, headquarters for the world's financial oligarchy, announced bluntly in its 1985 *Annual Report*, that the network of flight capital and narcotics revenues known as Dope, Inc., has taken over the world financial system. In the report, issued June 10, the BIS insisted that the principal political consequence of this takeover, was that Dope, Inc. now had the unquestioned capability to blackmail the United States government, especially with respect to its defense budget.

A week earlier, the financial oligarchy for whom the BIS serves as an enforcement agency, met in Hong Kong, for its annual deliberation, the "International Monetary Conference." Switzerland's most powerful banker, Rainer E. Gut of the giant *Crédit Suisse*, previewed the report's conclusion in a June 4 speech, which described the demolition of all national supervision of national credit markets, and the final integration of all national credit markets into the so-called "Euromarket." The "Euromarket," based in Switzerland, London, and various pirate islands subject to no scrutiny by national financial authorities, depends on a \$300 billion per year flow of illegal flight capital, tax-evasion, narcotics, and other criminal proceeds, and similar funds.

Financial 'innovations'

What is new, both the BIS and banker Gut emphasized, is that the pool of dirty money has achieved a sort of monopoly over international credit, largely at the expense of the bankrupt American banking system. The American banking system, in effect, went bankrupt with the May 1984 failure of its eighth largest bank, Chicago's Continental Illinois. The result of this failure can be measured in the simplest terms: in 1981, American banks dominated the world credit markets, and made \$111 billion in new loans. In 1984, they lent merely \$7 billion abroad. That fact summarizes what everyone knows: Although Fed Chairman Paul Volcker has preserved the corporate shells, the banks are bankrupt. Therefore, they do not lend.

Instead, Gut's *Crédit Suisse*, its American partner First Boston, and similar financial pirates arranged more than \$100 billion of so-called "Eurobonds" in 1984. "Eurobonds" and similar types of paper, through which governments or cor-

porations obtain loans from the dope traffic and similar sources, will probably double in volume this year. "Eurobonds" are notes payable "To Whom it May Concern," i.e., to the bearer of the note; the origin of the capital obtained by the borrower is private and untraceable, transacted under Swiss bank secrecy laws. The bankrupt commercial banks have all but given up lending. They are arranging similar dirty-money transactions, under the name of "note issuance facilities," and other so-called financial "innovations," which have the same common denominator: The source of funds remains secret.

In its just-released report, the Bank for International Settlements, a private bank under Swiss law, with public powers usurped from national central banks, praises "the development of new financial techniques and instruments. The cause for this is a whole series of factors, among which the most important may be, that market participants are trying to minimize the burden of taxes and regulations."

This occurs, the BIS continues, amid "structural changes, which have operated upon credit institutions and the financial markets," namely, "the internationalization of this field—a process that had already begun in the 1960s . . . But today it has reached such a level, that the way in which the provision of credit occurs has been fundamentally changed. This can be seen, quite generally, in the rapid expansion of capital flows across national borders, with considerable consequences for the development of exchange rates."

Swiss banker Gut had put it more bluntly a week earlier: "We are already living in a global capital market . . . in which national authorities have simply been bypassed." In particular, Gut emphasized, such countries as West Germany, whose past official policy sought to insulate the national financial market from the unregulated Euromarkets, are now fully integrated despite their central banks. Indeed, the major topic of discussion in the West German financial press, during the past month, has been bankers' demands for a "financial free port" in Frankfurt: Without total deregulation, bankers complain, all their business will continue moving to Switzerland.

Blackmail over United States

Having concluded that the international pool of drug and other dirty money has not merely taken over all international lending, but smashed all national barriers to its free circulation, the BIS proceeds to dictate terms to the United States. Without an "orderly reduction in the U.S. budget deficit," to prepare a "soft landing" for the American economy, the power of the global financial markets may force the United States into a crash. The BIS emphasizes what everyone knows, namely, that the United States economy is living on a gigantic subsidy from the rest of the world, obtaining cheap imports of industrial components at a fraction of their true cost, by virtue of the overvalued dollar, which can buy double or triple

its true value in world markets. This subsidy is reflected in America's balance-of-payments deficit, \$100 billion in 1984, and likely to be one-third or more higher in 1985.

The American, and world economy, the BIS concludes, "cannot be based on an unsustainable pattern of external payments and exchange rates." The report intones: "A balance of payments deficit as high as the one the U.S. now registers, cannot last long. It implies, that the position of the U.S. as an international investor will rapidly worsen; and in fact, the richest economy in the world has, in the meantime, become a net debtor. Even if no-one can say, in terms of size and timing, where the limit of such a development lies, there can be nonetheless no doubt, that such limits exist. With respect to the high level of integration of global capital markets, and the speed with which the market for capital-titles usually adjusts to changing expectations, there is a danger, that the advantages of a further accumulation of dollar investments, could suddenly be viewed differently by market participants. If one visualizes, how important capital flows from abroad have been for the American economy, it becomes clear, that the interest level in the United States would be influenced by such a development, should it pass certain limits . . . What would happen, if this adjustment led to a new recession in the United States?"

Unless the United States cuts its budget, i.e., disarms, or destroys a significant section of its population under the poverty line, or both, the BIS concludes, the "integrated global financial markets" controlled by Dope, Inc. will pull the plug on the American economy.

BIS stalls bridge loan to Argentina

by David Goldman

Switzerland's National Bank, joined by the West German Bundesbank, broke up the central banking "safety net" that has held the world banking system together since the spring of 1982, with a June 12 decision to refuse bridging credits to Argentina. Argentina, six months behind in \$1.3 billion of interest payments owed mainly to U.S. banks, had just concluded an agreement with the International Monetary Fund for new loans, which, however, cannot be paid out for six weeks.

Since the Argentine interest payments are now more than six months overdue, American bank regulators are now required, by law, to force their American bank creditors to begin writing off the capital value of their Argentine loans—

a step which, if implemented, would have incalculable impact upon the crisis-wracked American banking system. Since the Swiss and West German central banks know perfectly well what the stakes are, the message they have delivered to Washington is unmistakable. It is the same as the one printed in the first pages of the Bank for International Settlements' annual report, released June 10: Unless the United States drastically reduces government expenditures, there will be a crash landing for the American banking system, the American dollar, and the American economy.

Tightening the screws

Argentina's chief negotiator, Mario Brodersohn, announced June 11 that a deal had been struck with the IMF, but could not be signed for another six weeks. But Argentina's application to the central banks' club, the Bank for International Settlements (BIS), was rejected by Switzerland and West Germany, on the grounds, as the Swiss bankers' daily *Neue Zürcher Zeitung* wrote June 13, that Argentina's "Alfonsoín government has exhausted the patience of its creditors, and it would serve no one to sanction this stance with new credit injections."

Besides, as the Swiss paper added, the conditions the IMF has put on the new credit are much rougher than anything the IMF has previously demanded of Argentina. They center on reducing the country's 1400% annual inflation rate by half, largely through wage-gouging. The IMF cut off credits to Argentina last March, when the country refused to hand over the pound of flesh previously demanded by the IMF.

The Argentine trade unions are expected to resist these conditions, the Swiss predict, and leading Argentine politicians protest that "the standby provisions of the IMF, as well as new money from the banks, will go, in any event, only for debt-service, not for economic revival; they conclude that Argentina will not, thereby, restructure its debt, but only pile up more debts, in order to pay off old ones."

The IMF's conditions include a 30% devaluation of the Argentine peso over the next year, a 12% cut in government spending, and (in effect) a 10% per month cut in real wages. Under the circumstances, it is not even clear whether the IMF will pay out anything after the six weeks are up. The *Washington Post* warned June 8, "It will be months before the IMF actually lends Argentina any money, because the international agency wants to be sure the nation actually implements some of the tough measures it agreed to take."

Since it remains uncertain whether Argentina will actually swallow the economic suicide-pill, as the IMF demands, the Bank for International Settlements will not provide a short-term bailout. The Swiss have thus offered a Hobson's choice to Washington: Either use its political muscle to crush a friendly nation's resistance to an economic program which would destroy it, or face an aggravation of a banking crisis that is already out of control.

Food company giants expand their control

by William Engdahl

Early in 1981, oil multibillionaire and long-standing Soviet intelligence agent-of-influence, Armand Hammer, made a stark prediction. "Food will become for the decade of the 1980s, what oil was for the 1970s. Those who control its distribution will wield enormous power." As with most statements by the aging Hammer, this one reflects not any original genius of foresight, but rather, the policy decision of an international corporate elite and their friends in the Soviet leadership to create a global cartelization of world food supply and a simultaneous contraction of global food producing capacities.

Look at the present crisis, for example, of European Community agriculture production. Every major organization of farmers in Western Europe is walking down a suicidal path, pre-designed to set up European farmers for decimation and ruin as they are slammed against American farmers in an escalating trade war for shrinking markets. Why is this being done, so brazenly, by architects of U.S. agricultural export policy, as well as the European Community ministers? In mid-June, USDA Secretary John Block was in Brussels for meetings with EC Agriculture Commissioner Frans Andriessen (Dutch). Two days before he left for the meeting, Block announced the signing of the first contract in a new "dumping war" aimed at savagely competing for traditional European export markets in Northern Africa and elsewhere.

As Block and his Undersecretary, Cargill Grain's Daniel Amstutz, made clear in London last December, the aim of the policy is to force simultaneous elimination of *both* U.S. and EEC farm-price subsidies in a move toward what they term "free market agriculture." Privately they boast of forcing a "shakeout" in which only giant industrial mega-farming will survive. The process is part of a script, drafted in part by the Soviet-controlled International Institute for Applied Systems Analysis in Laxenburg, Austria, in concert with Swiss-based grain and food-cartel multinationals, wherein, world food production in the advanced sector will be sharply contracted in coming months, and control concentrated in a few hands, in order that a select handful of multinational companies such as the Swiss Nestle Corporation and Venetian Carlo de Benedetti's Olivetti, emerge as the virtual dictators of world food supply.

One of the best illustrations of this cartelization strategy is the recent move by Venetian financier Carlo de Benedetti

to expand his huge industrial empire out of typewriters and office machines into one of Europe's leading food groups, the Italian food processor, Industrie Buitoni Perugina S.p.a. The \$36 million deal gives de Benedetti's holding company, Cie. Industriali Riuniti, 62% control of the pasta giant, which operates factories in France, Britain, Brazil, and the United States, with combined sales last year of over \$600 million. De Benedetti is the favorite "front-man" of the old financial families of Venice which, through elaborate blind trusts, hidden ownerships, and control of world re-insurance and insurance funds, dominate international finance. Venetian families have exercised behind-the-scenes control of European grain and food supply since at least the 16th century. De Benedetti's empire, in addition to Olivetti, includes the Pirelli Tire firm, the GIM metallurgy group, insurance, real estate, and other industrial holdings.

Over the past three years, de Benedetti, with his Venetian financial backers, has emerged as Italy's leading industrial financier, eclipsing his rival, Fiat's Agnelli and Enrico Cuccia of Mediobanca, formerly the most powerful financial figure in Italy. Although he works hard at creating a flashy public image as a young, clean-cut, business *Wunderkind*, de Benedetti, protégé of Italian Finance Minister Bruno Visentini, came through the murky financial world of the murdered Roberto Calvi's Banco Ambrosiano into control of Olivetti.

The Buitoni acquisition by the de Benedetti group is paralleled by the concentration by the world's largest food producers and processing companies, the Swiss Nestle Alimentana SA and the Dutch-based Unilever. Nestle world food sales outrank every competitor's, Unilever included. In the past months, they have increased their stranglehold even more, taking advantage of the crisis in milk oversupply in Europe and the softness of U.S. dairy prices by buying control of the huge Carnation Company, of Los Angeles, California for \$3 billion. This came shortly after it acquired control of two of the largest U.S. coffee roasting firms, Hills Brothers and MJB. The same Nestle, through its German Nestle-Maggi GmbH, last month acquired Herta AG of Duesseldorf, one of Germany's largest wurst processors, together with L. Schweisfurth KG, a major producer of food machinery. The deal was arranged by Die Matuschka-Gruppe, of one of Europe's leading oligarchic families long-based in the wine and real-estate sector.

These acquisitions mean that Nestle, one of the world's leading industrial corporations, now dominates every aspect of vital food distribution and processing, from Stauffer Foods, to coffee, and milk, to contact lenses. Through its major shareholders, André Bettencourt and his wife, owners of the French L'Oréal cosmetics and perfume multinational, the Nestle financial group is reliably reported to exercise enormous control over the French Socialist government of François Mitterrand.

Nestle, to give a picture of this largest Swiss corporation, also counts on its board of directors the top representatives of Crédit Suisse, the partner of the Bank of Boston in a known

The plan is for world food production to be sharply contracted in the coming months, and control concentrated in a few hands, in order that a select handful of multinational companies emerge as the virtual dictators of world food supply.

\$1.2 billion drug-money laundering scandal; Hans Robert Schwarzenbach of the large Winterthur Insurance group; Fritz Gerber of Switzerland's largest insurance company, Zurich Insurance, and a board member of the Club of Rome-linked International Association for the Study of Economics and Insurance in Geneva, the think-tank which influences French politicians such as Raymond Barre, among others. Nestle employs 146,000 in more than 300 factories in every region of the world. It is the flagship of Swiss banking and financial families.

'A lot of gut'

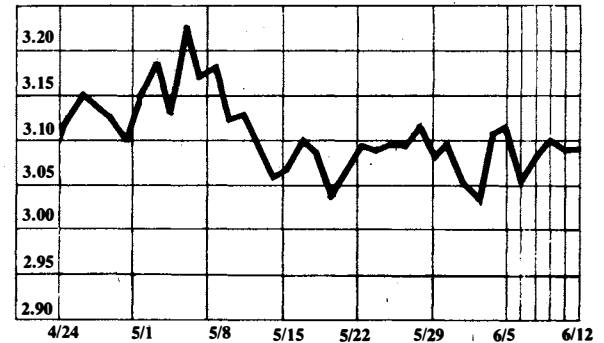
Unilever, the Anglo-Dutch group headed by Sir Kenneth Durham, has also been engaged in recent months in increasing its control over world food production, processing, and distribution—with 1984 sales of almost \$20 billion worldwide and pretax profits of more than \$1 billion. Unilever recently enlarged its global control by the nearly \$500 million purchase of the British Brooke Bond tea and beverage group. This gives Unilever enormous leverage over world food supply in addition to its previous control of Lever Brothers, T. J. Lipton, National Starch, various edible-fats companies, a total of 500 separate subsidiaries worldwide. Several weeks ago, Sir Kenneth announced that the company is now looking to invest up to £1 billion in another major U.S. food-group acquisition to add to its control over the U.S. food industry. Illustrative of his philosophy, Sir Kenneth recently commented, "Just think of the amount of gut there is out there for metabolizing food. It's huge!"

A knowledgeable insider in the Western European grain and food trading markets recently told this writer, "European Community price policies over the past decade have served the interest of the giant multinational grain and food cartels by forcing larger and larger economic concentration. In the process, EC policy in Brussels as well as U.S. Agriculture Department policy in Washington are run by these cartel companies. This is well-known." In the process, many of the most dedicated family farmers in Europe and the United States are being ground under as the price and export financing crisis of the world economy is aggravated.

Currency Rates

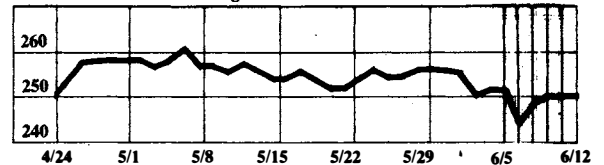
The dollar in deutschmarks

New York late afternoon fixing



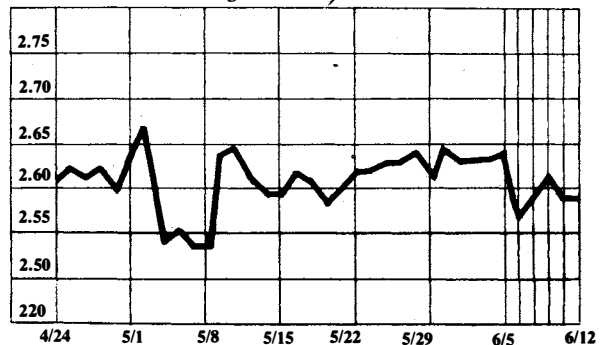
The dollar in yen

New York late afternoon fixing



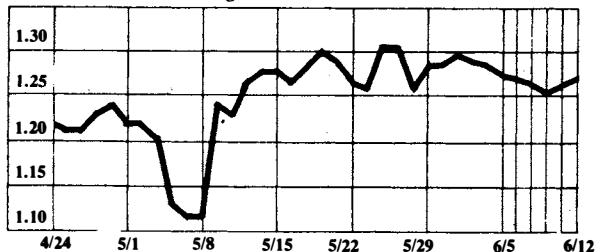
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Thailand creates body to study Kra Canal

by Sophie Tanapura

In early June, the Thai Parliament approved the creation of a 25-man special committee to study the feasibility of the Kra Canal complex. The construction of a canal through the Isthmus of Kra, between the Andaman Sea and the Gulf of Thailand, would be accompanied by the creation of a Southeast Asian superport at the city of Songkla. As envisioned by plans drawn up for the canal as early as 1973, the canal would become the center for a major industrial zone in southern Thailand.

The creation of the parliamentary committee comes one month after Thai Communications Minister Samak Sundaravej announced that pre-feasibility studies are now in the works, carried out by the Fusion Energy Foundation of Washington; the U.S. TAMS engineering firm; and the Mitsubishi Research Institute of Japan.

The vote to form the committee followed some debate, but when the vote was called, there was enough interest in the canal to carry the vote positively. On the committee are certain more prominent members of parliament, such as Sumit Sundaravej of the Thai Citizens Party and the younger brother of Communications Minister Samak; Rear Admiral Sanong of the Democrat Party, who is also chairman of the Thai Mercantile Marine, Ltd.; and Pongpol Adireksarn of the opposition Chat Thai Party. The political composition of the committee weighs heavily in favor of the Chat Thai Party and the Social Action Party, each with eight members on the committee. Its report is due at the end of July.

The committee has no power to implement, but can act as an advisory body to the government. A favorable opinion from the committee could help create the right atmosphere for a future cabinet discussion on the subject.

With the Kra Canal project discussion moving along steadily and surely, Singapore Prime Minister Lee Kuan Yew's recent trip to Bangkok raised many an eyebrow. Media rumors have it that Harry Lee, as he is better known by his British friends, expressed great concern, during meetings with Thai Prime Minister Prem Tinsulanonda and Foreign Minister Siddhi Savetsila, about the possibility that the canal would be built. Opposition from Singapore centers on the misapprehension that the canal would siphon off shipping business and traffic from Singapore, which now controls the Straits of Malacca. Others in Singapore, however, think the

industrial development and trade the canal will bring to Southeast Asia, will be a boon to Singapore as well.

Although *EIR* cannot yet confirm or deny the rumors about Lee Kuan Yew's purpose in Thailand, it would not be surprising to discover that he had, in fact, applied pressure on Thai authorities against the canal.

In Singapore on Jan. 11 of this year, Lee Kuan Yew hosted a series of meetings with influential members of the ASEAN countries: Philippines Prime Minister Cesar Virata, Indonesian Armed Forces Chief General Benny Murdanni, Indonesian Economic, Financial, and Industrial Development Minister Ali Wardhana, Malaysian Education Minister Abdullah Bin Ahmed Badawe, and Thai Foreign Minister Savetsila. According to an American source, Henry Kissinger was also on hand, and was working to undermine progress toward construction of the Kra Canal.

Early this May, Dr. Phisit Pakkasem, deputy secretary-general of the National Economic and Social Development Board (NESDB), who prides himself on being a Kissinger disciple, stated in a private discussion with Japanese businessmen and representatives of the Fusion Energy Foundation that as long as he is at the NESDB, he will not allow the project to go through. Created on the advice of the World Bank in the 1950s, the NESDB has always acted to quash industrial infrastructure projects and promote "small, appropriate" schemes.

At a press conference on June 11, *EIR* asked Thai Communications Minister Sundaravej to comment on Dr. Phisit's hostility toward the Kra Canal project. Samak replied: "Dr. Phisit should make a public statement on that. He should give an interview to the press. Does he have the guts to give a press interview?"

Samak then explained, "The NESDB wants to develop the upper south [of Thailand]. That is their latest toy, after the Eastern Seaboard project.

wants to build a land bridge crossing the upper south isthmus with a port on either coast. Now, if Dr. Phisit can have that idea, I can have mine, too. My idea is to create a passage for ships to go through. Each person can have his own idea. But to announce that you will block the idea is rather abnormal.

"Invite the press to interview Dr. Phisit. Other people should know what a strange situation this is. Does this mean ministers are not allowed to think for themselves anymore and that a civil servant has to make a public declaration to block his ideas?"

"I am studying the Kra Canal question. We are negotiating with Japan and the United States as well as the Fusion Energy Foundation. What I am doing must be pretty good, because it does not cost us anything to consider the pre-feasibility study. . . . The Japanese are going to invite me to Japan after the parliamentary session is over. The Americans are very interested and have been working on this project for the past two years. The parliament wants to study it. Let them do it. But is it not strange that the NESDB announced that it will block the project?"

Referendum points toward social chaos

The Communists have lost two votes in a row, but that is the least important feature of the recent electoral operations.

On Sunday, June 9, the Italian population was called out to vote for the second time in two weeks, this time on a referendum on the cost of living escalator (*scala mobile*). Partisans of the coalition of parties involved in Bettino Craxi's government, who voted "no" on the referendum, won with 54.3% of the vote, against a strange coalition led by the Communist Party (PCI) and the neo-fascist MSI party.

Anyone who concentrates his attention on what is merely obvious—that the PCI has been defeated twice in a row, first in the May 12 administrative elections—misses the most important feature of these electoral operations. Their sole aim has been to undermine Italy's already weakened democratic institutions.

The issue which divided the nation in this referendum could not have been more artificial: the coalition voting "Yes" wanted to abrogate a law which cut the COL four points, for a total of \$12; but this law was already scheduled to expire in February 1986, regardless of the vote!

The underlying issue is the economic crisis and the government's austerity measures. But these are not challenged by anyone: The government is following the direction of Finance Minister Bruno Visentini, instituting drastic cuts in the budget and tax hikes. The PCI is the most outspoken supporter of this austerity policy, with Visentini acting on behalf of the

Bank of Italy and International Monetary Fund.

While it is clear that for the immediate future, the government of Craxi will stay in power, the referendum campaign saw the emergence of three important new developments:

- For the first time, a communist-fascist alliance which gained 46% of the votes;

- The highest abstention rate (22% of the voters) since the postwar period;

- Heightened social tensions oriented in the direction of "class struggle."

Demonstrating the hidden goal of "class struggle" chaos, the president of the Italian industrial association (Confindustria), Luigi Luchini, gave a press conference just three minutes after the closing of the polls to announce that the Confindustria has unilaterally decided to cancel all cost-of-living reforms.

A few hours later, the PCI cells in some of the biggest factories of Milan and Turin called for wildcat strikes.

Similar provocations, combined with high unemployment and a growing economic crisis, add to the ingredients for a period of intense new trade-union activity in Italy.

But the most important political event facing the country now is the fight around the election of a new President of the Republic. This event is expected to be a turning point in

Italy's political life of the past 40 years. Forces around former Prime Minister Giulio Andreotti, Bruno Visentini, and the Communists intend to institute undemocratic, authoritarian changes in the Italian constitution and their success will depend on the outcome of the presidential election.

The two chambers of the parliament will begin to meet to elect the new President on June 24. At this time, everyone is repeating only one name: Giulio Andreotti.

In Italy, Andreotti represents the same appeasement policies toward Moscow that are backed by West German Foreign Minister Hans-Dietrich Genscher and NATO General-Secretary Lord Peter Carrington. If Andreotti is elected, he will immediately challenge Bettino Craxi's confused, but generally favorable position on the U.S. Strategic Defense Initiative.

In recent days, the possibility that President Sandro Pertini would win a second term were destroyed by yet another scandal surrounding his person. Pertini was told to sign a pardon for a Red Brigade terrorist, Fiora Pirri Ardizzone, former wife of the notorious fugitive terrorist Franco Piperno, who is now in Canada. Pertini admitted that he signed the release order without reading it, a regular practice with him.

In other words, Pertini is too old to be re-elected.

The only other alternative to Andreotti is former Prime Minister Francesco Cossiga, who is not much better than Andreotti when it comes to special deals with the Soviets. Cossiga was recently appointed chairman of the Aspen Institute of Italy at a conference organized by the Cini Foundation in Venice. Aspen is the arm of the U.S. think-tank based in Colorado which has been an architect of schemes to hand Europe over to the Russians. The Cini Foundation is headed by none other than Bruno Visentini.

IMF shock threatens democracy

Argentina is set to explode, but in Brazil, the new government is drawing the line against the Fund's austerity.

ARGENTINE PRESIDENT Raul Alfonsín has delivered what could well prove the final blow to his country's tenuous democracy. In response to threats from the international financial community to declare the nation "sub-standard" and withhold all future credit, Alfonsín on June 14 unveiled an economic "reform" which, when leaked to the press, caused a run on the banking system, a soaring rate for the black market peso, and media talk about "a violent economic shock," "an earthquake," and a "drastic turn." Alfonsín was forced to order a shutdown of all the banks for at least two days to prevent their collapse.

The austerity package includes an 18% devaluation of the peso, a freeze on prices, wages, fuel and public service costs, a drastic reduction in interest rates, lifting restrictions on all payments abroad, creation of a new currency, and cancellation of a cost-of-living clause in workers' contracts.

The labor movement has already responded to the measures with a call to "all productive sectors" of Argentina to unite to defeat President Alfonsín's "International Monetary Fund program."

IN BRAZIL, the tables appear to have been turned. A top-level "technical mission" from the International Monetary Fund, headed by Western Hemisphere director Eduardo Wiesner, departed that country with its nose out of joint, after the new government of Jose Sarney reportedly demanded point-

blank an end to the Fund's surveillance of the Brazilian economy. Reports have it that Brazil is demanding from the Fund, among other things, lower interest payments, at least \$4 to \$5 billion in new money this year, and a change in venue from the New York courts to the World Court at The Hague. The bankers have reacted very strongly, calling Brazil's position "a nationalist fantasy."

Particularly irritating to the banks must be President Sarney's pledge to uphold the nation's strong science and technology orientation, given that since the IMF began managing the Brazilian economy, research budgets have been virtually eliminated. Speaking June 10 to a meeting of scientists, Sarney declared that, "Brazil, as a developing country, cannot do without science and technology. . . . Our people must be subjects, and not mere objects of history." He noted that French President Charles de Gaulle was right to have put such emphasis on science and technology in order to prevent being "marginalized."

POPE JOHN PAUL II joined visiting Peruvian President-elect Alan García June 9 in denouncing usury. During a private audience in Rome granted to the new Peruvian head of state, the Pope declared that "the children of God should not be sacrificed" to pay the foreign debt. García in turn pledged that under his mandate, Peru would be "a Christian nation" and that "the debt that the Latin American gov-

ernments owe their people comes before the foreign debt."

THE WORLD BANK has told the Colombian government that its hydroelectric projects were too ambitious and costly, and would have to go if the country expected to get any more credit from that worthy institution. In particular, the pet project of President Belisario Betancur—to construct a vast electric energy grid from Colombia to Mexico that would benefit their infrastructure-poor Central American neighbors—was targeted by the Bank as "nice, but impractical."

An "advisory mission" to Colombia, headed by former World Bank Vice-President Hollis Chenery, reportedly claimed that Colombia's unemployment problem stems from too much dependence on technology.

Colombia's four labor federations came together June 12 to demonstrate their shared opposition to the austerity conditionalities the IMF has imposed in that country. The UTC, CTC, CGT, and CSTC trade-union memberships marched through the center of Bogota to demand that the Betancur government break with the Fund; they also organized a two-hour voluntary blackout in Bogota to protest a recent hike in public service rates, courtesy of IMF dictates.

The Colombian daily *La República* reports that 15 of the most important regional hospitals in the country were within weeks of shutting their doors if their operating expenses were not met by the government. Most of them are already operating on minimal capacity, accepting patients on a "life-and-death only" basis. The country's health budget was one of the first to be slashed to the bone when the IMF demanded surveillance over the economy, before Colombia would be permitted back into the credit market after a two-year hiatus.

Behind the outbreak of salmonella

Labor speed-up in the dairy processing industry is taking its deadly toll.

Despite all the publicity about the salmonella poisoning outbreak this spring in the five-state Chicago milk-marketing region, the simple facts of labor speed-up at the contaminated dairy plant, and resulting sanitation breakdown, have gone unreported. The "moral of the story" behind the disease outbreak, in which at least five people died needlessly and another 15,000 were affected, is that unless the general economic breakdown is reversed, the public will be struck by more such disease outbreaks from improper food processing and collapse of basic infrastructure.

The same general breakdown is the cause of another tragedy reported in mid-June, when 28 deaths, mostly of pregnant women and infants, were linked to bacteria found in a Mexican-style cheese manufactured in southern California. The bacterium *listeria monocytogenes*, which causes an infection with flu-like symptoms, can easily be destroyed by proper pasteurization.

The salmonella outbreak occurred in March and April this year, when the bacterium was transmitted in low-fat milk products processed and shipped from the Hillside Dairy in Melrose Park, near Chicago. Hillside Dairy milk was distributed to five states—Illinois, Iowa, Indiana, Wisconsin, and Michigan—and within a short period, salmonella poisoning was reported in hundreds, then in thousands, of cases.

Within a short period of time, the tainted milk batches were identified, and the remaining milk cartons were recalled from the stores. The Hillside

plant was shut down and its machinery literally taken apart, to determine where the contamination came from.

After it was confirmed that no salmonella bacteria was reaching the plant through its raw milk supply from Wisconsin farms—though salmonella organisms occasionally do turn up in raw milk—then the question of the source and contamination in the plant was posed.

After viewing the available facts, area farm and labor representatives and dairy engineers have concurred: Deliberate labor speed-up in the processing plant resulted in a breakdown of cleaning procedures, and the production of tainted milk.

One month prior to the release of the contaminated milk, the owner of Hillside Dairy, Jewel Foods, was itself taken over by American Stores, of Salt Lake City, Utah. American Stores is a food giant that operates supermarket chains, including Acme, and food processing facilities.

American Stores almost immediately imposed labor and equipment speed-up practices at the Hillside processing plant, and began running far more milk through the facility than it was designed to handle. The food workers complained and there was conflict with management, but the speed-up remained in effect. As a result, the cleaning cycle broke down. The time allocated for cleaning the processing equipment—which must be done in place—was cut back, and the conditions were created for a bacteria outbreak.

So far, the reports in the regional media, and the health investigators'

releases, have not been specific on the manner in which the contamination took place and spread. However, milk experts think this is the picture:

The outbreak likely occurred in the area where skim milk is received in tank trucks from the farm supply depot, then stored and blended with whole milk to reach the right butterfat percentage, and then pasteurized and sent out. When the storage, receiving, and pasteurizing processes are running at overcapacity, the cleaning methods may be inadequate, and unpasteurized product may mix in with pasteurized. Government officials are already investigating the possibility of this occurring at the point of "cross-over" of various flow lines through the cluster valves. Dairy engineers say the cluster valves are a likely point of contamination, where milk is shunted through different valves, and some unpasteurized product might be siphoned off into treated milk.

Since none of the raw milk supplies to the plant were found to have salmonella, the origin of contamination would likely be one of the various sources common to food processing facilities, for example in the powdered milk used to fortify the final product to keep it from being "blue" and thin. The powder easily clumps up around equipment, especially if the cleaning is not done thoroughly, and any salmonella present would have the opportunity to grow and be transmitted.

Under proper conditions of pasteurization, the salmonella and other bacteria are all killed. However, any breakdown in the needed procedures eventually guarantees disease outbreak.

One milk expert compared the situation at the Hillside Dairy to what has happened under airline deregulation—an American Airlines jetliner lost an engine in flight.

Business Briefs

Banking

Glenn asked to explain Warner ties

"It's interesting that our senators Glenn and Metzenbaum have been so silent about this Marvin Warner case," an Ohio insider commented to *EIR* on June 10. "Usually both of them, especially Metzenbaum, have so much to say about everything, yet we hear not a word from them on this banking situation. Why? In Glenn's case, the answer may be that he still owes Marvin Warner several thousands of dollars from Warner's funding of past political campaigns of Glenn."

Marvin Warner, whose Home State Savings Bank's bankruptcy triggered a run on Ohio S&Ls in March, is now the subject of no fewer than 11 federal probes (see *Investigation*, p. 24).

Glenn's silence is all the more remarkable, in that he is a member of the Senate Permanent Subcommittee on Investigations, which has been looking into bank drug-money-laundering, for which Warner is notorious.

The source said, "The repercussions on the Ohio Democratic Party from this case could be endless; after all, Warner had business ties with Paul Tipps, the former Democratic Party state chairman."

On June 11, the National Democratic Policy Committee demanded that Senator Glenn come forward and explain his business/campaign financing deals with Warner, reportedly including a \$200,000 loan.

"Warner didn't lend Glenn any money, it was the bank," said an aide to Glenn.

The Debt Bomb

Indebtedness called greatest security threat

"Our countries are still choking on debt," Argentine ambassador to Washington Lucio Garcia del Solar warned on June 8. "That is a greater danger to the security interests of the United States than guerrilla wars in Central America, because if the situation is not

alleviated, the democratic presidents emerging in the biggest, most pivotal, countries . . . will be vulnerable to surges of populism pushing them toward the extreme right or left.

"In some countries," he continued, "it could mean a return to military dictatorship. In some, it could lead to resurgent leftist terrorism that will draw them into the East-West conflict. In the Andean countries, like Colombia, Peru, and Bolivia, there literally is a danger of the narcotics traffic becoming so important a source of national revenues that entire governments will be corrupted and come under the control of local drug mafias."

But, he lamented, "We are not getting this message across. The bottom line is that the U.S. government doesn't see the debt crisis as affecting the national security of the United States."

The Invisible Hand

Jersey bank ordered to produce records

First Fidelity Bank of New Jersey must produce any records which may reflect that they violated the law by not reporting cash deposits made by Resorts International, Federal Magistrate Serena Peretti ruled on June 11. Judge Peretti ruled that this information is relevant to the defense of Independent Democrats for LaRouche against libel charges by the bank. IDL is the 1984 campaign committee which promoted Lyndon LaRouche's election to the presidency.

The charges stem from leaflets distributed by IDL charging that the bank is tied to criminal elements, after the bank "hand debited" tens of thousands of dollars from the LaRouche campaign committee's account on election eve.

Resorts International, the international gambling concern established by the late mobster Meyer Lansky, set up the first casino operations in Atlantic City, New Jersey, on the basis of loans from First Fidelity. Casinos, of course, do not as a rule turn a profit as such, and Atlantic City's have been in the red since their inception. Their purpose is to launder dirty money. Hence the

importance of any cash deposits received by banks from Resorts.

When bank lawyer Epstein argued that the bank intends to go for summary judgment on the libel case, and would not produce documents until that motion was heard, the judge said that they had to produce the documents within 30 days regardless of the motion. She also ruled that the bank must produce all public documents in its possession regarding Resorts' attempts to get a license from the Casino Control Commission.

IDL had requested this information to demonstrate that the bank was aware of the allegations made during these hearings on the criminal associations of Resorts, but nevertheless provided the money to get its casinos started in New Jersey.

International Credit

U.S. demands ADB become IMF's arm

The United States dropped a bombshell on Asia in early May, demanding that the Asian Development Bank (ADB), the leading development and infrastructure credit lender in the region, be transformed into a regional adjunct of the International Monetary Fund (IMF).

American ADB Director Joe Rogers used an interview with the *International Herald Tribune* to declare that the United States rejects the idea "that there is such a thing as development economics." Later, in his presentation to the 18th annual meeting of the ADB April 30-May 2 in Bangkok, Thailand, Rogers demanded that the ADB attach IMF-style "conditions" to its loans, and use its lending to enforce "privatization" of the public sector in Asia. ADB project loans, said Rogers, "would be used for leverage or a 'sweetener' to bring about policy change."

Repercussions from Bangkok are not hard to project. The U.S. dictate to the ADB comes only a few weeks after both houses of the U.S. Congress voted up "Jap-bashing" resolutions against Japan, America's leading Asian trading partner.

Rogers' threats are backed up by a credit stalemate in U.S. payments to the ADB for

Briefly

1985. The most seriously threatened area is the Asian Development Fund (ADF), the "soft-credit" window of the ADB which specializes in credits for basic infrastructure projects to poorer member countries. Half of all ADF loans go to improvements in agriculture, and another 25% to energy development.

The United States is \$91 million behind in its yearly commitment of \$130 million to the ADF for 1985. Assistant U.S. Treasury Secretary David Mulford, who led the 16-man U.S. delegation to Bangkok, promised the U.S. would fulfill its commitments this year, but he and Rogers warned that future U.S. participation will be conditional on ADB willingness to ram down its members' throats the "free-trade," "private enterprise" claptrap coming out of Washington.

Resources

Texas may sue Exxon, King Ranch

Texas Land Commissioner Gary Mauro is threatening to sue Exxon Company U.S.A. and "the legendary King Ranch" to collect oil and gas revenue payments Mauro says were illegally denied the state. Mauro claims the ranch and Exxon shorted the state \$3.8 million.

The state owns mineral rights to 18,000 acres of the ranch, and Texas law requires the landowner—in this case King Ranch—to act as agent for the state and lease the state holdings at a fair price.

In 1933, the ranch leased its mineral rights to Exxon, then Humble Oil & Refining, for 13¢ an acre, but leased the state mineral rights to Exxon for only 10¢ an acre. The ranch's portion was covered by a protective agreement requiring Exxon to meet certain drilling requirements, while the state's portion was not. In 1954, the leases were renegotiated, and Exxon agreed to pay extra royalties to the King Ranch, but not to the state.

Mauro says he is willing to settle out of court for \$3.8 million. But, he warned, if the case goes to trial, he will seek to have the 52-year-old leases invalidated, which

could cost Exxon and the ranch up to \$70 million.

Soviet Economy

Growing twice as fast as the U.S.

"The Soviet Union's economic development is two or three times faster than that of the United States," bragged Radio Moscow on June 10. "The Soviet Union is the first in the world" in the production of 30 major items of industrial output, including steel, trucks, electrical and diesel locomotives, oil and gas.

Central Committee member Vadim Zagladin told *Le Monde* interviewer Giorgio Fanti that scientific and technological progress were a "strategic imperative" for the Soviet Union. He also spoke of the "economic superiority" of the Soviet Union.

The degree of that superiority is documented in *EIR's* first *Quarterly Economic Report* of 1985 (April 15), "The Recovery That Never Was," which confirms the accuracy of Radio Moscow's claims.

Food

Regan says there's too much grain

The expected "bumper crop" in the world's grain-producing regions is a major problem confronting the world economy, White House Chief of Staff and former Merrill Lynch president Donald Regan, told a meeting sponsored by the American Stock Exchange in Washington, D.C. on June 10.

Because Saudi Arabia and India were now becoming grain exporters, and "there are not enough markets" for the food, only trouble is ahead in the world grain markets, he said.

Regan did not mention starvation in Africa and parts of Ibero-America, due to the International Monetary Fund conditionalities policy for which he has been instrumental in maintaining White House support.

● **PAUL VOLCKER**, despite his success in destroying U.S. industry, agriculture, and government budgets over the last five years, thinks that "there is still a lack of discipline in dealing with our country's economic affairs that we must deal with." That's what he told a commencement exercise at DePaul University in Illinois on June 9. "The last two and a half years have been good, but not nirvana," he complained.

● **FRANK LORENZO'S** Texas Air announced on June 13 that it will acquire TWA for \$793 million. It already owns Continental and New York Air. Lorenzo allegedly "rescued" TWA from raider Carl Icahn. But Icahn, who owns 32.7% of TWA, stands to make \$78 million from Lorenzo's takeover, and L.F. Rothschild analyst Tim Pettee admits: "If Texas Air could impose Continental's cost structure on TWA, it would become a very formidable airline." That "cost structure" is the result of declaring bankruptcy in order to break Continental's union contracts. TWA's unions have so far given few concessions. Enter: Lorenzo.

● **IBM AND SIEMENS** officials are lying about the U.S. Strategic Defense Initiative in Europe. There will be few or no spin-offs from "Star Wars" research which can be put to civilian use, IBM Vice-President Louis Branscombe told a conference in Maastericht, Belgium in mid-June. A Siemens official from the United States echoed this line—curious, inasmuch as SDI technology spillovers in the computer and electronics fields, in which IBM and Siemens predominate, would be massive.

● **GERMANY'S KWU** has signed a "memorandum of understanding" with China for possible delivery of four 1,000-megawatt nuclear reactors to China. If concluded, the deal could be worth up to 5 billion deutschmarks. China's industrial modernization effort calls for construction of 10 nuclear plants by the year 2000.

The U.S.A. needs ten million new machine-tools

by Robert Gallagher

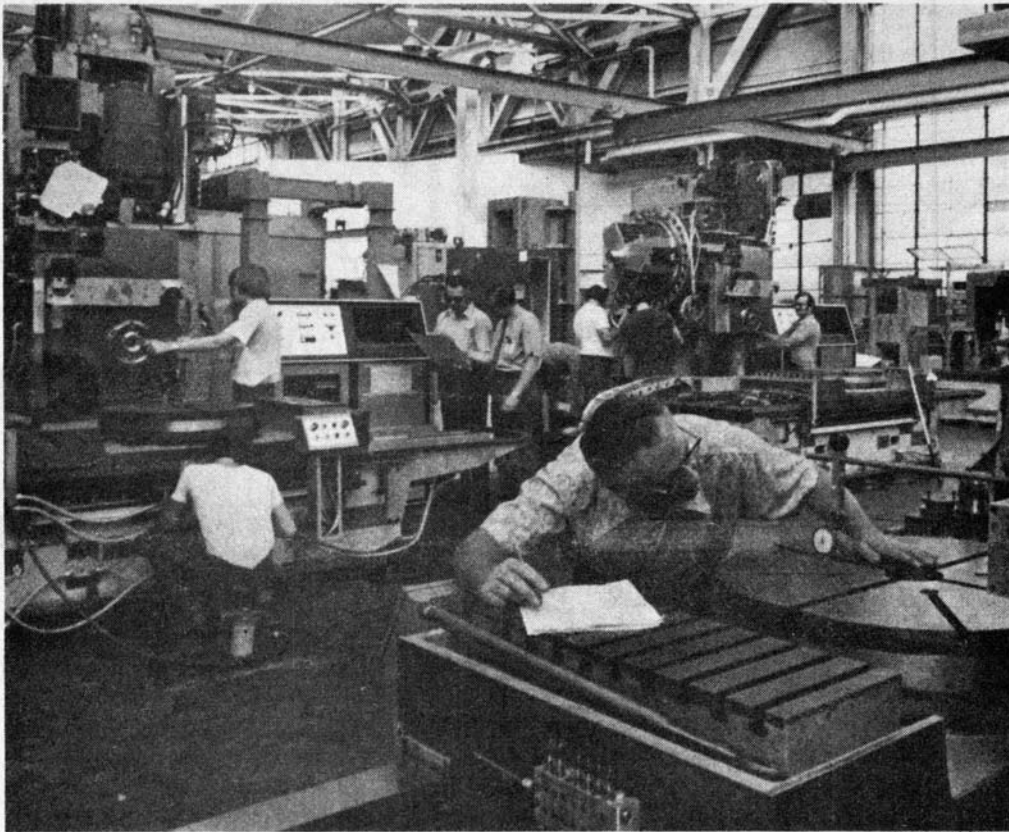
As one of the first steps in the defense mobilization required to defeat the Russian Empire and create a second industrial revolution, the United States requires investment in the production of metal-cutting and metal-forming machine-tools, at present levels of technology, of approximately \$600 billion. This result argues for the fastest-possible implementation of laser machining, first throughout the U.S. machine-tool industry itself (Standard Industry Classifications 3541 and 3542), and then throughout all basic metalworking industries critical to national defense and economic expansion in capital goods.

The size of this calculated deficit in machine-tool building will not surprise anyone who has followed the catastrophic collapse of the machine-tool industry since its height in 1967. In the 10 years between 1973 and 1983, the number of machine-tools in use in metalworking in the United States dropped 28%, and over two-thirds of this remaining stock is officially classified as "over-age" by the *American Machinist* (Table 1, Figure 1).

The number of metalworking machine-tools in use for each member of the labor force in 1983 was half the 1963 value of 38 per thousand workers. The fact that the number of tools in use per industrial operative declined only 25% over the same period, only shows that the industrial operative is disappearing as fast as our capital-goods industries (Table 3, Figure 2).

Total shipments of heavy metal-forming machine-tools in 1984 were 46% of 1974 levels, and 1984 shipments of heavy metal-cutting machine-tools were a mere 35% of the 1967 value of 86,000. In the intervening time, imports have risen to constitute some 40% of domestic consumption of heavy machine-tools (Tables 6-8, Figures 3-4).

On a per-capita basis, shipment of heavy metal-cutting tools in 1984 was 29% of its 1967 value of 432 per thousand persons. The decline in shipments per industrial operative over the same period is only 35%, for the discouraging reason



Cincinnati Milacron

As America's machine-tool stock becomes more and more obsolescent, the Russian Empire is gearing up for war. A \$600 billion investment in metal-cutting and metal-forming machine tools is urgently required. Shown are computer-controlled machine tools in a Cincinnati plant.

cited above. The present disastrous state of our capital-goods industries can be summed up by citing the fact that we now produce fewer heavy metal-cutting machine-tools than the backward Russian economy did in 1937, according to the *CIA Handbook of Economic Statistics* (Figures 5-6).

The Machine Tool Builders Association, the representatives of that branch of industry which constructs industrial fasteners, and the Forgings Association, have since the late 1970s, demanded relief for their collapsing industries on national security grounds. The machine-tool builders, like the other two agencies cited, have argued that the growing preponderance of foreign imports in each of the cited areas, now over 40%, is in itself a national security threat.

Under the Carter administration, and again under Reagan, these branches of industry, without which there is no modern industrial economy, have been turned down cold. Michael Blumenthal, treasury secretary in the Carter administration, argued that since the next war would be thermonuclear, and everything would be destroyed in less than half an hour, there was no need to protect the capabilities of the national industry.

The Reagan administration has thus far taken a different tack. Reagan's State Department, which rules in these areas of defense-related industrial capabilities, argues that Western Europe would be the likely theater for hostilities between the United States and the Soviet Union. Reagan's State Department concedes that Atlantic shipping lines may be interdicted

by Russian military action, breaking connection with Europe. However, the department points out, that trade for these associations is primarily with Asia, and it does not expect trade with Asia to be affected by hostilities in Europe.

Both sides focus on the question, whether or not import dependence is a threat. Neither takes up the more important problem: Is the United States to maintain the productive capacities of its basic industry, or not? That is what is really involved. Can the United States still produce its own national requirements, both for defense and for the civilian economy? A review of the collapse of the machine-tool industry shows that the answer is "No."

The Defense Production Act

The President must immediately establish a plan for carrying out this required investment program, and the implementation of laser machining, in the fastest possible way, under the powers granted him by the Defense Production Act. Had the specifications of that act been followed, as the law should be, the present catastrophe would not be upon us. But successive administrations have violated the law of the land on behalf of the broader purpose of deindustrializing the nation. They accepted the argument of the lunatics that nuclear warfare made industry obsolete.

The act was designed by its framers to prevent a repeat of the disaster that befell the nation at the outbreak of World War II, by maintaining, and updating, a national stockpile of

Table 1.

Age of metalworking machine-tools in use in metalworking industries, 1953-83

(thousands)

	Total	Under 10 years	10-19 years	Over 20 years	Net new
1983	2,193	718	746	728	- 83
1977	2,631	803	927	901	- 207
1973	3,066	1,010	1,185	871	- 11
1968	2,870	1,021	1,176	672	10
1963	2,809	1,011	1,216	582	124
1958	2,218	887	932	399	- 211
1953	2,475	1,098	914	463	

Source: 7th through 13th American Machinist Inventory of Metalworking Equipment.

Table 2.

Metalworking machine-tools in use in metalworking industries per thousand persons, 1953-83

(units)

	Total (1,000s)	Per 1,000 persons	Under 10 years	Per 1,000 persons
1983	2,193	9.4	718	3.07
1977	2,631	12.0	803	3.65
1973	3,066	14.5	1010	4.76
1968	2,870	14.3	1021	5.08
1963	2,809	14.9	1011	5.35
1958	2,218	12.5	887	5.01
1953	2,475	15.5	1098	6.86

machine-tools, and other equipment and plant necessary for the functioning of industrial production under emergency or mobilization conditions. The lessons of President Franklin D. Roosevelt's World War II mobilization were studied closely. One of the determinations made was that the collapse of the machine-tool industry was one of the principal factors slowing down the acceleration of FDR's buildup from its initiation.

The provisions of the act should be followed to rebuild the machine-tool industry now, in the same way that FDR initiated expansion of the U.S. iron and steel industry in mid-1941, before U.S. entry into World War II, through formulation of a plan to increase capacity by 20-25%. Reagan must "take the bull by the horns" and initiate the even greater task that faces the nation today.

Reagan would take this step none too soon. Soviet party boss Mikhail Gorbachov has challenged the President to a technology race in basic industries, especially machine-tools. In a major policy address to the Communist Party Central Committee April 23, Gorbachov called for the Soviets to produce "revolutionary changes . . . modernizing every in-

dustry, on the basis of the latest scientific and technical gains, and reaching the highest world levels in labor productivity. The decisive say," he added, "belongs to the machine-tool sector."

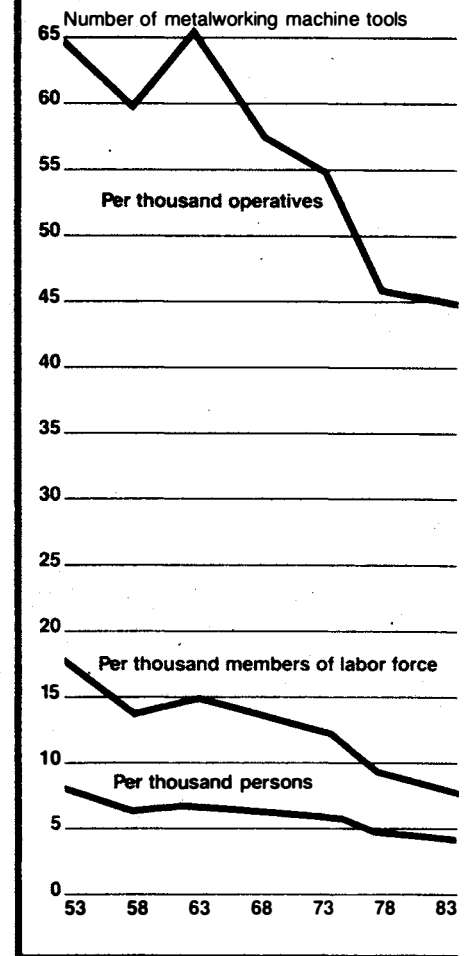
Industries for defense

Any industrial planner can repeat our calculations, and arrive at precisely the same result for the level of needed machine-tool investment. A cursory evaluation of the "bill of materials" required for a "Manhattan Project"-type implementation of the Strategic Defense Initiative, can only conclude that a massive retooling of U.S. metalworking industries is in order.

Among the many metalworking industries that must lead the second industrial revolution and the establishment of peace on our planet are:

1) **Guided missiles and space vehicles.** To place into orbit required hardware for early warning systems, surveillance equipment of all kinds, space-based laser mirrors and pointing and tracking equipment, space-based directed-energy battlestations, and to equip our expanding submarine

Figure 1.



Number of metalworking machine tools under 10 years old in use in the United States

Table 3.

Metalworking machine tools in use in metalworking industries per thousand members of labor force, 1953-1983
(units)

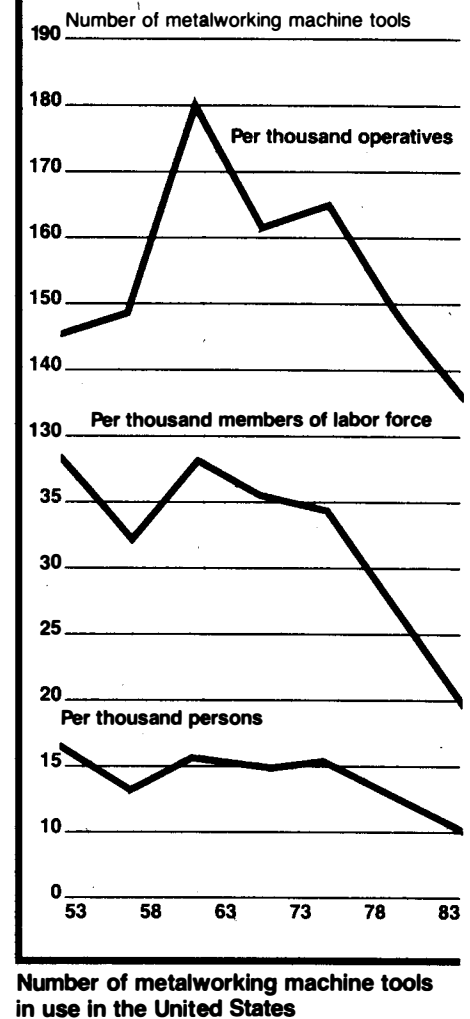
	Total (1,000s)	Per 1,000 persons	Under 10 years	Per 1,000 persons
1983	2,193	19.4	718	6.35
1977	2,631	26.4	803	8.07
1973	3,066	33.7	1010	11.1
1968	2,870	34.9	1021	12.4
1963	2,809	37.7	1011	13.6
1958	2,218	31.6	887	12.6
1953	2,475	37.1	1098	16.5

Table 4.

Metalworking machine-tools in use in metalworking industries per thousand production workers in mining, manufacturing, and construction, 1953-1983
(units)

	Total (1,000s)	Per 1,000 operatives	Under 10 years	Per 1,000 operatives
1983	2,193	135	718	44
1977	2,631	148	803	45
1973	3,066	164	1,010	54
1968	2,870	161	1,021	57
1963	2,809	180	1,011	65
1958	2,218	148	887	59
1953	2,475	145	1,098	64

Figure 2.



force with the necessary rapid-ascent rockets to carry x-ray laser ICBM-killers into space to intercept Soviet ballistic missiles in their boost phase; and to deploy as rapidly as possible, a complete force of the MX Peacekeeper missile.

2) Shipbuilding. To place into the oceans submarines equipped with rockets armed with x-ray lasers; to expand the existing surface and underwater fleet to approximately 1,000 major combatants, with an initial second, but equal, emphasis on deployment of anti-submarine warfare task forces, especially anti-submarine warfare *hunter-killer submarines*; and to equip existing and future aircraft carriers, cruisers, and battleships with directed-energy air defense systems against cruise missiles and short-range ballistic missile warheads.

3) Computers and communications equipment. For deployment in space and for central battle management; radar and other equipment.

4) Aircraft. To produce anti-submarine warfare planes and helicopters, and high altitude aircraft equipped with directed-energy weapons capable of shooting down at Warsaw Pact aircraft in the event of an attack on our allies.

5) Motor vehicles. To produce armored vehicles equipped with directed-energy weapons for deployment in Europe, Israel, and Asia for interception of short- and medium-range missiles and nuclear-armed artillery shells.

6) Primary metal industries. The machine-tool investment program, as shown in Table 9, requires approximately 44 million tons of iron and steel itself. Assuming that a tool must be replaced every 10 years, as demonstrated by the *American Machinist* inventories (see below), once the deficit has been made up, approximately 4.4 million tons of iron and steel will be required to simply rejuvenate existing stock.

This is an amount equal to half the steel produced in the United States every year, if the production claims of the steel producers and the Department of Commerce are to be taken seriously. Even if the whole 44 million tons would not have to be provided at once, a significant amount of the steel necessary to rebuild the machine-tool industry could be found, if we stopped building any more high-rise offices, and so-called downtown redevelopment projects, and simply allocated the steel and concrete we do produce to rebuild our basic industry.

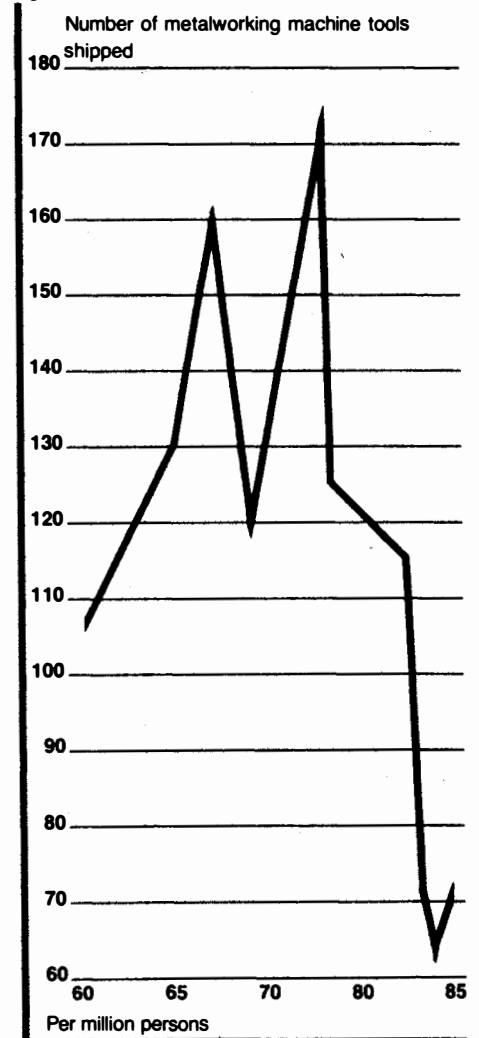
Table 5.

U.S. production of heavy metal-forming machine-tools, 1960-84
(units)

	Total shipments (1000s)	Per million persons	Per million workers	Per million operatives	Per 100 machine-tool operatives
1984	16.9	72		966	
1983	14.8	63	131	909	152
1982	16.7	72	149	1,006	138
1981	21.9	95	199	1,209	139
1980	26.2	115	240	1,424	144
1975	26.8	124	282	1,634	151
1974	36.9	172	397	1,995	182
1970	24.2	118	281	1,383	120
1967	31.6	159	391	1,806	151
1965	25.3	130	329	1,518	137
1960	19.3	107	268	1,237	108

Source for shipment figures: National Machine Tool Builders Association, Economic Handbook of the Machine-Tool Industry, 1984-85. Column 3 is tools shipped per million member of the labor force; column 4 is tools shipped per million production workers in mining, manufacturing and construction; column 5 is tools shipped per 100 machine-tool building production workers.

Figure 3.



Shipments of heavy metal-forming machine tools per capita

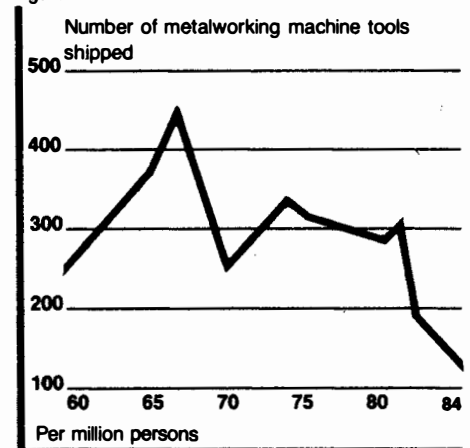
Table 6.

U.S. production of heavy metal-cutting machine-tools, 1960-84
(units)

	Total shipments (1000s)	Per million persons	Per million workers	Per million operatives	Per 100 machine-tool operatives
1984	30	127		1,714	
1983	35.6	152	315	2,187	127
1982	40.5	175	362	2,440	116
1981	66.1	287	601	3,652	138
1980	62.2	273	571	3,380	130
1975	65.9	305	694	4,018	162
1974	69	322	742	3,738	157
1970	49.3	240	573	2,817	108
1967	86	432	1,064	4,914	142
1965	68	351	883	4,079	140
1960	42.9	237	596	2,741	108

Source for shipment figures: NAMTB, Economic Handbook of the Machine Tool Industry, 1984-85. Column 3 is tools shipped per million member of the labor force; column 4 is tools shipped per million production workers in mining, manufacturing and construction; column 5 is tools shipped per 100 machine-tool building production workers.

Figure 4.



Shipments of heavy metal-cutting machine tools per capita

Table 7.

Employees in defense-oriented metalworking companies as a percent of total employment in metalworking

SIC code & industry name	1968*	1978
33 primary metal industries	26	29
34 fabricated metal products	31	40
35 non-electrical machinery	34	61
36 electrical machinery	65	74
37 transportation equipment	65	43
38 precision instruments	65	96
All industries SICs 33-38	44	69
Metalworking employees as percent of labor force	11	8

* Employment figures calculated from Tenth American Machinist Inventory of Metalworking Equipment Source: Statistical Abstract of the U.S., 1971 and 1980.

Table 8.

Estimate of machine-tool investment deficit, 1985

1) Machine-tools per 1,000 operatives 1963	180
2) Size of labor force 1985 (thousands)	113,000
3) Machine-tools less than 10 years old 1983	718,000
4) Average cost of heavy machine-tools (over \$2,500) 1983	64,332*

* Deficit = $[(0.5 \times 113,000 \times 180) - 718,000] = 9,452,000 \times \$64,332 = \$608 \text{ billion} = 167 \text{ times } 1982 \text{ sales of machine-tools}$

Source: Value per machine-tool on line 4 calculated from figures in NMBTA, Economic Handbook of the Machine-Tool Industry, 1984-85, pp. 94-95.

The industrial associations which produce the forgings and castings out of which the machine-tools would be made, are functioning at 50% and less of their rated capacity, and have laid off between one-half and two thirds of their work forces during the course of Paul Volcker's so-called economic recovery.

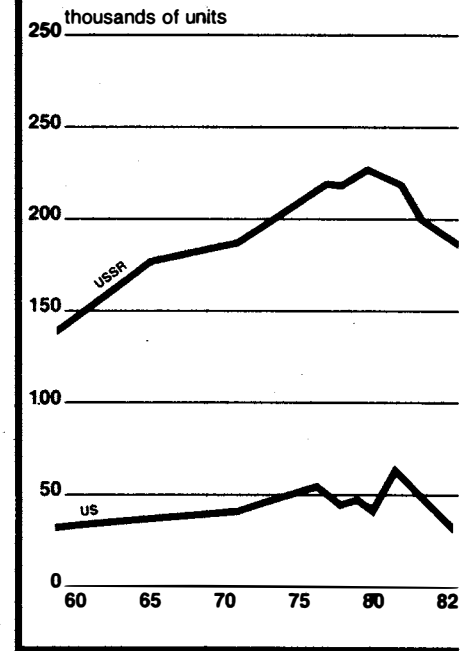
It may further be argued that since machine-tool production workers comprise only 1% of total operatives in metalworking—those operatives that use machine-tools to work up metal—that there is a corresponding deficit of some 4.5 trillion tons of iron and steel in the United States alone, excluding requirements of construction. From the standpoint of replacement, this would require an iron and steel capacity of some 450 million tons per annum, approximately six to seven times greater than existing steel capacity, defined as the capacity of basic oxygen process furnaces.

Defense R&D lowers consumer costs

This list only scratches the surface of the capital-goods sectors whose expansion is required by the Strategic Defense Initiative. Among other industries are: precision instruments, fabricated metal products, and railroad equipment, all for obvious reasons.

This program is the only way to currently revive the U.S. civilian capital-goods industries. Perhaps the most amazing

Figure 5.



U.S. and Soviet production of power-driven machine tools not portable by hand, 1960-82

Source: CIA, Handbook of Economic Statistics, 1983

result of the current *EIR* investigation is that in the period of 1968 to 1978, when Henry Kissinger and the Trilateral Commission decimated U.S. defense programs, and Soviet Russia leaped ahead to worldwide military superiority, it was the civilian sectors of capital-goods industries that suffered most. Over a period when defense allocations shrunk to a mere fraction of need, the percentage of employees in basic metal and capital-goods industries, who worked for defense-oriented firms, *actually rose* from 44% to 69% in 1978, only because the resulting shake-out in the civilian economy was even more vicious than that in defense.

The simple fact of the matter is, that production of advanced military equipment necessitates the retooling of capital-goods industries to a significant degree. This retooling lowers the cost of production of goods throughout the economy as a whole. Conversely, if you shut down high-technology research and development in defense, as the antiballistic-missile program was shut down by Kissinger in the 1969-73 period, without driving capital-goods retooling otherwise, the sector's equipment ages, and with that, the cost of production increases throughout the entire economy.

It might be argued, that the program proposed here is an impossible dream, at a time when U.S. per capita production of iron and steel has collapsed to the levels that existed at the turn of the century. By that metric, today it is 1930. Will we

Table 9.

Gross bill of materials required to make up machine-tool deficit¹

Material	1977 tool industry consumption (1,000 net tons)	Per 1,000 tools shipped (net tons)	Deficit requirement (1,000 net tons)
Metal parts			
Steel mill shapes	285	3,088	29,188
Copper/copper-alloy wire/cable	2.4	26	246
Brass mill shapes	1.9	21	198
Aluminum/aluminum-alloy mill shapes	2	21.7	205
Castings			
Iron	105	1,138	10,756
Steel	19	206	1,947
Aluminum & alloys	2.5	27	255
Copper & alloys	1.3	14	132
Total castings			13,090
Iron/steel forgings	14.1	153	1,446
Iron/steel scrap	11	119	1,125
Total iron/steel		44,462	
Total metal		45,500	
Electric motors			
	(1000 units)	(units)	(1000 units)
Timing	3.8	41	388
Other fractional HP	600.0	6500	61,400
Other fractional HP	600.0	6500	61,400
Integral HP	160	1733	16,380
Machine-tool consumption	7 ²	80 ³	756 ⁴

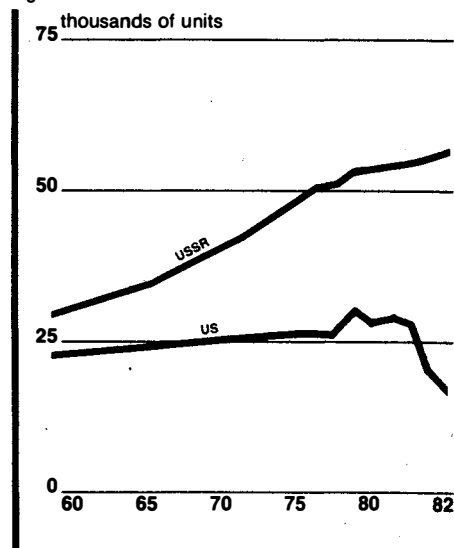
¹ Based on U.S. Census of Manufactures for 1977, data on consumption by machine-tool builders in construction of metal-cutting machine tools (SIC 3541) and metal-forming machine tools (SIC 3542). Per tool figures based on 1977 shipments of 92,300 metal-cutting and metal-forming machine tools. Data on machine-tools in use, in 1977 and 1983, from 12th and 13th *American Machinist Inventories of Metal Working Equipment*.

² In 1977, 70,000 machine tools were in use in the machine-tool building industry. We assume an annual depreciation rate of 10 percent, in accordance with the *American Machinist*.

³ Based on 1977 production of 92,300 heavy machine tools.

⁴ 13 Machine-tools in use in machine tool-building, 1983, under 10 yrs old (1000s); 743 Additional required (1,000s)

Figure 6.



U.S. and Soviet production of power-driven metal-forming machine tools not portable by hand, 1960-82

Source: CIA, *Handbook of Economic Statistics, 1983*

permit the economy to collapse further, as it did into the 1930s, until finally, a President initiated the kind of dirigist action required, at that time in the last resort, for the nation's defense?

The only alternative to this program is continued industrial collapse. There is no bottom to the pit into which humanity can plummet. However, in the 1980s, the United States faces a far more powerful adversary than it faced in the wretched sadists of the fascist alliance. How far can the American nation collapse before that process becomes irreversible from the standpoint of providing even a mere bulwark against Soviet expansionism? Will the American people be capable of throwing over their neurotic fascination with

momentary pleasures and their feelings and emotions, all of which add up, in the accounts of history, to one big zero, and begin, for the first time in decades, to build for a future?

As Lyndon LaRouche has specified, fully 55% of the labor force must become industrial operatives if our nation is to return to healthy economic growth and cease to cannibalize, through the agency of the International Monetary Fund, our allies in South America and elsewhere. From this standpoint, we evaluated the history of the inventory of metal-working machine-tools in the United States since 1953. **Table 4** shows that the number of machine-tools per industrial operative (production workers in mining, manufacturing, and construction) reached its highest point in 1963 of 180 tools

per thousand operatives during the initial deployment of the U.S. ballistic missile force and the grand launching of the Apollo project. Were we to equip fully 55% of the labor force as industrial operatives, with that same power to transform nature, we would require a total machine-tool park of approximately 10 million metal-cutting and metal-forming machine-tools. From this we must deduct the usable inventory of current equipment to arrive at the numbers of new heavy tools required to be built.

According to the *American Machinist Inventory of Metalworking Equipment*, a machine-tool is "over-age," when it is 10 years old. As stated in the Seventh Inventory in 1954:

The 10-year age as a general yardstick for obsolescence was adopted by *American Machinist* in 1925 when the first inventory was taken. . . . The fact is recognized that some types of machines over 10 years old are still quite useful and should not be replaced merely because of their age.

On the other hand, it is equally obvious that much of the equipment less than 10 years old is obsolete in that newer and more efficient units have been developed to do the same work. Some types of equipment wear out faster than others, some plants take better care of their equipment than others, and some equipment is run longer hours than others. . . . There are few machines indeed in their tenth year that are still so profitable and efficient that they cannot profitably be replaced by newer units.

The *American Machinist 1954 Production Planbook* reports that:

A midwestern machinery builder makes an annual survey of the work done by every machine-tool in its shop 10 years old or older. This means that once a machine-tool becomes 10 years of age, it is examined critically every 12 months thereafter to determine whether its work can be done more economically by other machines.

This procedure is part of the company's policy to replace any machine-tool, regardless of age, whenever the required investment can be recovered in savings within a reasonable time. . . .

On this basis, we assumed that only existing machine-tools less than 10 years old could be considered usable inventory for the defense mobilization we are about to launch.

Table 8 shows the arithmetic by which anyone can arrive at our calculated estimated deficit of 10 million heavy machine-tools. Based on the average value of heavy metal-cutting and metal-forming machine-tools shipped in 1983, this represents an investment deficit of approximately \$600 billion.

Table 10.

Metalworking machine-tools owned by U.S. Department of Defense, 1953-1983
(thousands)

	Machine-tools	Percent of total
1983	63	2.9
1973	102	3.3
1968	130	4
1963	255	8
1958	270	12
1953	440	18
1949	NA	13
1945	NA	33

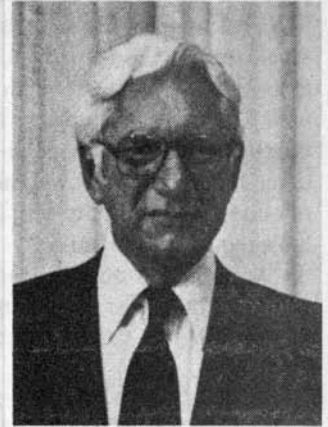
Source: 7th through 13th American Machinist Inventory of Metalworking Equipment.

Table 9 presents a gross bill of materials for the production of the 10 million machine-tool requirement. We at present do not have the excess capacity to produce the materials required, in particular, iron and steel. Note further that, calculated on an average annual production basis, the number of machine-tools required to produce the 10 million new ones, exceeds the current inventory of tools under 10 years old. Clearly, it is "impossible" to invest \$600 billion in machine-tools over the next year. However, this demonstrates a second point.

While initially, the program to rebuild our capital-goods sector to supply the defense mobilization, will rely on existing technology, we must as fast as possible introduce laser and particle beam machining technologies at all levels of critical production. In fact, *we must force them in*. The President must direct the Defense Department to *require* wherever a significant advance in productivity would be achieved, that defense goods be produced with laser machining. As LaRouche recently wrote in *EIR*: May 14, 1985, "The continuing hoax of 'artificial intelligence': the multi-billion dollar boondoggle".

All advances in technology, and of potential relative population-density, occur principally as technological advances in qualities of producers' goods, in an increasingly energy-intensive and capital-intensive mode of alteration of basic economic infrastructure and workplaces. The source of these advances in technology is the improved power of the individual human mind, to generate and to assimilate efficiently new conceptions flowing from fundamental scientific progress.

Viewed from this standpoint, the calculated \$600 billion investment deficit figure is a fiction of the current level of technology of U.S. capital-goods industries. Once we get this mobilization off the ground, the revival in scale of U.S. industry, and the technological advances it will force through, will result in so cheapening the cost of production as to make the \$600 billion figure almost irrelevant.



Carl Lindner

New Ohio bank scandal: The swindle of the century?

by Mark Burdman

Although a Hamilton County, Ohio Court of Common Pleas judge rejected a motion by Ohio bank depositors on June 12, to stop the takeover bid on Home State Savings and Loan by Hunter Savings Association, the circumstances of the Home State-Hunter relationship promise to make the politically charged situation in the state of Ohio even more explosive, and to open up a whole new array of banking scandals in Ohio, Florida, and other states of the United States.

In the Ohio court, *EIR* investigator Joseph Brewda, called as a witness on behalf of the plaintiff depositors, drew gasps from media representatives in attendance when he declared that the Hunter-Home State case was a "criminal conspiracy," in which were implicated Marvin Warner, owner of Home State, and Carl Lindner and Hugh F. Culverhouse, respectively chairman of the board and director of the American Financial Corporation, the holding company for Hunter, its wholly owned subsidiary.

Brewda also declared that any serious investigation of this case would result in Ohio Governor Richard Celeste being indicted on criminal charges. Celeste has been on the receiving end of campaign monies from Marvin Warner for years.

It was at that point that Judge Niehaus closed the trial, and awarded Lindner's and Culverhouse's Hunter Savings Association the right to be paid \$100-million-plus to acquire

Warner's devastated Home State. But Niehaus' action will hardly keep the lid on a case that is becoming one of the classic banking swindles of the 20th century.

Nor will Celeste have much time to breathe. At the moment that Niehaus was rendering his ruling, no less than 11 criminal investigations were under way, in Ohio, and Florida, into the circumstances surrounding the collapse of Home State due to its illicit financial relationship with the Fort Lauderdale, Florida-based ESM Government Securities, Inc. In addition, a leading U.S. political action committee, the National Democratic Policy Committee, issued a statement at a Washington, D.C. press conference June 11, demanding the immediate resignation of Celeste and Ohio State Democratic Party Chairman James Ruvolo, and raising some pointed questions about the involvement of Sen. John Glenn, whose campaigns, like Celeste's, have been financed by Home State's Warner in the past, in the affair that many have come to know as "Warnergate."

The strange case of Mr. Hugh F. Culverhouse

In effect, what happened as a result of the Ohio court decision on June 12, is that Marvin Warner has received over \$100 million from the taxpayers of the state of Ohio, as per legislation passed by the Ohio state legislature last month, to get his own bank back! "Seller" Warner's links to "buyers"

Lindner and Culverhouse are that close.

The key to this swindle is Warner's special relationship to the mystery-man-behind-the-scenes in the Ohio bank scandal, Hugh F. Culverhouse, Sr.

Sometime during the 1983-84 period, Culverhouse was brought onto the board of multimillionaire swindler Carl Lindner's American Financial Corporation, nominally to bring his crack tax-advocacy talents to bear for Lindner's financial empire. It is not everybody who gets the honor of serving Mr. Lindner as a director of his holding company; only six individuals, at present, have earned that dubious distinction.

It just happens to be the case, that Hugh Culverhouse has been, for perhaps as long as four decades, the *closest business associate of Mr. Marvin L. Warner*.

This is hardly a national security secret.

On February 5, 1985, less than a month before the Marvin Warner/Home State scandal broke in Ohio, there was a feature in *American Banker* magazine, entitled, "The Sporting Blood of Hugh Culverhouse Stirs Enduring Appetite for Competition." The article detailed in glowing terms Culverhouse's various ventures, most notably his ownership of the Tampa Bay Buccaneers football team.

Toward the end of the article, *American Banker* reported:

"Hugh knew that he wanted to be a tax attorney even in his college days," recalled Mr. Culverhouse's long-time business associate Marvin Warner, the former U.S. Ambassador to Switzerland who went through grade school, high school, college and the army with Mr. Culverhouse. . . . 'He sacrificed income to learn the better workings of the IRS and the tax system,' said Mr. Warner, one of the country's most successful financiers."

In the files of the Cincinnati-area press, there is a March 1976 boast from Culverhouse: "I'm the second largest stockholder in Warner National." Warner National was then the name for Marvin Warner's holding company.

In 1976, Warner and Culverhouse went into a number of joint ventures together. The best known are their partnership in the Tampa Bay Buccaneers, reportedly terminated in 1978, and their joint-partnership buyup of the Orlando, Florida-based ComBanks, also reportedly terminated in 1978.

It was during the initial years of the Culverhouse-Warner ComBanks partnership that Marvin Warner began, in earnest, to establish the relationship with Fort Lauderdale's ESM Government Securities Corporation, which relationship became, in 1985, the triggering factor in the events surrounding the collapse of Home State Savings and Loan, and the ensuing crisis and temporary shutdown of every savings bank in the state of Ohio.

According to a front-page article in the *Cincinnati Enquirer* on March 19, 1985, "A former executive of ComBanks—which Warner owned from 1976 to 1983—said . . . that once Warner took over, he required 'ComBanks to do all bond trading and securities transactions with ESM.'"

"'We were encouraged to utilize ESM and to enter into these leveraged Treasury bill transactions,' said [former ComBanks official Robert] Klingler."

Drug money

The key to being a "successful financier" in Paul A. Volcker's America is, of course, the illegal drug trade. Marvin Warner's involvement in this, the world's largest business, is a matter of record.

During the latter 1970s, according to U.S. Drug Enforcement Administration officials, ComBanks became the bank-of-deposit for the largest marijuana distributor in the United States, one Robert Govern.

This was not the only instance of successful financial corruption involving Hugh Culverhouse and Marvin Warner.

As early as August 1970, state authorities in Indiana seized the assets of a company called Wabash Consolidated that was jointly owned by Warner and Culverhouse.

In 1981, federal authorities raided the Great American Bank of Dade County in Miami, then owned by Marvin Warner, as part of the U.S. Treasury's "Operation Greenback" crackdown on drug-money-laundering. Warner and Culverhouse got away, but the case nabbed one of the most important of drug-money-launderers, Isaac Kattan-Kassin, based in Colombia, and representative of the centuries-old, now Soviet-linked, Jewish-surnamed drug mafia of Aleppo, Syria, the real key to the Ariel Sharon faction of Israel and to such other "successful financiers" as Edmund Safra of American Express (see *EIR*, April 16, 1985).

The lawyer for Great American Bank of Dade County was Hugh Culverhouse, Jr., son of Warner's good buddy. Culverhouse, Jr. caused to be authored a document called *The Culverhouse Report*, exonerating Great American's top officialdom in the case.

The Culverhouse Report was written in response to U.S. Treasury officials' accusations that it was the bank as a whole that was in question, and not just the practice of this or that bank teller or lower-level employee.

Some familiar dirty faces

The implications of the Lindner-Culverhouse-Warner affair obviously go very far beyond the recent Hunter-Home State case, and provide numerous leads for investigations by federal authorities and private investigators intent on cracking down on the "citizens above suspicion" who actually coordinate international money-laundering activities. Their activities, overall, clearly also constitute a national security threat to the United States, with ample evidence that foreign enemies of this nation, the Soviet Union included, are involved.

The ESM-Warner case and the financial empire of Hugh Culverhouse lead back to the same place: the offices of Merrill Lynch in New York City, which has incorporated the

former White Weld Securities firm, into what is now known as Merrill Lynch Capital Markets Group.

In 1976, a White Weld securities whiz-kid, 36-year-old Allen Nowick, went to Fort Lauderdale, Florida, to set up ESM Government Securities. One of his colleagues at White Weld during that period was a certain Donald Rundlett.

In the 1980s, as White Weld's private capital group became incorporated into Merrill Lynch, Rundlett became its chief director. One of his known and favored clients was Hugh F. Culverhouse, Sr.

White Weld, under whatever name it might be known, is the key to much of the swindling that goes on in international financial markets. It is virtually coextensive with Switzerland's *Crédit Suisse*, favored bank of Hitler's Nazis and the mafia; through an array of complicated deals in the 1978-81 period, White Weld's European and American operations were incorporated into First Boston and Merrill Lynch, respectively. According to a March 1985 feature in the *London Economist*, Merrill Lynch and *Crédit Suisse* are now riding high financially, having captured the Eurobond market. That market is being increasingly financed in ECUs or European Currency Units, a supranational means of exchange nurtured and encouraged by the Soviet Union as a replacement for the dollar in denominating East-West trade deals, and thus, a vehicle for the financial "decoupling" of Europe from the United States, and the continent's incorporation into the Soviet economic sphere.

The scion of the White Weld group, U.S. Attorney William Weld, is the operative who has been covering up for the First National Bank of Boston, a commercial bank distinct from the First Boston investment house, in the case involving federal authorities' claims that the Bank of Boston was involved in \$1.2 billion in drug-money-laundering, in collusion with nine Swiss banks, naturally including the *Crédit Suisse* into which Weld's family interests have merged.

Completing the circle, the Bank of Boston has been the main bankroller, for almost 30 years, of Carl Lindner's financial empire:

- It is the Bank of Boston which provided a substantial part of the seed money for the launching of Lindner's American Financial Corporation in 1959.
- It is the Bank of Boston, historically and presently, which has the inside track in the financial empire of United Brands (United Fruit); Carl Lindner is United Brands' chairman and majority stockholder.
- And, it is the Bank of Boston which provided Lindner with a two-day, \$319 million loan for a late 1976/early 1977 corporate takeover bid, which was described by *Fortune* magazine in January 1977 as a "bizarre transaction." When the takeover was accomplished, said *Fortune*, "AFC also thanked that friendly bank, the First of Boston, one of two major U.S. banks—the other being Continental Illinois—that have been in AFC's corner a lot over the years."

The criminal empire of Ohio's Carl Lindner

by Mark Burdman

In dismissing a case by Ohio citizens against Carl Lindner's takeover bid of Home State Savings Bank of Cincinnati on June 12, Ohio Judge Niehaus exonerated a man whose compulsive swindling practices are now helping bring the U.S. economy into ruin, and handing the U.S. economy over, dirt cheap, to financier interests committed to the destruction of the United States.

The Cincinnati-based Lindner's multimillion-dollar fortune derives not only from revenues accrued from international trafficking in narcotics, but also from "corporate raiding" ventures which are dismantling the fabric of the U.S. industrial sector.

Using a financial base derived from his American Financial Corporation holding company—which has a complex network of approximately 40 subsidiary companies—and from majority-stockholder control over such giants as the drug-linked United Brands Corporation and Penn Central, Lindner has become one of the chief partners in a racket known as the "junk bonds" market.

This market is controlled by New York's Drexel Burnham investment house. Totaling \$16 billion in 1984 (a large increase) the junk bonds market has reached almost that level in the first six months of 1985, and has propelled Drexel to the number-two position in the U.S. corporate-securities market.

"Junk bonds" usually involve the establishment of shell corporations, which are formed for the sole purpose of organizing "takeover raids" on targeted corporations. The "bonds" offer high yields, but, obviously, at very high risk, since the takeover may fail. Only individuals with enormous sums of money at their immediate disposal are capable of playing the swindle-game in style; the money which is used to syndicate the takeovers is usually derived from dope money which has been laundered overseas.

Lindner is one of the select few who sits atop this swindle market. Others involved include:

- **Armand Hammer**, the KGB-linked billionaire owner of Occidental Petroleum. Hammer is the favored financier not only of the Kremlin, but also of Libya's Muammar Qad-

dafi and Israel's Ariel Sharon. He has recently confessed, in the pages of the *Wall Street Journal*, to financing a narco-terrorist group in Colombia.

● **Victor Posner**, magnate of Sharon Steel in Pennsylvania. Posner is widely reputed to be the inheritor of the late Meyer Lansky's organized-crime empire. Posner has repeatedly been involved in litigation for fraud and other criminal activities, and has been defended by top mobster-lawyers, such as Edward Bennett Williams and Hugh F. Culverhouse, Jr.

● **Meshulam Riklis**, pornography-and-dope merchant, and chief shareholder in New York's Rapid American Corporation. Riklis is the patron of Israel's Ariel Sharon, and is bankrolling Sharon's efforts to turn Israel into a gambling-and-organized-crime haven.

● **Sir Jimmy Goldsmith**, magnate of *L'Express* magazine. Goldsmith is a financial front-man for the British monarchy.

To a man, these "junk bond" dealers are hooked into Swiss-Venetian and/or Soviet financial warfare operations against the United States. The "corporate raids," carried out by front-men with colorful names like T. Boone Pickens and Carl Icahn, are organized either to hand U.S. corporations over to rich European families, or simply to wreck U.S. industry altogether. To defend themselves, corporations are obliged to suck giant sums of liquidity out of their operating budgets and infrastructure to fight the takeover.

In one noteworthy case, Atlantic Richfield (ARCO), targeted by raiders, closed down its East Coast operations altogether, sending several thousand workers onto the unemployment lines. To obscure what had just happened, the Philadelphia-area media praised the shutdown, for ushering the "post-industrial age" into Philadelphia!

Sometime in early April of this year, Lindner and other "junk bond" merchants were guests at a special, posh Beverly Hills party, organized by Drexel "junk bonds" whizkid Michael Milken, to plan new corporate raids.

Alarm bells have begun to ring about what Lindner and company are up to, even among highly placed Wall Street figures, who are terrified about the potential consequences of the raiding. Nicholas Brady, chairman of Dillon, Read and Co. investment bankers, was quoted in the *Washington Post* on May 5, 1985, warning:

"What is happening is similar in some ways to speculative abuses that led to the 1929 crash. These activities represent an abuse of the system that is among the most serious I have seen in 30 years. Speculative, highly leveraged financing techniques involving junk takeover bonds, if unchecked, will leave misery in their wake. . . . Nobody is smart enough to 100-percent leverage a company, and withstand a recession. We're going to see a wave of defaults. Do we wait until there is blood all over the floor to do something about this?"

On June 13, New Mexico Sen. Pete Domenici introduced

legislation in testimony before the Senate Banking Committee to rein in the "junk bond" market: "Bad investments are the most serious problem facing our nation's financial institutions and distressed institutions are more likely to be attracted to investing in the high-yield, high-risk securities known as junk bonds."

A career of crime

The "junk bonds" scam is only the most recent of Lindner's career-long pattern of suspect financial activities.

In the mid-1970s, Lindner's American Financial Corporation fronted for the buyup of United Brands/United Fruit on behalf of Michigan's reputed top mobster Max Fisher. Throughout the early 1980s, Lindner bought up increasing shares of United Brands, to the point that, by 1985, he was controlling at least 56% of the shares of the company. For years, United Brands has been on the watch list of the U.S. Drug Enforcement Administration, for allegedly transshipping 20% of the narcotics trade into the United States from the Caribbean/Central America region.

For several years, Lindner had been the second-largest shareholder in Riklis' crime-linked Rapid American Corporation. Riklis and Lindner have a joint partnership in selling degenerate "modern art."

Lindner's primary financial activities have been years of buyups of insurance companies, including Great American Insurance Company, National General Insurance Company, and many more, making him one of the insiders in the speculative U.S. insurance and reinsurance market. It was his takeover of National General in 1976-77, funded by an extraordinary two-day \$319 million loan from the First National Bank of Boston, which *Fortune* magazine characterized as a "bizarre transaction." Lindner, both personally and through United Brands' ventures, has established an extraordinary "special relationship" with Bank of Boston, the Bank whose involvement in dirty money-laundering deals with Swiss banks has been under federal and congressional investigation since February-March of this year.

In the 1970s, Lindner was at least twice under investigation by the Securities and Exchange Commission, for financial chicanery toward his company's stockholders. (He was dressed down by one stockholder at a corporate meeting for his "un-Christian" behavior.) In May-June 1979, he signed a "consent decree" with the SEC, which obliged him, in the words of one New York lawyer, "to never do anything bad again."

Lindner has hardly lived up to this "consent decree." *Fortune*, on July 13, 1981, said of Lindner: "His business behavior keeps knocking holes in his reputation."

In 1985, there is again a growing interest in Mr. Carl Lindner's dirty activities in more than one law enforcement agency and U.S. government office. This time, the result should knock holes in more than just his "reputation."

Soviet leaders announce crash war-economy plan

by Konstantin George

Two policy documents issued by the heads of the Soviet military-political leadership, wartime commander Marshal Nikolai Ogarkov and Communist Party General Secretary Mikhail Gorbachov, signal that the Soviet Union is entering the decisive phase of the transition toward an all-out war economy.

Marshal Ogarkov's latest book, *History Teaches Us Vigilance*, was published early in June, with great fanfare, by the Soviet defense ministry. In it he emphasizes that the U.S.S.R. can only win a war by "strengthening its economic and military potentials and those of its allies."

Ogarkov is the "father" of Soviet war-planning, of the drive for world domination by the end of this decade. Since September 1984, in the context of a far-ranging pre-war restructuring of the entire Soviet command apparatus, Ogarkov has served as Commander of the Western Theater of War, in charge of all military operations against the United States and its NATO allies.

Ogarkov's theme formed the subject and emphasis of the June 11 keynote speech, by Mikhail Gorbachov, delivered to a specially convened Central Committee conference in Moscow, on the theme of introducing scientific and technological progress into the Soviet economy. Gorbachov insisted that the economy will be ruthlessly restructured and turned upside down, to meet war preparations. The speech is the most blunt Soviet policy document of this type since the days of Stalin, and this also pertains to Gorbachov's announcement of coming intensified purges, to remove all obstacles in the way of the war mobilization.

Gorbachov's call to arms

Gorbachov's June 11 speech at the Central Committee's special conference was one of the most extraordinary Soviet policy documents ever, on a par with such historic speeches as Stalin's famous March 1939 "Chestnuts Out of the Fire" speech before the 18th Party Congress, which signaled the upcoming Hitler-Stalin Pact.

Gorbachov began by stressing the urgency of modernizing and restructuring the economy, in view of the military-strategic situation: "The Politburo decision to hold this meeting was motivated by the need to take urgent measures. . . . It is not just a question of economic growth rates . . . [but] a structural rebuilding of society . . . switching to intensive methods . . . and rapid progress in the strategically important directions."

Gorbachov declared that this recasting of the economy is necessitated by "external circumstances," which mandate that "we are forced to invest the necessary funds into the country's defense."

He proceeded to tell the Central Committee and specialist audience that the Five Year Plan draft for 1986-90 just submitted by the State Planning Commission (Gosplan) is no good, has been thrown by him and the Politburo into the trashbin, and shall be redrafted to conform to the war economy guidelines: "The Politburo was not satisfied with the draft of the guidelines. . . . Serious criticism was expressed. The draft does not yet include measures ensuring for a number of industries, a transition to the rails of predominantly intensive growth."

What followed was the announcement of the most sweeping structural changes in the Soviet economy since the industrialization-collectivization drive of the 1930s. The following specific economic guidelines—to maximalize production increases during the next few years' final "surge" phase of war production—were proclaimed:

- "The main emphasis shall be laid on the technical reequipment of plants, saving of resources, and ensuring a drastic improvement in the quality of products."

- This means concretely, "On a country-wide scale, the share of funds channeled into reconstruction [re-equipment] should be raised from one-third [of all funds invested] to one-half already within the next few years." This means, in ruble terms, a 25% cut in investments allocated for new projects and factories, and a 50% rise in ruble investments for re-equipping existing plants. Gorbachov summed it up: "Some of them [projects under construction] should be speeded up, others suspended or even mothballed."

- Through the combined effects of suspended and mothballed projects, and the growing automation of large plants (a key component of the repeatedly stressed modernization of existing industry), a much larger portion of the workforce than previously, will be moved around.

- "The growth rate in the machine-building sector should be raised by 50-100%" during 1986-90, with "the modernization of this industry a top priority."

If President Reagan "lifted" from Gorbachov's speech the discussion of research and development, and committed the United States to the same levels of funding for R&D crash programs, Lawrence Livermore National Laboratory and the other big defense labs would be opening the champagne by

the case, and the question of America's survival would not be the perilous cliffhanger it now is.

Imagine a declaration by President Reagan saying what Gorbachov said: "The development of fundamental science should be given priority importance. It is this science which is a generator of ideas, makes possible breakthroughs into new fields. . . ." The Soviet Union will "increase the volume of R&D by higher education facilities by 100-150%."

The day before Gorbachov spoke, Anatolii Aleksandrov, President of the Soviet Academy of Sciences, called upon Soviet scientists and economic managers to meet the challenge of the U.S. Strategic Defense Initiative. In an *Izvestia* interview, Aleksandrov said, "These steps by the U.S. demand that we not only strengthen our defenses, but also move to raise the efficiency of our national economy in all directions as fast as possible and independently from the West. . . . Science and industry should immediately put greater creative efforts into changing what in some cases has become excessive orientation toward Western technologies and supplies."

Mass purges threatened

In vintage 1930s-style Russian, Gorbachov attacked by name four ministers and a host of regional Party organizations, and, indirectly, the previous Leningrad Party organization—when it was run by Politburo member Grigori Romanov. After blaming Minister for Building Materials A.I. Yashin for construction failures, and denouncing Minister of Machine Building for Livestock Farming and Fodder Production K.N. Belyak, Gorbachov delivered a long tirade against the Party leadership of the Krasnoyarsk Region of Siberia, "a number of ministries" and, again, the Gosplan.

EIR called the shots

EIR has emphasized over the past year—in stark contrast to the rest of the international news media—that Marshal Nikolai Ogarkov is overseeing a top-down restructuring of the Soviet command for war-fighting. Our readers have been able to follow: 1) the consolidation of the Soviet "command economy" under Ogarkov's direction (see *EIR*, April 10, 1984, "The Soviet economy: everything goes for war build-up"); 2) the rehearsal and perfecting of the doctrine of surprise attack (July 17, 1984, "Threat to Europe: biggest Soviet maneuvers ever"); and 3) the personnel changes in the leadership of the armed forces (March 5, 1985, "Soviet military creates a wartime High Command,").

We have repeatedly warned that all reports of the marshal's "demotion" were either conscious disinformation, or the product of those duped by Soviet disinformation.



EIR featured Marshal Ogarkov on its cover Aug. 28, 1984, a week before his supposed "demotion" on Sept. 6.

Now, with the appearance of Ogarkov's new book, and the rave reviews it is receiving in the controlled Soviet press, other news agencies are being forced into some fancy footwork to concoct a theory of the "rehabilitation" of Ogarkov.

Gorbachov praised the Party leadership of Moscow (run by Politburo member Viktor Grishin): "The Central Committee pins great hopes on Moscow's working class and intelligentsia, and on the capital's powerful scientific and production potential," and, especially, that of Chelyabinsk: "Interesting proposals have been drawn by the Communists of the Chelyabinsk region."

The praise of Chelyabinsk is a political signal: Famous in World War II as "Tankograd," the mainstay of Soviet tank production, it currently is the site of a huge tractor plant, employing 40,000 workers, which is at the fore of the drive for automation and development of industrial robots. During the 1986-90 period, 12,500 of these workers are scheduled to be replaced through automation, and relocated to other industrial facilities.

The Chelyabinsk region also contains the steel industry center of Magnitogorsk (like Chelyabinsk, established by Stalin during the 1930s as a major industrial center), which produces more than 10% of all Soviet steel. These older steel mills are now, and during the next Five Year Plan, going through modernization and reequipping with new blast furnaces.

This conforms to Gorbachov's orders to the steel industry. He attacked the policies of the past 15 years, whereby "50 billion rubles were invested . . . mostly channeled into new, non-integrated projects," and "no attention was given to the technical reequipping of [existing] steel enterprises." In both the 10th and 11th Five Year Plans (1976-85), he said, production quotas "were not met." Raking Steel Industry Minister Ivan Kazanets, over the coals, he concluded: "This state of affairs requires cardinal changes."

Escalating military maneuvers

While Ogarkov and Gorbachov mobilized the U.S.S.R.'s factories and laboratories for the war drive, the Red Army's late spring and summer maneuvers began, with the May 25-31 joint Soviet-Czech rehearsals for a surprise attack on the West, directed by Marshal Ogarkov. Just before and during the Greek elections of June 2, joint Soviet-Bulgarian Air Force maneuvers were held, which included provocative violations of Turkish air space.

During the first week of June, the next round of exercises over Eastern and Central Europe began. The unannounced maneuvers marked the largest combined Air Force, Air Defense, and Naval exercises around the Baltic in post-war history, featuring hundreds of flights by Air Force and Naval Aviation bombers.

The aircraft maneuvers were accompanied by Soviet naval units of the Baltic Fleet, including guided missile cruisers and destroyers, sailing west out of the Bay of Gdansk. Observers see these maneuvers as starting a phase where such movements of bombers from Soviet territory over East Germany, coinciding with westward movements of the Baltic Fleet, will rehearse the pre-positioning for a surprise attack.

Soviet mobilization for a war economy

Marshal Nikolai Ogarkov's new book, History Teaches Us Vigilance, was hailed in an 1,800-word review by Moscow's Novosti news service, and the Soviet military daily Krasnaya Zvezda on June 11 carried its own favorable review, titled "Tirelessly Increasing Vigilance."

The significance of the marshal's book was not lost in Eastern Europe. We publish here a June 9 commentary by the Moscow bureau of Tanjug, the Yugoslav press service, titled "Marshal Ogarkov Is Back." The analysis was translated by the Foreign Broadcast Information Service.

History Teaches Us Vigilance is the title of a new book by Marshal Nikolai Ogarkov. Foreign observers in Moscow regard the book as an event of considerable significance. In September last year, the Soviet Government relieved him of his post of the first deputy minister of defense and chief of the General Staff of the U.S.S.R. Armed Forces so as to enable him "to take up a new post." Although the nature of his new post has never been announced, it is claimed that Ogarkov was made supreme commander of the U.S.S.R. forces in central Europe.

In the meantime, Marshal Ogarkov attended the U.S.S.R. Supreme Soviet session as a deputy, was seen at Marshal Ustinov's funeral last December, and was noticed among a group of generals and marshals received by the head of the G.D.R. state and party, Erich Honecker. The West described him as a "strong personality" among the Soviet Army top leaders and his departure from the number two position was interpreted as a desire by the then Soviet leader, Konstantin Chernenko, to replace Yuri Andropov's hard line policy in relations with the United States with a more flexible one, in order to bring about a resumption of a dialogue on arms limitations.

In all Western analyses, Marshal Ogarkov was described as a "firm opponent" of any relaxation in relations with the United States. In his categorical and firm view, there was "no room for a diplomatic compromise with Washington" as re-

gards the end of the arms race. All these arguments can be found in his public statements and particularly in his book *Always Ready To Defend the Fatherland*, published in February 1982. The book's fundamental message is that the Soviet Union "must be prepared for an active defense, in other words, that its most significant goals cannot be realized without a stable central leadership of the country and its armed forces."

As the then first deputy defense minister, he called for the Soviet economy to be modernized, particularly heavy industry, since, in his view, the present level of development is not adequate to solve "major technical problems" and to make it possible for new types of weapons, including those necessary for "a devastating counterattack in any situation and under any conditions" to be developed in a short period of time.

In that book, Ogarkov proposes that political propaganda explain "what must be done to defeat a mighty and technically highly equipped enemy in any situation," and warns of the possible danger of any delay in developing new weapons. He also advocates a "coordinated mobilization of the military force and overall national economy."

Together with Marshal Ustinov, Marshal Ogarkov was the ideological creator and architect of the Soviet "countermeasures" against the U.S. cruise and Pershing II missiles in Western Europe. In other words, he advocated the deployment of the first complex of the tactical-operative missiles on the territory of the G.D.R. [German Democratic Republic—East Germany] and Czechoslovakia. It has, however, remained a mystery to what extent the policy of countermeasures collided with the strategy of "good will" toward the United States initiated by Konstantin Chernenko, who also proposed the resumption of the Geneva negotiations between the two superpowers.

At the moment foreign observers in Moscow, particularly the Western ones, are examining these historical facts in order to determine to what extent the book represents "Marshal Ogarkov's return to the Soviet political scene." The fact that his second book has been published at all and that the publisher is again the U.S.S.R. defense ministry confirms the theory of his return. However, the strongest argument is the fact that the book has received a most commendable review which emphasizes Marshal Ogarkov's view that "there are ways to overcome new threats of war which are looming over mankind" but also his old thesis that the U.S.S.R. will fight successfully for peace only by "strengthening its economic and military potential" and those of its allies. According to his view—given priority in the [Novosti] review—"out of American anti-Sovietism and anticommunism an extremely malicious adventurous policy of the White House is being born which seems to be its only course."

In his latest book, the Soviet marshal also analyzes the military doctrines of the "antagonistic political systems," i.e., of the U.S.S.R. and the United States, in other words of

the East and West. On the basis of this analysis, he makes a conclusion about "the White House's imperialist plans," which, for him, are the "reality" to be fought against by "increasing economic and defense potentials of all peace-loving countries," particularly of the Soviet Union and its allies.

The West German daily Die Welt on June 11 published a guest commentary by Mikhail Voslensky, a Soviet emigrée and Kremlinologist who currently runs a think tank, drawing attention to a remarkable discussion in Pravda of the practice of the Soviet Strategic Rocket Forces. Pravda strongly suggests that Soviet forces have already adopted a launch-on-warning alert status and, further, are being prepared for a preemptive strike on the United States. Voslensky points out that Pravda is referring to a launching of Russian missiles prior to NATO missiles.

We publish here excerpts from the May 29 Pravda article, "Behind the Strategic Control Panels," by A. Gorokhov:

Being on duty with the Strategic Rocket Forces is unique.

Standing near the commanders, on a small platform . . . here is what I thought about. The country has entrusted the rocket officers with enormously powerful weapons. This they know. But each officer here also knows the time it takes for a Pershing-2 or Minuteman-3 to reach his specific silo, the so-called flight time. Each officer also knows, that in turning the start key, he will enter into world war.

You will agree, that the consciousness of these and many other circumstances of a military-technical and organizational nature might, at first glance, crush a person and his will. On the other hand, let us put ourselves in the place of a missile officer and start thinking in an everyday fashion: Is this work going to be of use sometime, and is it necessary at all? This is the demagnetizing factor (a term from the rocketmen's lexicon). It is not difficult to evaluate the level of psychophysical burden on these quite ordinary people, who like to give their wives flowers and are bringing up children. And who above all love our Motherland and are ready to defend her at any second. . . .

I once had an opportunity to fly to a missile site with the commander-in-chief of these troops, Army General V. Tolubko (today, Vladimir Fyodorovich has the title of Chief Marshal of Artillery). I remember, that our conversation was precisely about constant combat readiness in peacetime, on the history of these troops and their traditions.

"Combat readiness is a complex, multi-faceted concept," said the commander-in-chief, "It is the capability at any moment, on orders from the Supreme Command, to inflict a crushing retaliatory strike. And to do this in the indicated time period, with the required reliability with respect to hitting the targets of a possible enemy, under any, even the most difficult, conditions. This readiness is measured not in hours, but in seconds."

Will Germany's Chancellor Kohl be toppled by Genscher, too?

by Rainer Apel

West German Chancellor Helmut Kohl is on the verge of being toppled from power—by exactly the same coalition of forces that toppled Helmut Schmidt from power on Oct. 1, 1982. An operation against Kohl, should it come, will be aided and abetted by the U.S. State Department, in particular, the European Desk of Assistant Secretary Richard Burt. The result will be a West Germany governed by a Soviet puppet government, effectively out of NATO and incorporated into the Soviet sphere of influence. Should Burt, as is now strongly indicated in the United States, be named the next U.S. ambassador to West Germany, Kohl's ouster and West Germany's assumption of satrapy status in the Soviet empire are assured.

The public opinion polls done on Chancellor Kohl's popularity, which show a drastic decline of support in the population, are only one indicator of the threat to his government. Another is the dense flow of rumors and counter-rumors about coming government reshuffles, about ungovernability, and even a new Socialist-Liberal coalition which may replace the Christian Democrat-Liberal coalition that is Kohl's government.

The forces which work for the overthrow of Kohl are the machine of Willy Brandt among the Social Democrats, which is pro-Soviet, and the Free Democrats of Foreign Minister Hans-Dietrich Genscher, who are also pro-Soviet. This combination of political forces, which controls, if counted together, almost half of the votes in the national parliament, has kept the country in a virtual state of indecision and ungovernability. They helped the neo-Nazi Green Party, recipient of massive funding from the East bloc, into the parliament in the March 1983 national elections, and the Greens have paralyzed all essential parliamentary work ever since.

The Social Democrats now vaguely hint that they could "launch a vote-of-no-confidence" against Chancellor Kohl "at any convenient time." The Social Democrats can threaten Kohl in this fashion, because the Chancellor's minor coalition partner, the Free Democrats, are withdrawing support from him on several vital policies, most fundamentally, his support for the American Strategic Defense Initiative.

Among the few who warned Kohl against tying his fate

to the traitorous Free Democrats, was the national chairwoman of the European Labor Party, Helga Zepp-LaRouche. A few days after Kohl took power in October 1982, she warned in a broadly circulated statement that Kohl would see the day when his new coalition partner Genscher would topple him like he toppled Chancellor Schmidt. Mrs. Zepp-LaRouche warned of the deepening economic depression, of the global confrontation course pursued by the Soviets, and of backstabbers in the West around decouplers like Kissinger. She warned that Kohl was brought to power not to become a strong Chancellor, but only as a caretaker for a period of transition into a new, pro-Soviet constellation of forces in Bonn. As Mrs. Zepp-LaRouche warned in October 1982, Kohl would likely prove to be incapable of handling the crises built into his relationship with the Free Democrats, and his government would be ruled by Foreign Minister Genscher.

Comparing the developments since with the prognosis, one is forced to recognize that everything turned out to be even worse. Kohl has not capitalized on marginal maneuvering room he temporarily gained, mainly due to initiatives originating in the office of the President of the United States. Kohl has not been clever enough to use favorable cards against the intrigues of Genscher.

Kohl is a politician with no background in economic, foreign, or military policies. He had expected that his moment of maximum popularity in March 1983 would last a while longer. But the economic crisis, rising unemployment, and spread of the "new poverty" are nothing to build popularity on. Most of the two million unemployed Kohl inherited from his predecessor Schmidt have become "Kohl's unemployed." Over the 32 months he has been in power, an additional 1.5 million have joined the unemployment lines. The fact that the Chancellor is bound—by his coalition with the Free Democrats—to a strict austerity policy, means more unemployment, cuts in the national budget, and cuts in subsidies to unstable industries such as mining, steel, construction, and ship-building.

Chancellor Kohl's Christian Democrats lost all recent state and local elections, and the opposition Social Democrats in the main reaped the political harvest.

In spite of this disastrous economic policy showing, Kohl has had the majority of the population on his side on questions of national defense and German-American friendship. The May trip of President Reagan to Germany created a real political momentum for Kohl. The same voters who oppose the economic policy and other domestic policy lines of the Kohl government, also oppose the pro-Soviet course of the Free Democrats and Social Democrats. Kohl could have capitalized on the strong pro-American ferment the Reagan trip created; he could have employed this ferment to push Germany into direct participation in the SDI. He didn't. This allowed Genscher and Brandt to regain ground they had lost through Reagan's trip.

Consent of the State Department

Especially the European Desk at the U.S. State Department, headed by Richard Burt, has given out the line that Chancellor Kohl is a "lame duck," and that "the Americans are not married to this specific government in Bonn." Burt maintains close contacts with Brandt's Social Democrats, especially those who are in charge of the most intense contacts with East bloc leaders: Egon Bahr, Horst Ehmke, Karsten Voigt, and the official head of the SPD caucus in parliament, Hans-Jochen Vogel.

With the open consent of the State Department, Foreign Minister Genscher and other ranking Free Democrats have been able to intensify their own diplomacy against the SDI in Europe, and to fill their schedules with travels to Warsaw Pact capitals. Whatever Genscher does, he does in "close consultation with the Americans"—that is, the State Department.

The pattern of diplomacy, and the statements made by Social and Free Democrats on the SDI, on East-West relations, and on "European independence," are now virtually indistinguishable. A coalition on central questions of foreign and defense policy has thus emerged between the Free Democrats and Social Democrats. The "new coalition" everybody in Bonn is already talking about has dominating influence, and paralyzes Kohl. It only remains for the "new coalition" to become the official one.

The Reagan factor

The hesitancy of Brandt's Social Democrats and of Genscher's Free Democrats to overthrow Kohl may be motivated by tactical considerations. It may have to do with the fact that President Reagan might not sit by, merely watching the government of his foremost ally in Europe be overthrown and replaced by a government which would be on better terms with Moscow than with Washington. The combination of forces which is out to topple Kohl is not totally unknown in Washington, and neither are their contacts to Moscow. The overthrow of the German Chancellor would be read as a first-rate signal that the Soviets have made the decisive step toward

decoupling Western Europe from the United States. Whatever can and must be said about Reagan's weaknesses—his failure to clean out the nest of traitors in his own State Department, for example—Reagan is in a much stronger position in the United States than Kohl is in Bonn. But most important, Reagan has proven that on issues which matter to him—SDI, Grenada, Nicaragua—he is capable of decisive action, overriding his "advisers."

There is no doubt that the Soviets are also aware of the danger President Reagan represents to their best laid plans. On something so important to them as Germany, they do not wish to act precipitously.

Thus, more than any domestic factor, it is the pro-American orientation of Chancellor Kohl and his good personal relationship with President Reagan which have saved his neck. If anything has won Kohl respect in Moscow, it is his support for Reagan's SDI. There have been numerous commentaries in the Soviet media expressing Moscow's rage at this fact: "If Kohl didn't support Reagan, no one in Europe would." Moscow's tactical dilemma—wishing Kohl out of the way, but hesitating due of his ties to Reagan—has so far saved the Chancellor.

Kohl may survive in this fashion for some time, maybe even until February 1987. But the chances grow smaller each day he continues his Friedmanite economic policy.

Overthrowing the constitution

One who has profited a lot from this paralysis is State President Richard von Weizsäcker, a politician whose heart beats in Central Europe rather than in the West. His father, Ernst von Weizsäcker, co-authored the original draft of the Hitler-Stalin Pact in 1939, and there are many in Germany who suspect that his son would be willing to strike a similar deal with Moscow today. For the time being, Richard von Weizsäcker makes all-too-visible efforts to usurp functions reserved for the Chancellor by the German constitution.

Foreign Minister Genscher has stated his loyalty to Weizsäcker's policy principles rather than to Kohl in recent interviews. Should the German Chancellor survive until the next national elections in February 1987, Weizsäcker might succeed in eroding the country's constitutional system and emerge as the new strongman in German politics, were no new cards thrown into the game.

There is, however, a political card which doesn't comply with any of the rules which the pro-Soviet cabal has so far been able to determine. The European Labor Party will launch a series of nation-wide leafleting campaigns to unmask the plot against Kohl, and the party's chairwoman, Helga Zepp-LaRouche, has already announced her candidacy for the chancellorship. Many German voters will remember that she was the one to predict in October 1982 that a Chancellor Kohl whose fate depended on Genscher's good will, would paralyze the country.

Genscher charged with sabotaging the SDI

This commentary by Herbert Kremp, "Where Is Genscher Going?" was published in the daily Die Welt on June 3. The excerpts published here were translated by the Foreign Broadcast Information Service:

Do we have a foreign policy? If so, what does it look like? Who is directing it and in what direction is it moving? Recently there has been good reason to ask these questions. Last weekend the FDP Executive [the Free Democratic Party of Foreign Minister Hans-Dietrich Genscher—ed.] came out against the F.R.G. "participating alone" in the U.S. antimissile defense project. The FDP came out on the side of Mitterrand.

Although the chancellor expressed interest in the European technological community (Eureka) during his talks with the French president in Konstanz, he in no way rejected participation in SDI. Kohl and Genscher have held conflicting positions on this subject for months, and they are causing confusion in Bonn. However, one thing is crystal clear—the foreign minister does not want to have anything to do with a defense system in space.

This disagreement is not limited to arms; it also applies to Eureka. The foreign minister's definition of European cooperation in the technological field is at odds with the chancellor's views. Genscher focuses on the economic goal "of maintaining Europe's leading position as an industrial area," as was decided by the party Executive acting under his influence. There is no mention of military research and joint participation in SDI. . . .

What is the reason for this double-dealing in Bonn? How did it come about that the chancellor did not receive Nicaraguan Vice President Ramirez—who requested such a meeting—while the foreign minister welcomed the guest and assured him of his support for the revolutionary system within the framework of the economic cooperation that the EC is trying to set up?

During a friendly meeting with Ramirez, Genscher rejected the trade embargo recently imposed by the United States on Nicaragua in such a way that Ramirez later asked publicly why Bonn's development aid for his country was

still frozen if there was so much willingness to compromise. The question was logical, but there is no logic to F.R.G. foreign policy. Why is the foreign minister "cultivating" a nation that is a declared enemy of the United States and that violates human rights? Why does he not leave such action to the opposition? Genscher did not distance himself from Washington's policy as much as Willy Brandt has, but he did place himself between the "two superpowers" and has had his party's Executive Committee call for "concrete negotiating proposals as soon as possible" in Geneva. The FDP resolution sounds like a government statement from the time of the Social-Liberal coalition. The resolution states that the goal of the negotiations should be "to prevent an arms race in space and to end the one on earth. This corresponds to the desire of all peoples, as does the goal to limit and reduce nuclear weapons, and to secure strategic stability."

If you get rid of the fluff and consider the crux of the matter, you find that Kohl's coalition ally is on the old course of "pressuring" the United States. After all, who is supposed to listen to such appeals? Perhaps the Soviet leadership that is making a renewed and concentrated attempt to separate the West Europeans from the United States, and is doing so openly for everyone to see?

While Genscher is pressuring the United States, he is above all pressuring Kohl to pressure the United States. Genscher does not like the course of U.S. policy at all. The foreign minister, without clearly saying so, fears that Washington's plan to replace the strategy of the threat of mutual destruction with a strategy of missile defense will endanger the Geneva talks on arms limitation, unhinge the Western alliance, and destabilize (in particular West European) security. . . .

Anyone who knows his way around Washington and Geneva knows that the United States will not allow itself to be pressured. In any event, what is primarily involved in Geneva is the excessive Soviet arms buildup in the field of intercontinental and intermediate range missiles.

It is extremely improbable that Moscow under Gorbachev is prepared to make any important concessions beyond the level of propaganda. The reasoning of the communist superpower does not allow for a renunciation of military superiority once it has been achieved. The only thing that Moscow really fears is a technologically superior antimissile defense system in the West that could reduce the effectiveness of offensive capability. The Soviets returned to Geneva with only one goal—to fight against this project with every political and propagandistic means at their disposal. It is their aim to kill the U.S. SDI project with the direct or indirect help of the West Europeans.

This is what they want, not détente. Genscher is returning to worn-out and disproved formulas. Moscow used the years of détente for an excessive arms buildup. Kohl must be careful that Genscher does not use a smokescreen of confusing terms to conceal a return to the previous foreign policy course.

Carrington organizes Europe against SDI

by Vivian Freyre Zoakos

The secretary general of NATO, Lord Peter Carrington, is leading an international effort to organize Western Europe into the role of a Soviet satrapy. In an interview given to the *Christian Science Monitor* on June 12, Carrington boasts of the role played by him in sabotaging European support for President Reagan's Strategic Defense Initiative (SDI), the defense program which Moscow is attempting to kill at all costs—precisely because it offers the only hope for avoiding Moscow's successful seizure of world hegemony sometime within this decade.

In a disingenuous attack on the SDI, spoken in diplomatese, Carrington told the *Monitor* that Europeans "try to look a bit further ahead and say, well, what would the consequences of this be . . . if you had the ultimate solution, a [defensive] umbrella over the U.S. and an umbrella over Europe?"

(How terrible, indeed, to have protection from Soviet missiles.)

Europeans, he continued, "feel that they have lived under a system of a nuclear deterrent which has worked very well for 35 years and are obviously anxious that what is put in its place is as effective."

Carrington makes another important point, i.e., that he considers NATO foreign ministers' meetings to be "the more appropriate forum for discussion of the SDI and arms control," rather than such bodies as the NATO defense ministers. Carrington's model is the NATO foreign ministers meeting that took place in Lisbon, Portugal, June 6-7. There, thanks to the NATO secretary's personal efforts, the United States was humiliated and Western strategic interests seriously imperiled, when the ministers refused to endorse the SDI, yet vehemently endorsed continued American observance of the SALT II strategic arms accords, despite overwhelming evidence of continuous Soviet violations of same.

That the issue of European endorsement of the SDI was on the foreign ministers' agenda in the first place, occurred thanks to the coup which Carrington pulled at the May 21 Brussels meeting of the NATO defense ministers.

Secretary of Defense Caspar Weinberger attended that meeting armed with a briefing on the SDI which was to culminate with a firm endorsement of the program on the part

of the allies, over and above the common statement of "support in principle" which the ministers had passed at their March meeting in Luxembourg. Weinberger had a right to expect such a statement of support, particularly since in the interim between Luxembourg and Brussels, the governments of West Germany and Italy, two of the major European allies, had given their national support for Reagan's strategic defense project.

Weinberger's expectations may have been reasonable, but they failed to take into account the activities of Lord Peter Carrington. Arguing from the standpoint that there was both no urgency to get a European endorsement immediately, and that the danger of splitting the alliance over SDI represented a greater threat, Carrington effectively muzzled Weinberger, who was not even able to give his planned, extended briefing on the American defense project.

The controversial issue of the SDI was taken off the agenda. At Carrington's recommendation, discussion of the SDI was postponed to the NATO foreign ministers' meeting scheduled two weeks later. The moment this was agreed upon, the pro-SDI side had already lost the battle.

To a man, the NATO foreign ministers—including Secretary Shultz—are among the most visible proponents of an appeasement policy toward the Soviet Union. Each had already promised Soviet Foreign Minister Andrei Gromyko, during their private and joint meetings with him in Vienna in early May, that they would make the upholding of deterrence doctrine the key target of their Lisbon meeting.

Deterrence, or Mutually Assured Destruction (MAD), is the doctrine of "military revenge" responsible for the present state of political near-dissolution of the Atlantic Alliance. It is the diametric opposite of the SDI which, as President Reagan has often emphasized, implies conversion to a doctrine of Mutually Assured *Survival* (MAS).

Keeping their promise to Gromyko, then, the foreign ministers took three initiatives at their meeting: 1) they insisted on the supremacy of deterrence doctrine, as Carrington reemphasized in his interview; 2) they refused to endorse the SDI; and 3) they insisted on American adherence to the SALT II agreement, despite knowing—and even admitting—that the U.S.S.R. has been grossly violating the agreement.

West German Foreign Minister Hans-Dietrich Genscher, one of Carrington's co-conspirators, opened the Lisbon meeting by admitting that the Soviets have been violating the SALT II and ABM treaties (the latter covering limitations on development of SDI). Yet, in the same breath, Genscher demanded that the United States adhere to these treaties anyway, and renounce both strategic defense and missile construction required to close the gap resulting from Soviet violations. The cynical Genscher argued, "Neither observance of the antiballistic missile (ABM) treaty, nor respect for the SALT II agreement, should be diminished in their value by the Soviet Union's adopting an attitude contrary to their spirit and letter."

Book Review

Soviet military superiority: A very rude awakening

by Criton Zoakos

Soviet Military Supremacy.

The Untold Facts About the New Danger to America.

Quentin Crommelin, Jr. & David S. Sullivan.
Washington, 1985.

Rude awakening, salutary as it is, is no match for a state of alert wakefulness. Crommelin's and Sullivan's book, *Soviet Military Supremacy*, is just this sort of rude awakening. The book's first edition has been sold out in Washington and is no longer available in bookstores. This is good, provided that the Soviet Embassy did not buy up all the copies: The raw data incorporated in the book should be in the possession of every American household.

These data, as the authors state in a footnote, "have been reviewed and cleared for publication" by the Central Intelligence Agency. This means that the data reported in the book are accurate, but not complete. If you, the reader, experience a state of shock at the massive Soviet strategic superiority documented in the book's tables, just hold your breath. The public, CIA-authorized version presents a picture not half as bad as the real-life disaster.

Here are some of the data, comparing Soviet and American strategic arsenals:

Intercontinental Ballistic Missile Launchers (ICBM)	
U.S.S.R.	1,850
U.S.A.	1,000
Heavy ICBM Launchers	
U.S.S.R.	820
U.S.A.	0

Silo-Buster ICBM Warheads

U.S.S.R.	7,070
U.S.A.	0

Total ICBM Warheads

U.S.S.R.	20,200
U.S.A.	2,100

On-Line Ballistic Missile Throw-Weight

U.S.S.R.	12.4 millions of pounds
U.S.A.	4.4 millions

ICBM Launchers with Reloads

U.S.S.R.	1,850
U.S.A.	0

Modern Stockpiled and Reload ICBMs

U.S.S.R.	3,350
U.S.A.	0

Modern Reload ICBM Warheads

U.S.S.R.	9,300
U.S.A.	0

Total Reserve Strategic Launch Systems

U.S.S.R.	3,700
U.S.A.	0

Surface to Air Missile Launchers

U.S.S.R.	13,800
U.S.A.	0

Primary Anti-ICBM Launchers

U.S.S.R.	100
U.S.A.	0

Secondary Anti-ICBM Launchers

U.S.S.R.	3,500
U.S.A.	0

Operational ASAT Systems

U.S.S.R.	Four Types
U.S.A.	0

Ground Combat Divisions

U.S.S.R. 195

U.S.A. 16

Battle Force Ships

U.S.S.R. 2,249

U.S.A. 524

Attack Aircraft

U.S.S.R. 6,750

U.S.A. 2,606

Tanks

U.S.S.R. 51,900

U.S.A. 4,960

Armored Personnel Carriers

U.S.S.R. 63,390

U.S.A. 7,090

Artillery Tubes

U.S.S.R. 46,300

U.S.A. 1,350.

In comparing the levels of defense spending during the first Reagan administration, the authors produce the following telling score-card:

Soviet vs. Carter and Reagan military spending
 (billions US\$)

	1982	1983	1984	1985	1986	Total
Soviet	360	378	418	460	480	2,096
Carter (proj.)	184	210	238	268	300	1,200
Reagan	185	210	227	254	286	1,162
Reagan vs. Carter	+1	0	-11	-14	-14	-38
U.S. vs. U.S.S.R.	-175	-168	-191	-206	-194	-934

The authors conclude: "Almost no Americans realize that, because of Congressional inaction, defense spending under President Reagan is *far below* the levels even President Reagan thought were necessary for our safety."

The book's self-appointed task is to shake Americans from their present complacency, by presenting the figures, the facts, and their immediate implications. Presentation of facts, figures, and implications has been presented more or less competently. At any rate, more competently than the 1985 edition of the Defense Department's *Soviet Military Power* handbook. It is doubtful that this competence is enough to produce the intended result and arouse the American people.

Strong as it is in facts and figures, the book is pathetic in

identifying the causes of our present devastating strategic calamity. For example, it identifies very accurately the extent of this strategic calamity: "These Soviet offensive and defensive advantages gravely threaten—have almost eliminated—the effectiveness of our retaliatory deterrent. . . . Because of its vulnerability America could be increasingly subject to Soviet coercion and intimidation through the power implicit in an overwhelming nuclear advantage."

After accurately identifying the Soviets' ability to deliver an absolutely destructive preemptive strike, they conclude: "In sum, two and a half legs of the U.S. Triad are now vulnerable, and the remaining half-leg of the Triad (strategic submarines on patrol) may itself be vulnerable already . . . or soon will be. Thus, at the top of the pyramid of forces the vulnerability of our strategic forces is at an all time high."

In the aftermath of the Walker espionage affair, specifically compromising U.S. strategic submarine security, the Crommelin/Sullivan conclusion is probably too optimistic. Then, there is the following ominous warning, penned before President Reagan's disheartening capitulation on the SALT II compliance issue on June 10, 1985:

"During this decade and possibly this year, Americans could face, and probably will be required to confront, in one form or another, the choice of incredibly perilous resistance to or docile acceptance of a new Communist dark age. . . ." Well, friends, where have you been?

Or, more to the point, how do you explain that all this—and perhaps more—is happening to us.

Blaming it all, with declaratory righteousness, on the "liberals" and the "media" hardly scratches the surface. The calamity occurred in 1966-67 with the so-called "paradigm shift" into the abomination of the "technetronic era" and "post-industrial society." If you read your Ogarkov adequately, you know the Russians approach war-fighting from the classical standpoint of total economic-technological-industrial-scientific resource mobilization. Their strategic edge is derived from this "wartime economic mobilization." The book's failing is in this point.

From this vulnerability, derives the lack of adequate criteria in selecting the means you need for effecting what you desire, the mobilization of the American people. This paucity of criteria, leads you to the debacle of praising Henry Kissinger's presumed "acknowledgement of the failure of his policy."

You are wrong on Kissinger on two counts: He agrees that his arms-control policy failed in order to argue, not for a national mobilization as you desire, but to argue for a "reduction of the U.S. sphere of influence to approximately 25% of its post-war extent," in his own inimitable formulation. Your second mistake: What American, what layer of our society, would ever work up an enthusiasm to mobilize for national salvation under banners waved by the despicable Dr. Kissinger?

Tradition, Family & Property cult again tied to attempts on Pope's life

by Gretchen Small

Dom Pedro Gastão de Orleans e Bragança, a member of the Brazilian royal family which sponsored the fanatical Tradition, Family, and Property cult, has attacked his family's involvement with the cult. The TFP has been implicated in repeated assassination attempts against Pope John Paul II, as part of an international terrorist capability which operates under the cult-doctrine of the Third Prophecy of Fatima, directed by Soviet secret services.

Dom Pedro, pretender to the Brazilian throne, and head of the Brazilian branch of the Bragança family which sponsored the cult from its founding, attacked cousin Luis Orleans e Bragança for his membership in the fanatical TFP cult, in an interview in the June 3 issue of Brazil's *Interview* magazine. Weeks before the magazine came out, *Jornal do Brasil's* political "gossip" columnist, Zozimo, had reported on the interview and its significance for the TFP. According to Zozimo's May 13 column, "someone" had taken care to forward Dom Pedro's denunciation of the TFP to Rome, and, on that basis, the Vatican cancelled a planned reception for Luis Orleans e Bragança, to which Pope John Paul II was to be invited to give his blessing.

Bragança's warning joins a campaign by the Brazilian Bishops' Council against the cult, threatening TFP activities in its home base of Sao Paulo, Brazil. On April 19, the Brazilian Bishops' Council warned Brazilian Catholics to stay away from the TFP. In a statement issued from a full Council meeting, the Bishops stated, "There is no communion between TFP and the Brazilian Church, its hierarchy, and the Holy Father. . . . It [TFP] can in no way merit the Church's approval." The Bishops accused the cult of practicing "religious fanaticism and a personality cult for its chief and founder."

Implicated in two assassination attempts against Pope John Paul II—occurring in 1981 and 1982, both times on May 13, the anniversary of the apparition of Our Lady of Fatima—the TFP was banned from Venezuela in November 1984. The TFP was forced by government security agencies, charged with keeping the Pope alive, to temporarily leave

Peru and Ecuador during John Paul II's visit to Ibero-America this past January and February.

An 'anti-communist' Russian front

The TFP, an all-male, paramilitary cult, serves as the private army of a network of old European oligarchical interests. Since its founding by Plínio de Corrêa de Oliveira, a man who brags of his descent from a leading adviser to the 19th-century Brazilian Emperor, the TFP has been considered a virtual house-organ of the Bragança family. Brothers Luis and Bertrand Orleans e Bragança joined the organization at its inception; support for the sect is provided by the Bavarian branch of the Braganças, through Prince Johannes von Thurn und Taxis, the largest landowner in Brazil.

Publicly, the cult claims its members are Catholic traditionalists, and rabid anti-communists. The internal ideology of TFP, however, advocates a return to the Middle Ages, when feudal princes governed an obedient population of "plebeians." According to Plínio de Corrêa, it was the Renaissance which began the evil of communism!

For the oligarchic families behind TFP, who have struck a deal with the Soviet Union to jointly destroy the Western civilization represented by the Renaissance, the "anti-communist" front of TFP has proved useful to cover Soviet-run operations against Pope John Paul II.

The ideology given the cult comes straight from the imperial plans of the Russian Orthodox Church, now coordinating with the Soviet military and state hierarchy the establishment of a new world empire run from Moscow by the year 1988. TFP members are indoctrinated to believe that every Pope, since the early 1960s Vatican II changes in Church operations, has been "heretical." Only by publicly endorsing the Prophecies of Fatima, will a Pope be proven non-heretical, the TFP argues.

It is the Third Prophecy of Fatima which states that civilization will be destroyed, and Moscow will become the Third, and Final, Rome, before the end of the Second Millennium.

The role of this particular cult-ideology in attempts against the Pope received recent notoriety in the trials, which opened May 29 in Italy, of several terrorists charged with participation in attempts on the Pope's life. The trials center on the Bulgarian government's connection to the attempted assassination. "The Fatima secret is behind the attempt against the Pope," Ali Agca—the man who attempted to assassinate Pope John Paul II in 1981—stated outright in his testimony May 29. Agca asked the Vatican to reveal the Third Secret of the Madonna of Fatima, while repeating, "I am Jesus Christ, and I announce the end of the world in this generation."

The Third Prophecy "revealed" by the Virgin of Fatima in 1917, warns that the world will soon be destroyed in a mammoth cataclysm: The skies will turn white, vapors will rise from the earth, and all men will be destroyed. After this, states the Prophecy, Russia will dominate the earth, and through Russia, the world will be "re-Christianized."

Ali Agca should not be dismissed as insane, presiding Judge Martella commented to the press. His statements should, instead, be taken as messages to friends and fellow conspirators.

On June 2, the Italian daily *Corriere della Sera* reported: "The Vatican does not believe that Agca is crazy." The "Second Secret" of Fatima, *Corriere* continued, "speaks of Russia," and how "it will spread its mistakes all over the world," and of a Pope who "will have to suffer." So it is not crazy, *Corriere della Sera* commented, if Agca accuses the KGB.

Fatima cult = TFP brainwashing

TFP members are brainwashed with such "end of the world" prophecies, then indoctrinated that they will be saved from the Holocaust to begin the "re-Christianization" of the world, if they remove "Satan," i.e., the Pope, from rule. Thus, for these insane zombies, killing the Pope becomes a crucial step in bringing on the hoped-for final days. From the standpoint of the Russian state and the would-be Western kings, eliminating the Pope will eliminate one of the major forces in the world preventing a final collapse into bestiality and immorality.

How TFP uses its "anti-communist" cover to further the adoption of an appeasement strategy toward the Soviet state, is demonstrated by the TFP's man in the White House, one Robert R. Reilly. Reilly, a frequent speaker at American TFP events, works out of the White House as the President's Liaison on Central America. In March, Reilly threw a gala ball at the Organization of American States to celebrate the spirit of the Congress of Vienna. Inviting Cabinet secretaries, diplomats, and government bureaucrats, Reilly credited the 1815 Congress of Vienna with giving Europe 100 years of peace. The Congress of Vienna was, in fact, the moment at which representatives of the British, Swiss, French, and Russian oligarchies sealed a global alliance, dedicated to crushing the republican movements sparked by the American Revolution across the globe.

An article appearing May 28 in Colombia's paper *El Tiempo*, written by TFP supporter Eduardo Lemaitre, signals the sect's renewed determination to eliminate Pope John Paul II. Couched in medieval terms, so as not to mention current names, Lemaitre's article defended the 13th-century Pope Boniface VIII, from the attacks of Dante Alighieri, who had, in his poem "The Divine Comedy," placed Boniface head-down in burning oil in Hell.

TFP head Plínio de Corrêa has also attempted to rescue Pope Boniface VIII, a self-proclaimed atheist who attempted to usurp all temporal power into his own hands, from Dante's justice. He claims Boniface to have been exemplary of the good of the medieval world order to which the TFP would have us return.

Documentation

Excerpts from Brazil's Interview magazine interview with Dom Pedro Gastão Orleans e Bragança by Michael Kollreutter, published on June 3:

Dom Pedro: . . . I have no prejudices; I like whites, blacks, yellows, reds, blues, and all colors. I am in favor of the minorities and I have a lot in me from my great-grandfather Pedro II, who was the best governor this country ever had. . . . I was just named Chief of the organizing commission for the Centenary of the Abolition of Slavery. . . . Those in Vassouras don't like blacks, since two of them are in the TFP. . . .

[In the Vassouras branch of the family], when a son does not marry a princess, he must renounce all rights to the throne. Thus Eudes, Pedro, Fernando, and Francisco renounced. Luis, the oldest and true heir prince, was transformed into a kind of black sheep, to the disgust of his family, when he entered the TFP along with his brother Bertrand. Thus both, with excessively parted hair and always wearing ash-colored jackets, live in Sao Paulo devoting themselves to the group's marches and other movements. Since neither has married (and, for obvious reasons, they are unlikely to marry), the great hope of the royal family rests on Dom Antonio. . . .

On June 4, under the headline, "Apocalypse in the 20th Century," the Rome newspaper La Repubblica published in full the Third Secret of Fatima, as demanded by Ali Agca. The author of the article, ex-Jesuit priest Domenico Del Rio, was the "Vatican expert" whom the Pope had vetoed from the papal entourage during his recent visits to Ibero-America, after an article Del Rio published attacking the Pope and saying "he travels too much."

Del Rio stresses that the first attempt against the Pope happened "on May 13, feast of the Madonna of Fatima" and wonders whether Agca will now ask that the Fatima connection be investigated instead of the Bulgarian one. The Ma-

donna di Fatima, writes Del Rio, revealed her three secrets on May 13, 1917 in a little Portuguese village, appearing to three peasant children, Francesco, Giacinta, and Lucia. Francesco and Giacinta died, and Lucia, who is now 78 years old and is a Carmelite nun with the name of Sister Maria dell'Addolorata, spread the secrets.

The second secret, according to Sister Lucia's revelation, says: "I will come to demand that Russia be consecrated to my immaculate heart. If my request be satisfied, Russia will convert and there will be peace. Otherwise, Russia will spread its mistakes in the world, provoking wars and persecuting the Church. Many good people will be martyred. The Pope will have to suffer. Many nations will be destroyed."

This is the first time the third secret has been published in full, although the Vatican had explicitly rejected Agca's request for its publication. The text of the cult "prophecy" published by Del Rio follows:

A great punishment will hit the whole human race in the second half of the 20th century. In no part of the world will there be order, and Satan will dominate in the highest places, determining the way things go. Satan will manage to infiltrate even the leadership of the Church. He will seduce the minds of those great scientists who invent the weapons with which it will be possible to destroy great part of the humanity in a few minutes. Satan will control the powerful people governing the people and will push them to build tremendous quantities of weapons.

God will punish Man more harshly than with the Flood. The time of all times will come, and the end of all ends. The great and the powerful will die together with the small and the weak.

Also for the Church will come the time for the hardest test. Cardinals will be opposed to cardinals, bishops to bishops. Satan will march among them and in Rome there will be a change. The Church will be darkened, and the world will be hit by terror. A great war will be unleashed in the second half of the 20th century. Fire and smoke will fall from the sky. The waters of the oceans will become steam, and the foam will rise shaking and sinking everything. Millions and millions of men will die from hour to hour. Those who stay alive will envy the dead.

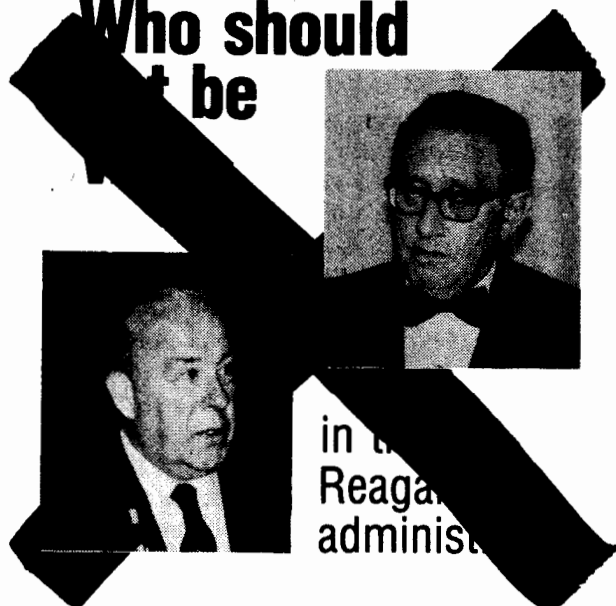
Wherever the eyes will turn, there will be pain and misery, destruction in all countries. The time is nearer and nearer, and the abyss becomes larger and larger.

Good people will die with bad people, great people with small, the princes of the Church together with their flock, the kings with their people.

Death will be all over the place because of the mistakes made by the insane and by the partisans of Satan who will then reign alone over the world.

At the end, those who survive this event will proclaim again God and his glory and will serve him as they did before, when the world was not so perverted."

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Moscow's peace of the dead

by Thierry Lalevée

On June 7, the Kremlin delivered a final deathblow to the past months of Middle East peace initiatives, and it took the form of a direct death threat to PLO Chairman Yasser Arafat. The threat was issued by Yevgenii Primakov, the director of the Oriental Institute in Moscow, not only a key channel of Soviet Middle East policymaking, but the most important policymaking institution of the KGB.

"Not everything that Arafat has done recently, benefitted the Palestinians," said Primakov in one of his rare interviews to the American press, preparing for his own visit to Washington at the end of the month.

A death threat, was the comment of intelligence analysts upon hearing the remarks, similar to the one delivered by Rostislav Ulyanovskii of the International Department of the Soviet Communist Party, who spoke of "dictatorial tendencies" in India a few weeks before the assassination of Prime Minister Indira Gandhi.

The death threat to Arafat is only possible because of the U.S. State Department and the U.S. Congress. State snubbed Jordan's King Hussein when he visited the United States in May, to state that Arafat was ready to abide by U.N. resolutions recognizing Israel. Then, a June 4 resolution opposing advanced arms sales to Jordan was introduced by Sens. Edward Kennedy and John Heinz (R-Pa.). These acts were Moscow's green light.

But only three weeks before Primakov spoke, on May 16, the Soviet ambassador to Jordan, Aleksander Zinchuk, had told *Al Sawt al Shaab* that Moscow looked at the Feb. 11 agreement between Arafat and Hussein positively. Who to believe? Primakov. He is the real Soviet authority on Middle Eastern affairs, with decades of experience in political destabilization. He has a power and authority far superior to any ambassador. Zinchuk, the diplomat, has to maintain ties with the Hashemite Kingdom, and so, he has to tell lies. Primakov, the so-called academician, can afford to tell the blunt truth, knowing that his particular position doesn't officially commit the Soviet government to anything, while the message he sends is nevertheless received with authority.

The real message has two levels: Countries and regimes will be spared, provided they recognize leadership of Moscow and its regional partner, Syria. Yasser Arafat does not, and is therefore condemned to death. Those associated with him may expect the same fate.

Underlining the difference between May 16 and June 7 is that, earlier, Moscow was confident that Syria and its stooges,

the Shi'ite militias of Al Amal, could deliver the "final solution" to the Palestinian problem with massacres in Palestinian camps in Beirut. By early June, Syria was to be the only "Palestinian" power, and Arafat left with no choice but to go to Canossa. Then, the Hussein/Arafat initiative was acceptable to Moscow.

However, by June 7, it had become obvious that the design was backfiring. As Ariel Sharon learned earlier, massacres are not so easy to pull off quietly. The Palestinians successfully resisted the Shi'ites for weeks, even forcing Syria's pet Palestinians to show solidarity. Now, Arafat's elimination has become Moscow's priority. The failure of King Hussein to distance himself from Arafat, places him, too, on the Kremlin's hit list.

Jordan: the front line

It is in Jordan that Moscow's ability to impose its policy in the region will be decided. On June 4, the Jordanian government announced that its security services had foiled a plotted coup against the King. Arrested as its leader was the unofficial chief of the Syrian Ba'ath Party's Jordanian section. On June 11, a Jordanian airliner was hijacked by the "Suicide Commandos Imam Musa Sadr," who threatened to blow up the plane unless all Palestinians left their camps. On June 12, the plane was blown up and seven Jordanian security officers on board kidnapped. Hussein has no illusions about his northern neighbor, and made a point of discussing security matters with British Prime Minister Thatcher on June 7. But that, he may regret: Thatcher announced that she was "gloomy" about Hussein's peace initiative and his survival.

The Israelis also expressed worries. On June 5, Gen. Ehud Barak, chief of Israeli military intelligence, held an unusual background briefing for reporters to warn that Damascus would sabotage Hussein's policy at all costs, including assassinations of Arafat, Hussein, and their close associates, border skirmishes, and airspace violations. Damascus may also undertake "lightning attacks with limited aims" against Israeli forces, especially given its new ballistic missile capabilities.

Despite Barak's warning, observers point out that there are many in Israel around Yitzak Shamir and Ariel Sharon, and at the U.S. State Department, who would be more than happy if Hussein were to disappear. Barak's statements may be the cover for wetwork operations in Jordan to be blamed on Assad.

In fact, a State Department official stated on the front page of the *International Herald Tribune* on June 10 that his office's "biggest nightmare would be that the PLO [through Hussein] accepts all of Washington's conditions"! But envoy Richard Murphy will go to Amman in early July for talks with a joint Jordanian-Palestinian delegation. Why? The State Department has its deal with Moscow already! State Department policy has no other aim but to give Libya and Syria more time to assert their regional supremacy. Murphy's trip can only be designed to postpone negotiations.

Venice, the oligarchy's capital, makes plans to rule the 'New Yalta'

by Pietro Cicconi

Venice has stopped putting out the word that she is in her death-throes, as she used to do at the onset of the 1960s economic boom, and has thrown herself into a whirlpool of activity. The entire press talks about Venice: world-class conventions, symposia, projects, intercontinental projects, exhibits and expositions, and above all, closed-door meetings of the oligarchy, both secular and clerical. The nervous little paces with which the "Venice that counts" normally moves from one corner of the city to the other, have become quicker and more frenetic.

On March 9, the Milan newspapers *Il Giorno* and *L'Avvenire* reported, under headlines such as "Venice, Capital of Europe," the press conference of Carlo Bernini, president of the Veneto Region, who announced for spring 1986 a six-day seminar to discuss the role of the "city of the doges" as "the ideal capital of all of Europe: Western, Eastern, and neutral. That is, the Europe that goes from the Atlantic to the Urals." The official consensus that reverberated from this initiative of the Veneto Region and the Cini Foundation was almost universal. This, essentially a "forum for peace and culture," should take place in Venice every two years.

This initiative is flanked by the setting up of an "International Center for the Environment," an idea born of the collaboration of the Venetian economics university, Ca' Foscari, and several California universities, and promoted by several levels of local governments—the region, the province, the city government and by Ca' Foscari itself. Venice is thereby supposed to become the capital of Greenie environmentalism as the complement to pacifism.

Among the most important other initiatives should also be noted the international meeting at the Benedictine Abbey of Praglia, near Padua, on the theme: "Christians Between Technological Innovation and Social Transformation," held between March 9 and 10 on the initiative of the "Institute of Friends of Maritain." It is perhaps one of the most sophisticated initiatives that is simmering in the Venetian pot. Among the illustrious names, we cite only that of Archbishop Rembert Weakland, leader of the U.S. branch of the Benedictine order and the American Bishops' Conference, who directed the writing of the pastoral letter on the economy. The delphic smokescreens of that letter were penetrated by an *EIR* corre-

spondent, who ran into the Abbot-Archbishop in Latrobe, in Pennsylvania, upon his return from Venice. Directly questioned on monetary issues, Weakland admitted he is against "bilateral aid" from the United States to the underdeveloped countries, and favored channeling all aid through one multi-lateral entity: the International Monetary Fund. This position is diametrically opposed to the condemnation of such institutions, expressed by Pope John Paul II.

'Venice toward the year 2000'

Another very important meeting was held on March 10 on the theme, "Venice Toward 2000," organized by the Venetian Press Association. The moderator was Venetian Mayor Rigo and the distinguished guests included Italian Minister of Finance Bruno Visentini, Minister of Labor Gianni De Michelis, and Minister of Health Costante Degan. De Michelis, who affects the persona of an unwashed rugby player, threw himself into an impassioned description of the initiatives, while Visentini played the role of the cool aristocrat who would shrink at anything in "bad taste."

The contents of the debate were published in the Venetian magazine *Marco Polo*, in a feature-spread opened by an interview with Cesare De Michelis, the minister's brother, who says among other things, "If then, as the Republic was concluding its 1,000-year history [in the eighteenth century], from Venice there came an exodus of men and things, of intelligence and wealth, today it is finally possible to think about a reversal of direction, a rich and numerous comeback." And: "Finally the organization of the post-industrial society, its logic of growth and development, are no longer incompatible with the historic city." He concludes: "Therefore it is necessary to gather up our forces, energies, and resources into an ad hoc institution . . . which would work to define an overall plan, drawing upon the resources of imagination and intelligence which the architects—the best architects in the world—can, and know how to give; it [such an institution] would gather the economic resources, the great economic resources which are needed. . . . If the Arsenal becomes the headquarters of the Venetian information industry, the center of a productive system that would know how to take advantage of the immense cultural wealth possessed

by the city and the region, the *fondaco* to which merchants and consumers will flock, then Venice will not only have won a battle, it will have, above all, reconquered a role and function in the world which is now approaching the third millennium."

It is an old project: It was promoted by the Fascist Finance Minister Giuseppe Volpi di Misurata, with the petrochemical zone of Porto Marghera, the Biennale art show, the Lido resort, the luxury railroad-cars and hotel chains flaunting the conspicuous consumption of the very rich and very decadent, all centered around Venice. Notwithstanding that project's dismal failure, Volpi's son Giovanni was back at it again a couple of years ago with an interview in the mass-circulation magazine *Gente*, calling for Venice to become a free port, or as he put it, "a new Babylon." Last winter, the famous historian Fernand Braudel climbed on the bandwagon by proposing nothing less than the restoration of the Serenissima Repubblica, complete with Doge, Inquisition, Council of Ten, Senate, and Great Council—all the trappings that made the Venetian republic the most feared bastion of oligarchism and repression in post-Renaissance Europe.

Last January, De Michelis made the proposal of holding in Venice the universal Expo of the 1990s, a proposal which he proudly defined as "a fist" (sports-fan jargon for a culture shock). Starting now, a trillion liras would have to be poured into the project. Meanwhile Venice grabbed almost the entire Italian stand at the upcoming Tsukuba Expo in Japan: stained-glass bridges to replace the wooden one now spanning the Grand Canal, satellites for the spectroscopic mapping of the lagoon, and the most refined laser and other techniques for restoring works of art, and many other by-products derived from the past industrial boom, with which to gussy up the old whore of the lagoon and dazzle the Japanese and other investors.

Dominating the whole buildup is the restoration of Venice's ancient Arsenal. But to do what? No one is explicit. At the "Venice Toward 2000" forum, Visentini merely said that tourism is not enough. The abstract idea is to reconstruct the Arsenal, not merely as an item of folklore, not merely for tourism, and not merely as a center for soft technologies coming out of the Expo, but as a very complex blending of those and other things.

L'arzanà de' Viniziani

At this point one can't help asking whether it seems likely that a figure like Visentini, the minister of finance who has climbed to his position thanks to the obsequious backing of the Italian Communist Party, in order to enjoy such perverse satisfactions as spreading hunger through Italy by defining meat as a luxury consumption item, can really be interested in giving up his position as a cabinet minister to become the mayor of 80,000 inhabitants who have taken it into their heads to restore a run-down quarter and use it for an exhibit

of technological "toys."

The stench of fraud brings to mind the famous lines of Dante's *Inferno*, when he speaks of the inmates of the fifth ring of the Eighth Circle of Hell, the domain of the Fraudulent:

And so from bridge to bridge, talking of other things
of which my comedy does not care to sing,
we came; and we were holding the peak, when
we stopped to see the other ditch
of Malebolge and the other vain plants;
and I saw it as amazingly dark.
Just as in the Arsenal of the Venetians
the tenacious pitch boils in winter-time,
to patch up their unfit boats,
that cannot sail; in that instance
whoever makes his boat anew and who patches up
the sides of one which has made many voyages;
who beats on the prow and who on the poop. . .

Why in the world did Dante use the bustling of productive activity in the "arzanà de' viniziani" to describe the grafters in this circle? At bottom, the Arsenal was always a model of productivity; suffice it to recall that the workers received their wages even when they were old and no longer able to work—an extremely rare situation for the year 1300. It was a large quarter, very well organized and well cared for by the patriciate, with its own urbanistic structure, which had responsibility for the job of building and repairing the entire Venetian fleet, commercial and military, and providing arms to both the ships and the land fortresses. It was a model feudal laboratory, just as is now being re-proposed.

Dante knew the Venetians well, so well that the latter have decided to say that their otherwise complete archives are "missing" the volumes relating to the period of his visit to the lagoon in 1321, which cost him his life. On the Arsenal, Dante understood that this was the only instrument by which the oligarchy could impose its will upon reality, the only link to the real economy. It was the infernal tool by which economic-military diktats were imposed, thanks to the Venetian Empire's immense cultural-diplomatic-espionage superstructure.

In short, without the ships and soldiers, it would have been impossible to trade in slaves, or go to buy where it was possible to buy cheaply and go to re-sell where one could extract the most, to loot capitals of empires, to gain military advantages and logistical support bases. Without the Arsenal, the vast world of spying, of psychological and cultural warfare for which Venice is notorious, would have belonged to the world of dreams; it could never have existed, because the Arsenal was the only contact point between the sick fantasies and reality, through which the expeditions were sent out to ruin the economies of entire regions, and to make and unmake empires.

There is another lesson to learn from history: that of Savonarola, the Dominican "ayatollah" whose fiery sermons sparked the destruction of the Florentine Platonic renaissance in a wave of "fundamentalist revivalism" in 1494. He was a self-declared Venetian agent of influence, who wove the praises of the Most Serene Republic as often as those of the Creator into his sermons, often accompanied by book burning, and his power was—too late—undermined by Machiavelli. It was Savonarola who caused the end of the Renaissance in Italy, by upsetting the balancing role of Florence, and therefore setting off the wave of invasions by foreign troops, egged on by the Venetians, up to the Sack of Rome in 1527. It was after these disasters that intellectuals, artists, and cultured persons began to migrate to Venice, "haven of liberty," and that led to the "long golden autumn of the Venetian Renaissance." Naturally it was autumn, because there was not a drop of creative intellectual energy in Venice. Instead, the Serenissima exploited parasitically the marvelous efflorescence of the other cities to construct, in the ensuing years, the Reformation and Counter-Reformation, leading up to the disasters of the Thirty Years War.

The project of intellectual jackals

Perhaps the comparison between the fundamentalist economic policy of Visentini and the "cultural" policy of Savonarola could dispel the fog hanging over the lagoon. To the Visentinian austerity devastating Italy, and the poverty which is silencing the genius of new generations, Venice counterposes herself as the "beacon of hope," trying to lure the best intellectuals produced in the universities, including from abroad, to make them work in her own Arsenal. It is in this perspective that Carlo Bernini launched the idea of a conference of all European university heads saying, "We want to put European youth in touch with the great masters of thought."

Given that slave galleys no longer are permitted to hold world hegemony, let us see what the new Arsenal could produce for this purpose.

1) **Robotics.** The Russians are enslaving their children on assembly lines because they do not have enough manpower to meet their ambitious arms buildup programs. Venice can offer robots, or "prototypes" of robots, to be eventually mass-produced somewhere in the Pacific, for example. For this Venice can count on its own secret channels in the United States to swipe the know-how deriving from beam-weapons R&D, camouflage it as originality in the Arsenal, and re-sell it to the Russians. These channels could be the IMF Benedictine circle already mentioned, as well as the Aspen Institute, among others. Venice now hosts Aspen's most important foothold in Europe, and the president of Aspen-Italy, Francesco Cossiga, is now a candidate for President of the Italian Republic.

2) **Informatics.** Venice has already "arrived" in the information sector, where it almost has a monopoly through

the Olivetti firm, which also sponsors Venetian art. The president of Olivetti's financial international holding company is Visentini himself. This serves as the control of modern information. In fact, according to the Gnostic definition of Umberto Eco, whoever has control over computers, commands; and whoever executes the programs appearing on the computer, obeys.

3) **Leisure.** The essential component of "recreation" for the technetronic society, is the Venetians' ace-in-the-hole: Carnival; the art of discreet display of power, taste, and culture by a thousand-year-old ruling class; continual experiments on how to brainwash people by convincing them that they are having the time of their life; and the well-established "fashion" and "design" sectors, as well as "art."

The Venetians are convinced that they are impregnable. They say to the Russians: You play your game, conquer what you want, and how you want, but don't ever think you can conquer Venice, because you are too crude to touch this very sophisticated mechanism, and you would pay the consequences, because the U.S.A. would end up having the decisive technological advantage.

This self-confidence in knowing how the East-West game will be played has a particular effect on the ultra-Venetian sector of insurance (Assicurazioni Generali and Riunione Adriatica di Sicurtà, RAS), which would increase its own profits incredibly, through its monopoly of intelligence on risks in a shrinking society.

The problem now is, how will the Venetians engineer this "Arsenal"? Presumably, in Phase One everything will be concentrated on the Expo and restoring Venice, although the sheer number of banks which are asking to open their windows suggests that there are many who already know what's in the bag. The investments pouring in already far exceed the number of *palazzos* to be restored, and we imagine that the plan is not like Volpi's rather crude one in the Mussolini days, but that it will develop according to external response.

Venice wants to go back to being the needle on the balance between East and West, as Bernini hinted in his press conference: "The magical city between East and West is simultaneously daughter and mother"—and this is the goal to which Visentini aspires.

Does Italy deserve confidence?

Let us hear the Russians' opinion: "The future of Europe passes through two roads: peace, or nuclear war, and the Venice initiative is important because it goes toward peace. And it is for this reason that the U.S.S.R. is joining the initiative." These are the words from the Soviet ambassador to Italy, Nikolai Lunkov, concerning the proposal of the 1986 "forum." Translating from the Russian, the word "peace" means Europe's entry into the Soviet sphere of influence, as an overall complex of satrapies, which has to pay tribute to the empire. If that scenario is allowed to unfold, Venice expects to play a major, controlling role.

How GRU terror targets the West

"Viktor Suvorov" is the pseudonym of an alleged Soviet defector who served as a field officer (e.g., during the 1968 invasion of Czechoslovakia) and then a general staff officer (military intelligence—GRU). Suvorov has written several books, and is most noted as the first person to talk about the Soviet armed forces' special commando units, the spetsnaz. Swedish television, Channel 1, interviewed him on June 3, reporting that they had been trying to get an interview with him for over a year, and that this was his first interview to European television. Suvorov's face was concealed during the one-hour interview, which was conducted in English.

First Suvorov described his own career: Farm boy joins army to get off the farm; grows disillusioned by the Warsaw Pact's invasion of Czechoslovakia; spends four years in training with the GRU, then five years in GRU service, including in Western Europe.

Excerpts from the interview follow:

Suvorov: On the one hand, Sweden is a medium-sized country like any other for the GRU. But they pay enormous attention to Sweden as a country, from the strategic point of view. It's a country of extreme importance. I repeat, extreme importance. Because of that, they may have more than the normal number of agents. I don't know how many. I never served in a Scandinavian country.

There is an enormous concentration of Soviet troops in the north. The northern fleet is the most powerful fleet of the Soviet Union. The northern fleet is the fleet that has the biggest number of nuclear missile submarines. And if war starts, whoever rules the Atlantic will dictate his will on this planet, you see. It is very important to separate Europe from America, you see, to cut off all communications in the Atlantic.

And then there is quite a big problem to put Soviet forces from the northern ocean into the Atlantic, because there is the very unfriendly Norwegian coast. And here you see [pointing to the map] Canada and Greenland. And in that situation, for the Soviet Union, Norway will have an extremely important role. Norway itself. But Sweden is a door to Norway. Sweden is a door to Norway, and Norway is a key for the Atlantic Ocean, and the Atlantic Ocean—it is very important.

Interviewer: Are you absolutely sure that spetsnaz exists, and how can you know it? A Swedish journalist some time ago called you a liar more or less for your talk about spetsnaz.

Suvorov: First of all, I was the first person to speak about spetsnaz. How do I know about it? I am officer of GRU and spetsnaz—it is our fist, shock and fist—so I have to know about it.

Interviewer: What is spetsnaz?

Suvorov: Spetsnaz is special forces of Soviet military intelligence.

I have my personal involvement with spetsnaz. When I was officer in a military district—each military district has its own intelligence, and spetsnaz is fighting unit, terroristic unit, of Soviet military intelligence. In war their prime job is to destroy political and military leaders. The best companies of spetsnaz are "anti-VIP" companies—to kill political leaders, to kill military leaders.

Interviewer: Can you tell us something about spetsnaz training?

Suvorov: It is quite hard training. Spetsnaz have extremely hard training. Their soldiers have to train against animals—dogs, KGB dogs—who are fighting them.

The weapon of spetsnaz is a spade, a small spade. It is a very popular weapon. You fight against dogs, you see. It is quite a bloody and uncompromising fight, because if you fight one man against the other, you cannot kill him. But a dog is such a creature that it does not understand that it is training. So it is a real fight. And you have to protect your life against the dog.

Dog is main enemy against spetsnaz. Dog is very effective weapon. So he has to be ready to fight against dog, with his hands, with his spade.

So spetsnaz have quite hard training and sometimes against people—criminals. They call such people "dolls" or "puppets."

Spetsnaz are not the only ones who use them. Soviet policemen and KGB also use them sometimes. If a man is condemned to death—and in the Soviet Union there are an enormous number of such people, anyway we use them in the uranium mines, in Zheltye Vody, they have to die in the mines, "to improve the Soviet defense level. . . ."

And it is the same if you fight against him. Same thing: It is a criminal who has to die, and by his death he improves the standard of the Soviet fighting force. So it is the same approach.

There is quite a lot of training in jumping. If a man can jump from a bridge, if a man can jump from a car, if a man can jump from a train—they have a train running, and a whole platoon has to jump off, one by one—it is not only a professional skill, jumping. It creates some kind of decisive approach for life. It's a big risk—jumping from a train.

So it is quite hard training. Now, you ask me, this boy—20 years old—can he speak Swedish? Yes, of course. You see, he can speak any language at all. Each Soviet fighter has a small book and at the beginning there is the Russian phrase: "Silence, or I'll kill you!" and there is a translation into German, English, Swedish, Chinese, and so on. They show it to you. They put their hand on your mouth and show it to you. First one, in Russian, and then you see your language: "Oh, yeah."

And suddenly they show to you: "Where is missile?" "Left?" "Right?" And so on.

And you just point here, and they understand that.

If you ask the question, how much time one man can resist interrogation of spetsnaz, I think between one and two seconds, you see. If you are hard, very hard, two seconds. If not hard, less.

The GRU pays enormous attention to Sweden as a country, from the strategic point of view. It's a country of extreme importance. I repeat, extreme importance. They may have more than the normal number of agents. . . . When we speak about Sweden and spetsnaz, in my opinion, Sweden is made for spetsnaz.

Because standard approach is file—metal file—and they file across your teeth. Just like that. So can you resist that?

Interviewer: Do you really know about this?

Suvorov: Yes, of course. War, you see, is not game. War is not parade. So if you are in war, and you know you are illegally in a country, you have a group of boys, five or six or seven, and if they are captured, they are dead. They are not wearing uniforms. They are not under the Geneva Convention. They have to be killed. And that boy knows that. So because of that, he fights for his life. And there is a choice: Either you sacrifice your own life, or you take the file and just interrogate somebody.

Interviewer: How long has spetsnaz existed?

Suvorov: Something like spetsnaz did exist during the Second World War. But after World War II, NATO started to use tactical nuclear weapons. This was a serious change, and the Soviet Union had to do something against that. You cannot destroy tactical nuclear weapons by other weapons,

because they are mobile. So you have to create a force to find them and destroy them.

In my opinion, spetsnaz has existed in its present form since the 1950s or early 1960s.

When we speak about Sweden and spetsnaz, in my opinion—and it is just opinion, but I think as former GRU officer and as officer who has been connected with spetsnaz very much, as controlling officer, as information officer of GRU—so I say to you, Sweden is made for spetsnaz.

In Western Europe, you can use tank armies, enormous amounts of tanks. But such places as Finland, and Scandinavia, are not made for that. They have experienced how inefficient conventional forces can be in such an area. So they have to use something else. And that something else can be spetsnaz—air assault brigades, or spetsnaz.

So if you use spetsnaz in Western Europe—of course they will use them, but Western Europe, you see, West Germany particularly, is very bad place for spetsnaz, because the people live everywhere. There are too many dogs, too many people, you see, too few forests. Everything is under control. It would be a suicide mission.

Interviewer: But what would be their job in Sweden?

Suvorov: You see, spetsnaz everywhere do exactly the same thing. They have three main targets. It is very easy to remember what they are.

First of all, destroy brain, brain of state and army. So, the President, parliament, political parties, leading politicians, military headquarters, officers—so brain of state, first.

Second, they destroy teeth of state. I mean by that nuclear weapons. In Sweden there is no such weapon, but the most important weapons you do have: aircraft, submarines—the most sophisticated weapons systems.

And third, is the nerve system of the state. I mean communications centers, communications lines, any communications installation. And they move simultaneously. If they are not successful in destroying the brain, or maybe are not successful in destroying teeth, they destroy all communications systems of state.

So if a group comes here and suddenly they cannot find the enemy. They think a command spot is here, but it is not here. They think a missile battery is here, but it not here. So what do they do? In that situation they start to fight against the energy system of the state—electrical power stations, electricity lines, pipelines, and so on. They can paralyze the state by that.

Interviewer: Do you think the Soviet Union would respect Swedish neutrality in case of a conflict?

Suvorov: I don't like to answer that question, but you see the best relationship with a neutral country the Soviet Union had was Afghanistan. They had a very friendly relationship. Afghanistan never kicked out Soviet diplomats. They had a very good relationship, and so on. It is my answer for you. I don't know about Sweden but . . . there is Afghanistan.

Soviets, Bulgaria pressure Turkey

by Konstantin George

The week leading up to the June 2 electoral victory of Andreas Papandreou in Greece, saw a severe escalation in Soviet and Soviet-orchestrated Bulgarian pressure on Turkey, the last remaining U.S. ally in the Eastern Mediterranean.

On May 31, the Soviets and the Bulgarians began joint air force maneuvers over Bulgaria. That same day, two Soviet and two Bulgarian warplanes flew in from the Black Sea over European Turkey, violating Turkish airspace, flew west, then northwest, flying over Turkey to the border, and back into Bulgaria. Emboldened by this show of support from Moscow and Bulgaria's Zhivkov, Papandreou delivered a June 1, pre-election tirade against Turkey.

The May 31 "incident" marked the climax of a week of Bulgarian provocations against Turkey. Starting on May 28, the Bulgarian police began imposing fines of between 1,500 and 3,000 deutschemarks to harass Turkish TIR (*Transport International Routièr*) truck drivers using Bulgarian transit routes. By Sunday, June 2, according to the Turkish newspapers *Milliyet* and *Hurriyet* of June 3, over 200 Turkish drivers had been fined, and about 100 were being held at the Bulgarian border customs post, pending payment.

Exact figures are hard to come by, but, from information culled in discussions with Turkish journalists and government officials, most were held for at least a week, and some from the first batch are still being held. According to the press, Bulgaria announced, as of June 1, that the transit time allowed for Turkish drivers had been reduced from 30 hours to 10 hours.

Also during Greek election weekend, the Bulgarian interior ministry imposed a police "siege" on the Turkish consulates at Plovdiv and Burgas. This shut them off from all outside contact, including visiting rights for Bulgaria's ethnic Turks.

These incidents are the clearest possible proof of the policy coordination existing between Papandreou, Bulgarian leader Zhivkov, and Moscow. Given Zhivkov's tight rein on Bulgarian policymaking, they were clearly planned well in advance, before his May 25 departure from Bulgaria. Zhivkov was out of Bulgaria from May 25 to June 6, on an extended Far East trip to Japan, North Korea, Mongolia,

finally arriving in the Soviet Union on June 3 in Novosibirsk, Siberia, before proceeding to Moscow, where he met with Gorbachov on June 6.

Crisis sessions in Ankara

On Monday, June 3, the Turkish cabinet, chaired by President and former Armed Forces Commander in Chief General Kenan Evren, went into a special afternoon session. The two main items on the agenda were: The Greek election victory of Papandreou and the worsening crisis in Turkish-Bulgarian relations. After the meeting, Turkish Prime Minister Turgut Ozal, reflecting a national mood of being "fed up" with Papandreou's rhetoric and antics, answered Turkish press questions on Papandreou's June 1 diatribe: "If he doesn't change his behavior towards Turkey, then something could happen. He'll get from God, that which he deserves."

The session decided upon some Turkish counter-measures to the Bulgarian harassment, including; a search for alternatives to Bulgaria for Turkish commercial relations; placing Bulgarian consulates and TIR drivers in Turkey under close surveillance; expelling the Bulgarian Press Agency's (BTA) correspondent from Turkey; and halting all joint sports, cultural, and social activities. Other measures under consideration include halting the purchase of Bulgarian electricity, and even freezing all commercial ties with Bulgaria.

On the transit question, Turkey, having no hope of better relations with Greece, is stymied. In desperation, President Evren went to Romania on June 11 to meet with President Ceausescu to attempt to arrange Romanian transit facilities for Turkish cargo moving to Europe.

Harassed on two fronts

Turkey is not only under pressure from Bulgaria and Greece on the "West," but, under increasing Soviet-sponsored pressure to the "East." For the past nine months, southeastern Turkey, bordering on Syria and Iraq, has been the scene of a Soviet-Syrian backed Kurdish separatist revolt. The Turkish government has admitted—understating the actual scale of trouble—that 38 soldiers, 50 civilians, and 65 armed Kurdish guerrillas have been killed so far.

That the revolt is growing was tacitly admitted on June 12 by Turkish Interior Minister Yildirim Akbulut. In an interview with *Milliyet*, he no longer referred to the Kurds as "bands," but as "guerrillas," and added: "They are in possession of AK-47 Kalashnikovs, grenade-launchers . . . well-organized. Therefore, I call them guerrillas. If one examines their arms and equipment, then one can only conclude that they are supported by one of our neighbors."

This marks the closest Turkey has come to directly naming the Soviet Union. Akbulut did name Soviet client Syria as providing support and sanctuary for the Kurds. Ugur Mumcu, *Cumhuriyet* writer and author of the first series in the Turkish media on the Bulgarian connection to Agca in the Papal assassination case, recently wrote that the Kurds and Armenian terrorists are trained in the same Syrian camps.

The murder of station chief Welch

Names that arise include George Votsis, Michel "Pablo," Andreas Papandreou, and the U.S. State Department.

The assassins of the American CIA station chief in Athens in 1975 are very close to the Papandreou government and, to this day, are being protected by that government. A number of secret Greek police reports have identified the murderers, but the Papandreou government decided to suppress them.

One of the persons involved in the suppression is Greece's interior minister, Agamemnon Koutsogiorgas, a close personal friend of the incoming U.S. ambassador to Athens, Robert Kealey. *Is the next ambassador to Greece complicit in his friend's cover-up of the assassination of the CIA station chief?*

The suspected assassin is one Demetrios Psychogios, founding member of the clandestine terrorist organization, 17th of November. His father-in-law, protector, and controller, one Louis Danos, was, until recently, the Greek press attaché in Washington, and his attorney was none other than Leonard Boudin, father of the notorious Weatherunderground terrorist Kathy Boudin.

Most interesting in this whole conspiracy appears to be the man who authored the clandestine leaflets which boasted responsibility for the assassination of station chief Welch, the man called George Votsis. Votsis, an intimate of Danos and Psychogios, a founder of 17th of November and all its predecessor terrorist organizations, goes back to a 1971 intimate relation

with the notorious Michel "Pablo," general secretary of the Fourth International, associate of the Nazi banker François Genoud, and advisor to Papandreou on security and intelligence matters since at least 1967.

Pablo was also one of the chief terrorist recruiting officers of the KGB in the 1960s and 1970s, conduiting young, college-age recruits to Syrian terrorist camps.

This George Votsis is a journalist of some renown in Athens, having also written a book recently. Earlier, he was known for a peculiar theory of terrorism he had devised and himself called "The Theory of the Goat." He has been involved in numerous terrorist actions in Greece and elsewhere.

What makes him more interesting than others is that he motivates and deploys others to commit terrorist acts, and also the fact that he has intimate relations with certain individuals within the Greek police and national security apparatus.

Votsis' brother-in-law is a major of the Gendarmerie named George Vassiliou, with whom he meets frequently. Votsis' current mistress: a journalist of the Athens daily *TA NEA* named Nana Daoudakis. She is the daughter of Lt.-Col. Constantine Daoudakis, now deceased, who was the chief of the counter-intelligence section of the Greek Central Intelligence Agency, K. Y. P.

George Votsis is frequently heard boasting in Athens that he "is in a po-

sition to know all that is going on inside all the Greek law-enforcement agencies." He thus knows how to "protect" himself and "get even" with his enemies.

This, of course, brings us to the case of one Michael Ziangas, the man in charge of all Greek intelligence services, civilian and military. Ziangas has been Prime Minister Andreas Papandreou's personal secretary and confidant for many many years. He has been Papandreou's personal secretary continuously since 1968, and he is familiar with the arch-terrorist controller and KGB specialist Michel Pablo.

When Papandreou passed a law back in 1984 reforming all the Greek intelligence services, he specifically stipulated that the prime minister, i.e., himself, is the ex officio head of all intelligence services. He then assigned his personal secretary, Michael Ziangas, the acquaintance of Michel Pablo, to run Greek intelligence. He together with Interior Minister Koutsogiorgas, U.S. Ambassador Kealey's friend, are in a position to suppress any inquiries into the assassination of the CIA station chief and into any other terrorist activities.

In fact, no terrorist incident, of the many major ones which took place in Greece in recent years, has been investigated. With the cover which outgoing Ambassador Stearns and incoming Ambassador Kealey are providing for this filthy grouping within the Greek government, the question should be asked in Washington: Is the State Department covering up for terrorism in Greece, too? Is the State Department pleased with the assassination of CIA station chief Welch and with what happened to the CIA station in Athens, in the hands of the KGB since 1976?

These questions should of course, not only be asked, but also answered.

Malaysia proposes 'proximity talks'

The proposal on the form of contact between the Vietnam-backed Kampuchean government and the resistance needs real content.

It was during an unofficial meeting in Bandung at the Afro-Asia conference on April 24 that Malaysian Foreign Minister Tengku Ahmad Rithauden proposed "proximity talks" as a first step toward negotiations on Kampuchea. By "proximity talks," the Malaysian foreign minister, now acting as chairman of the ASEAN standing committee, meant that conditions should be created to facilitate negotiations between the Vietnamese-backed Heng Samrin government and the Sihanouk-led tripartite coalition.

Since the two warring sides do not recognize one another, each side would sit in adjoining rooms, and discussions between the two parties would take place through a designated third party.

The Malaysian proposal is an attempt by ASEAN to circumvent the fact that between the Soviet Union, China, and the Anglo-American establishment, the constant tensions in Indochina are a way of keeping all the countries in the region in check and dependent.

Early this May, the Malaysian foreign ministry issued a statement that the Soviet Union had agreed to convey to Vietnam ASEAN's proposal for peace talks in an attempt to resolve the Kampuchean conflict. It was during talks between Malaysian Deputy Foreign Minister Abdul Kadir Sheikh Dazir and Deputy Foreign Minister Mikhail Kapitsa in Moscow that the latter agreed to transmit the message. Abdul Kadir told Kapitsa that the solution to the Kampuchean conflict is

free elections in which all Kampuchians can participate.

On May 26, Khmer resistance leaders met to hash out the Malaysian proposal. Present at the Sunday meeting were Khieu Samphan, Khmer Rouge leader and vice-president of the Coalition Government of Democratic Kampuchea (CGDK); Gen. Sak Sutsakhan, newly appointed commander-in-chief of the Khmer People's National Liberation Front (KPNLF); and Prince Norodom Rannaridh, supreme commander of the Army of Nationalist Sihanoukists (ANS), son and representative of Prince Sihanouk. Both the KPNLF and the Sihanouk representatives welcomed the Malaysian initiative.

Only the Khmer Rouge remained silent on the issue. This reflects not only Chinese intransigence, but also their probable awareness that, were there to be any negotiations, their heavy burden of crimes against the Kampuchean people would be the target of both negotiating parties. And should free and safe elections take place, it is almost certain that the Khmer Rouge would not win.

The big question mark in the issue remains the attitude of the Thai government. The mid-May talks in Phuket between Thai Prime Minister Prem and Malaysian Prime Minister Datuk Seri Mahathir Mohamad unofficially included the Kampuchean conflict on the agenda. The Thais are concerned that such talks could be misinterpreted as virtual recognition of the Heng Samrin government. Bangkok agrees

in principle with the Malaysian proposal, but would like to see the talks start only after Vietnamese troops withdraw from Kampuchea.

After the Phuket talks, Prime Minister Mahathir told reporters that the sooner such proximity talks are held, the better. "If we wait until the withdrawal of Vietnamese troops," he insisted firmly, "it would mean the whole Kampuchea problem would have been solved."

In Bangkok at the end of May, Indonesian Foreign Minister Mochtar Kusumaatmadja suggested that 1) the decision on proximity talks be left to the CGDK and not to ASEAN, and 2) there be linkage between discussion of the Kampuchean problem and possible normalization between the United States and Vietnam.

Konhi Suphamongkhon, former ambassador to Bonn and London, in a conversation with this author, suggested that Thailand and Vietnam meet on the highest level, that is, on the level of heads of state. To leave room for the broadest possible discussion, there should be no preconditions for the talks and no fixed agenda. Should both sides remain adamant in positions, then "we are heading for confrontation." Thailand and Vietnam are not at war with one another; diplomatic channels are still open and should be used before it is too late.

Whether this proposal will succeed or not remains to be seen. But the question is not one of form, but rather one of real content. Willingness of both the Vietnamese and Khmer resistance to solve the Kampuchean conflict must and will only exist if both see that mutual interest is the basis for discussion. For that, there must be a widening of the agenda to include a plan to reconstruct the Kampuchean nation, to make it once more not only a viable, but a prosperous economy, which it has all the potential to be.

International Intelligence

Narco-terrorists on rampage in Colombia

Terrorists unleashed a wave of violence in Colombia in anticipation of June 13's anti-drug summit between the Venezuelan and Colombian Presidents. Two bombs exploded in bank branches in Bogota on June 11; two others were dismantled before exploding.

M-19 guerrilla leaders, granted amnesty by Belisario Banturac's government, threatened that, unless they are permitted to keep their strongholds in the Cauca Valley, they will consider the peace process dead and act accordingly. Thirty-five have died thus far in fierce fighting which began June 9 between the Army and 300 M-19 guerrillas in the Cauca.

Liberal Party drug defenders in Cauca today threatened to take up arms themselves if the fighting is not stopped.

Some guerrillas are known to have protection arrangements with drug traffickers in the region.

U.S.S.R. begins railway construction

In a move of great military significance, the U.S.S.R. began the crash construction of two railway lines in the Soviet Caucasus Republics of Georgia and Armenia in early 1985. The republics form the northeast border of NATO member Turkey.

The first line, scheduled for completion at the end of 1987, starts 20 kilometers (12.5 miles) south of the Georgian capital of Tiflis, and proceeds southwest to near the Turkish border at Achalkhalaki, in mountainous terrain, opposite the Turkish provincial capital of Kars.

Kars Province was part of the Tsarist Russian Empire until 1914, and was officially demanded by Josef Stalin in a post-war ultimatum to Turkey.

The second railway line, to be completed at the end of 1986, goes from the Arme-

nian town of Idzhevan southward to Razdan, across the high plateau west of Lake Sevan, to near the Turkish border.

Farrakhan 'fascinated' by Adolf Hitler

"Yes, this man fascinates me," Nation of Islam chief Louis Farrakhan said of Adolf Hitler, in an interview with West Germany's *Der Spiegel* magazine.

"In my youth," said Farrakhan, "I saw all the Hitler films. . . . I do not agree with Hitler because he hated the blacks. . . . He hated the blacks, he hated the Jews. I cannot praise his philosophy and ideology. However, I see certain basic principles that are generally valid in building up Germany."

Hitler's "great achievement," he stressed, was that he "aroused" the German people, and got the average person to support him, as well as the intellectuals.

Farrakhan had just returned from Libya, where he received untold millions of dollars from Muammar Qaddafi, an agent of the Nazi International.

Soviet 'Star Wars' work contracted to allies

The Soviet Union has given research contracts to Warsaw Pact countries to develop space-based defense systems, West German Christian Democratic parliamentarian Jürgen Todenhöfer told a *Bildzeitung* interviewer on June 13. Todenhöfer is nuclear-arms adviser to West German Chancellor Helmut Kohl.

"East Germany is heavily involved" in working on lasers, tracking technologies, optics and mirrors, and precision instruments, he said. He also cited Czechoslovakia as a "major" participant.

Todenhöfer said that Soviet Defense Minister Marshal Sergei A. Sokolov handed out research contracts for a space defense system to East bloc colleagues at an April 26 meeting in Warsaw. The Warsaw Pact is now in the "second phase" of developing a

space-based anti-missile defense system, he said.

Todenhöfer said: "It's a political scandal that Western Europe is still fighting over whether they should participate in SDI research at all, while Moscow, together with its partners, is going ahead with its research—which it started about 10 years ago. At the same time Moscow is attacking the United States for 'militarizing space.'"

Abrahamson briefs London conference

Lieutenant-General James Abrahamson, the director of President Reagan's Strategic Defense Initiative, outlined work in diverse areas of the program at a conference in London on June 7.

The technologies he cited include a new generation of surveillance satellites to spot missiles in flight, the development of "rail guns" which can shoot projectiles at up to 40 kilometers a second using an electromagnetic mechanism, and the development of lasers so accurate that a beam sent from the top of a skyscraper in Los Angeles could knock out a window pane in New York.

He said that an operational SDI system to defend the West from Soviet missiles would have an element of complexity no greater than that of the international telephone network. "Technically, I think that we in the West are capable of doing just about anything," he stated.

NATO ships shadow 'largest' Soviet taskforce

NATO warships in the Eastern Atlantic and English Channel approaches have been shadowing the largest Soviet naval taskforce yet to deploy from the Mediterranean, reports *Jane's Defense Weekly*.

The Soviet group, which steamed towards the Shetlands-Faroes Gap in the first week of June, includes the 43,000-ton VTOL carrier Kiev, which recently completed a

two-year refit in the Black Sea and is believed to be heading back to her Northern Fleet base.

The U.S. Navy's 10,000-ton nuclear-powered cruiser *Mississippi*, reportedly made a 30-knot dash from Norfolk, Virginia to join the shadowing group.

CIA to study Soviet ASW techniques

The CIA has commissioned a \$10 million study, following evidence that the Soviet Union has succeeded in locating submerged U.S. submarines, reports Ian Mather, the London *Observer's* defense correspondent, writing on June 11.

According to other British military sources, the Russians have been testing, aboard their *Salyut* orbital space station, a radar device to spot the tiny waves that rise to the surface as submarines pass below. They are also experimenting with satellites which might be able to spot submarines through changes in water temperature or even through the effects they have on minute marine life called plankton.

The Soviets have been devoting huge resources to "non-acoustic" methods (e.g., the radar device on *Salyut*) in anti-submarine warfare (ASW), whereas the Americans have depended most on "acoustic" ASW methods such as sonar and rows of microphones, known as SOSUS systems, fastened to the seabed.

Its nice to come from Krasnodar Oblast

In Mother Russia, it doesn't hurt to come from Krasnodar Oblast ("Region") and its Kuban River Valley.

The old Cossack center and hotbed of Great Russian chauvinism was the home region of Mikhail Suslov, for decades the Soviets' chief ideologue and Politburo member, and the real behind-the-scenes string-puller in the Kremlin.

Both of his two most famous protégés

were Krasnodar Oblast natives, and made it to the top: Communist Party general secretaries Yuri Andropov and Mikhail Gorbachov.

Andropov, at his last Central Committee plenum in December 1983, promoted Vitali Vorotnikov to the Politburo. Until then, Vorotnikov headed the Krasnodar Oblast party.

At the April 1985 plenum, Gorbachov named Krasnodar native Igor Ligachev to the Politburo. Ligachev's replacement as head of the Central Committee Department for Cadre Organization, Georgii Razumovskii, was the Krasnodar Oblast Party Chief. The same plenum appointed V. Nikonov, another Krasnodarian, as central committee secretary responsible for agricultural affairs.

British Methodists attack Freemasonry

The Methodist Church of Britain has become the first Protestant church to reject Freemasonry. A report issued by the church's executive body states:

"It is clear that Freemasonry may compete strongly with Christianity. There is a great danger that the Christian who becomes a Freemason will find himself compromising his Christian beliefs."

The church report attacked the "excessive secrecy" of the Masons, the "extravagant nature" of their oaths, and the "blood-curdling penalties" for those who break them. It said the Masonic belief in a supreme being known as "the Great Architect of the Universe," or, in some rites, as "Jabhulon," was theologically unsound and "unsatisfactory in any religious tradition." It also said that "Christians cannot accept" the "syncretism" of Masonic belief.

The report calls on Methodists not to join the Freemasons, to consider resigning if they are members, and to not allow Methodist churches to be used for Masonic meetings.

Michael Higham of the Freemasons' United Grand Lodge, who is closely tied to the British monarchy, denied the report's charges.

Briefly

● **RUSSIAN CINEMAS** are now featuring a 1 hour and 15 minute film on the life of former KGB head and Soviet party chief Yuri Andropov, which was also presented on June 15 on prime time Soviet television.

● **MCGEORGE BUNDY**, Eastern Establishment "president," on June 10 called for the Reagan administration to stop playing around with little covert operations in Nicaragua, and to go for a full-scale Cuban missile crisis there. Wrote Bundy in the *New*, "In my view, the most effective means, for the Caribbean area, was defined by our experience in the Cuban missile crisis. It is our control of the seas that can defeat and reverse" a Nicaraguan move into the Soviet sphere, and "surely we would be more likely to prevent it with naval forces than with a group of fighters open to purchase by the CIA."

● **THE ALAWITE** tyrants in Syria around the ruling Assad family must be feeling insecure, despite the support of Moscow, Henry Kissinger, and the U.S. State Department, if the hectic rate at which they are buying houses in Europe and transferring their money to Swiss bank accounts is any indication.

● **PORTUGAL** has signalled interest in participating in the U.S. Strategic Defense Initiative. Portuguese Foreign Minister Gama announced on June 8 that his country's industries are very interested in participating. He said that although areas of possible cooperation would still have to be defined in talks with the U.S.A., he was sure that Portugal would contribute.

● **ALI AGCA**, the Turkish "Grey Wolf" terrorist, told a Rome court on June 13, "The order to kill the Pope came from the Soviet embassy in Sofia. We Grey Wolves acted with the determined complicity of the three Bulgarian officials in Rome: Ayvazov, Antonov, and Vassiliev. For the attempt, the Soviet embassy paid 3 million deutschemarks. . . ."

Saving SALT II will invite more Soviet aggression

by Nicholas Benton

On June 10, the United States continued to disarm itself, as President Ronald Reagan announced his decision to commit U.S. forces to compliance with the Strategic Arms Limitation Treaty (SALT II), which was never ratified. It is a bitter irony that on that same day, at a plenum of the Soviet Central Committee in Moscow, Soviet party chief Mikhail Gorbachov demonstrated that the Kremlin leadership understands full well the relationship between victorious war-fighting and in-depth mobilization of the economy.

Gorbachov instructed the Soviet leaders to integrate a Soviet scientific and technological boom in the national economy with the Soviet war machine. Speaking to a special meeting of the Central Committee on introducing scientific-technological progress into the Soviet economy, Gorbachov outlined a crash program to double the rates of plant renovation, machine building and R&D programs "to expand the network of big research and production amalgamations."

The American President announced, through a statement read by National Security Adviser Robert McFarlane, that the United States will continue to adhere to the strategic arms limits of SALT II, "despite the Soviet record over the last years" of outrageous violations.

The President's decision places the initiative with the pro-SALT II compliance crowd that is committed to sabotaging the Strategic Defense Initiative in this country. The Soviets are emboldened by the decision, as well, to escalate toward gaining a sufficient strategic advantage to achieve world domination by 1988.

The SALT announcement follows on an array of disarmament moves this spring—ranging from the unilateral Republican action to cut the defense budget, to the latest compromises on the MX missiles, to the formal U.S. acceptance

of International Monetary Fund surveillance rights over the nation's economy, to the so-called "tax reform" package that guts the nation's essential "smokestack" industrial base.

Soviets spit on Reagan's 'extra mile'

While Reagan might have been convinced that he was only "buying time" to make a stronger case against Soviet non-compliance with SALT II by his decision to, as he put it, "go the extra mile," the reality is that the Soviets are in a nonstop drive for war and will use the next period to gain vital ground in their efforts, while attempting to trap Reagan in Henry Kissinger's "SALT framework" to abandon the Strategic Defense Initiative.

This was shown by the official Soviet reaction to Reagan's decision. The government news agency TASS charged that "His words made it clear that Washington will continue to defy arms agreements without hesitation, or bypass them if they are an obstacle for Washington's arms programs." TASS continued: "His speech was another step to destroy all that was gained by the U.S. and the Soviet Union on arms control in the 1970s."

Reagan ignored the strong advice of Secretary of Defense Caspar Weinberger to formally abandon the bankrupt SALT framework because the many well-documented cases of gross Soviet violations of the treaty indicate, as Reagan himself had noted in speeches during his recent European tour, an ominous Soviet trend to develop a first-strike nuclear war-fighting advantage.

Instead, the influence of Secretary of State George Shultz and National Security Adviser Robert McFarlane prevailed, and the President announced that, despite Soviet violations, he would unilaterally continue to comply with the terms of

the SALT II treaty. In an attempt to toughen his stand, Reagan assigned Weinberger to prepare a comprehensive report due in November on "specific actions which the United States should take to augment as necessary the U.S. strategic modernization program as a proportionate response to, and as a hedge against the military consequences of those Soviet violations of existing arms agreements which the Soviets fail to correct."

However, as *EIR* founder and contributing editor Lyndon LaRouche has pointed out, such a "proportionate response" can ill afford to wait for November to be implemented. In addition to the universally acknowledged Soviet violations—the development of one new ICBM over the treaty limit, the incription of telemetry (coding) violations, and the Krasnyarsk radar station violation—the Pentagon's *Soviet Military Power 1985* publication released in April cites two other ICBMs being developed beyond the rail-mobile SS-X-24 and road-mobile SS-X-25 (page 31 of the cited book). Further, a National Intelligence Estimate report not yet public, but in the hands of three U.S. senators (Republicans McClure and Symms of Idaho and East of North Carolina), identifies a Soviet "accelerated deployment of two new missile systems," which minimally means that the new systems are beyond the experimental stage and going into mass production.

That means the "X" is now dropped from both the SS-24 and SS-25. In response to the Soviet war buildup, Lyndon LaRouche called, on June 9, for retooling idled Detroit auto plants to turn out 1,000 MX missiles a year. This, together with a crash program to develop the SDI, is essential immediately to achieve such a "proportional response" as the President has decided to delay until the end of the year to consider.

In the SDI case, Weinberger made it clear at a Pentagon press conference last month that the Soviets have been working on their equivalent of a directed-energy strategic defense for "16 or 17 years," requiring a U.S. crash program as a minimal "proportional response."

The Soviets, together with the nation's treasonous press—led by the *Washington Post* and *New York Times*—while barely repressing a collective infantile glee over the President's compliance decision, sought to further trap Reagan by massaging the "pragmatic" egos of misled patriots. "This was not capitulation," they all agreed, "but a shrewd move by the President to gain time and force the Soviets on the defensive."

Of course, they all hastened to add, while the President's "wise and tough" strategy will put the Soviets on the line to deliver on arms reduction, the President has to make this possible himself by being willing to put the SDI on the bargaining table at Geneva. Thus, the President is caught in the SALT trap invented by Henry Kissinger.

In reality, it is the Soviets who are stalling for time, as they have during the entire era of the "SALT framework" to achieve the substantial advantage they have attained to date. For the United States to saw up a Poseidon submarine (which,

with plans to launch a new Ohio-class Trident submarine this fall, we are required to do to remain beneath the SALT ceiling on multiple-warheads) acts on the Soviet mind like a signal to rape. To them, a man willing to "go the extra mile" can be forced to go a third, fourth, or fifth. To go, as Reagan said, "an extra mile in seeking an interim framework of truly mutual restraint" with a dictatorship bent on war—as Hitler taught the West in the 1930s—will not bring peace, but threatens to make war inevitable.

Documentation

What the President said

The following is the full text of President Reagan's statement to the press on the expiration of the SALT II Treaty, as read by National Security Adviser Robert McFarlane on June 10:

In 1982, on the eve of the Strategic Arms Reductions Talks (START), I decided that the United States would not undercut the expired SALT I agreement or the unratified SALT II agreement as long as the Soviet Union exercised equal restraint. Despite my serious reservations about the inequities of the SALT I agreement and the serious flaws of the SALT II agreement, I took this action in order to foster an atmosphere of mutual restraint conducive to serious negotiation as we entered START. Since then, the United States has not taken any actions which would undercut existing arms control agreements. The United States has fully kept its part of the bargain. However, the Soviets have not. They have failed to comply with several provisions of SALT II, and we have serious concerns regarding their compliance with the provisions of other accords.

The pattern of Soviet violations, if left uncorrected, undercuts the integrity and viability of arms control as an instrument to assist in ensuring a secure and stable future world. The United States will continue to pursue vigorously with the Soviet Union the resolution of our concerns over Soviet non-compliance. We cannot impose upon ourselves a double standard that amounts to unilateral treaty compliance.

We remain determined to pursue a productive dialogue with the Soviet Union aimed at reducing the risk of war through the adoption of meaningful measures which improve security, stability and predictability. Therefore, I have reached the judgment that, despite the Soviet record over the last years, it remains in our interest to establish an interim framework of truly mutual restraint on strategic offensive arms as we pursue with renewed vigor our goal of real reductions in the size of existing nuclear arsenals in the ongoing negotiations in Geneva. Obtaining such reductions remains my highest priority.

The U.S. cannot establish such a framework alone. It will

require the Soviet Union to take the positive, concrete steps to correct its noncompliance, resolve our other compliance concerns and reverse its unparalleled and unwarranted military build-up. So far, the Soviet Union has not chosen to move in this direction. However, in the interest of ensuring that every opportunity to establish the secure, stable future we seek is fully explored, I am prepared to go the extra mile in seeking an interim framework of truly mutual restraint.

Therefore, to provide the Soviets the opportunity to join us in establishing such a framework which could support ongoing negotiations, I have decided that the United States will continue to refrain from undercutting existing strategic arms agreements to the extent that the Soviet Union exercises comparable restraint and provided that the Soviet Union actively pursues arms reduction agreements in the currently ongoing Nuclear and Space Talks in Geneva.

As an integral part of this policy, we will also take those steps required to assure the national security of the United States and our allies which were made necessary by Soviet noncompliance. Appropriate and proportionate responses to Soviet noncompliance are called for to ensure our security, to provide incentives to the Soviets to correct their noncompliance, and to make it clear to Moscow that violations of arms control obligations entail real costs.

Certain Soviet violations are, by their very nature, irreversible. Such is the case with respect to the Soviet Union's flight-testing and steps towards deployment of the SS-X-25 missile, a second new type of ICBM prohibited by the unratified SALT II agreement. Since the noncompliance associated with the development of this missile cannot be corrected by the Soviet Union, the United States reserves the right to respond in a proportionate manner at the appropriate time. The Midgetman small ICBM program is particularly relevant in this regard.

Other Soviet activities involving noncompliance may be reversible and can be corrected by Soviet action. In these instances, we will provide the Soviet Union additional time to take such required corrective action. As we monitor Soviet actions for evidence of the positive, concrete steps needed on their part to correct these activities, I have directed the Department of Defense to conduct a comprehensive assessment aimed at identifying specific actions which the United States could take to augment as necessary the U.S. strategic modernization program as a proportionate response to, and as a hedge against the military consequences of, those Soviet violations of existing arms agreements which the Soviets fail to correct.

To provide adequate time for the Soviets to demonstrate by their actions a commitment to join us in an interim framework of true mutual restraint, we will plan to deactivate and dismantle according to agreed procedures an existing Poseidon SSBN as the seventh U.S. Ohio-class submarine puts to sea later this year. However, the United States will keep open all programmatic options for handling such milestones as they occur in the future. As these later milestones are reached,

I will assess the overall situation in light of Soviet actions correcting their noncompliance and promoting progress in Geneva and make a final determination of the U.S. course of action on a case-by-case basis.

I firmly believe that if we are to put the arms reduction process on a firm and lasting foundation, and obtain real reductions, our focus must remain on making best use of the promise provided by the currently ongoing negotiations in Geneva. Our policy, involving the establishment of an interim framework for truly mutual restraint and proportionate U.S. response to uncorrected Soviet noncompliance, is spe-

It will require the Soviet Union to take the positive, concrete steps to correct its noncompliance . . . and reverse its unparalleled and unwarranted military build-up. So far, the Soviet Union has not chosen to move in this direction. However, in the interest of ensuring that every opportunity to establish the secure, stable future we seek is fully explored, I am prepared to go the extra mile in seeking an interim framework of truly mutual restraint.

cifically designed to go the extra mile in giving the Soviet Union the opportunity to join us in this endeavor.

My hope is that if the Soviets will do so, we will be able jointly to make progress in framing equitable and verifiable agreements involving real reductions in the size of existing nuclear arsenals in the Geneva negotiations. Such an achievement would not only provide the best and most permanent constraint on the growth of nuclear arsenals, but it would take a major step towards reducing the size of these arsenals and creating a safer future for all nations.

Following is the President's Message to Congress on U.S. compliance with SALT II.

The attached classified report responds to a requirement in the FY-85 Department of Defense Authorization Act (Section 1110 of P.L. 98-525) requesting a report that:

(A) describes the implications of the United States Ship Alaska's sea trials, both with and without the concurrent dismantling of older launchers of missiles with multiple independently targeted reentry vehicles, for the current United

States no-undercut policy on strategic arms and United States security interests more generally;

(B) assesses possible Soviet political, military, and negotiating responses to the termination of the United States no-undercut policy;

(C) reviews and assesses Soviet activities with respect to existing strategic offensive arms agreements; and

(D) makes recommendations regarding the future of United States interim restraint policy.

In accordance with our prior interim restraint policy, the United States has scrupulously lived within the SALT I and II agreements governing strategic offensive arms. The United States has fully kept its part of the bargain. By contrast, we have found and reported to the Congress that the Soviet Union has violated major arms control obligations, as fully documented in comprehensive reports to the Congress on this subject in January 1984 and February 1985. Multiple Soviet violations of the SALT II Treaty and of other agreements were fundamental considerations in assessing a future United States interim restraint policy.

The basic United States strategic goals remain unchanged. In the years ahead, the United States objective is a radical reduction in the levels and the power of existing and planned offensive nuclear arms, as well as on stabilization of the relationship between nuclear offensive and defensive arms, whether on earth or in space.

I firmly believe that if we are to put the arms reduction process on a firm and lasting foundation, our focus must remain on making best use of the promise provided by the current negotiations in Geneva. The policy outlined in my report, involving the establishment of an interim framework for truly mutual restraint and proportionate United States responses to uncorrected Soviet noncompliance, is specifically designed to go the extra mile in giving the Soviet Union the opportunity to join us in this vital endeavor.

I believe that this policy, addressed in the classified report and the unclassified fact sheet, both recognizes the recent views of the Congress and serves as a basis for bipartisan support.

The response from Moscow

The Soviet news agency TASS on June 11 attacked President Reagan's speech on SALT-II, saying that he proclaimed devotion to the process of arms control, yet "at the same time, his words made it clear that Washington will continue to defy arms agreements without hesitation or bypass them if they are an obstacle for Washington's arms programs." President Reagan, TASS charged, was trying to neutralize world public opinion by claiming that the U.S.S.R. violates its commitments, but the President failed to produce any proof. "His speech was another step to destroy all that was gained by the U.S. and the Soviet Union on arms control in the 70s."

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Rajiv Gandhi and President Reagan set basis for U.S.-India relations

by Linda de Hoyos

With his five-day trip to the United States nearly completed at *EIR*'s deadline, the assessment is that Indian Prime Minister Rajiv Gandhi has accomplished his mission. The new Indian prime minister spent four days in Washington, and one day in Houston, in a visit to the United States that had originally been planned by his mother, Mrs. Indira Gandhi. No major deals between the United States and India, military or otherwise, are expected to emerge from the trip. But Mr. Gandhi and President Reagan let the world know that they had together built a firm friendship, opening new channels of cooperation that supersede the problematic bureaucracies of both countries. Given the intensifying world crisis, this accomplishment ranks far higher in importance with any deal that could have been struck.

Mr. Gandhi also appears to have largely accomplished the second task of his trip: to dispel the notion of India as a Soviet puppet state, and to communicate to Americans the real content of India's independent stance of non-alignment. In his interviews and speeches, Mr. Gandhi told Americans: India's non-alignment is "bringing democracy into the world arena. We believe that every nation should have the right to say what it thinks."

In his speech before the joint session of the U.S. Congress, Mr. Gandhi emphasized that India's struggle for independence from British rule, the creation of the Indian democratic republic, and its commitment to non-alignment and national sovereignty, are products of the republican principles of the American Revolution, and now these principles are to be the conscious basis for the improved future cooperation between the two countries.

In making this the overriding message of his visit to the United States, his first as Indian prime minister, Mr. Gandhi revealed himself as a statesman, equipped to take up the mantle of world leadership left vacant by the assassination in 1984 of Mrs. Indira Gandhi.

For his part, President Reagan, beginning with his welcoming remarks to Mr. Gandhi on June 12, has reassured the entire Indian nation of the United States' friendship. "You will also discover," Reagan told Gandhi at the arrival ceremony, "that the United States remains steadfastly dedicated to India's unity and that we firmly oppose those who would

undermine it." This statement was reported with banner headlines in India: "Reagan Affirms U.S. Commitment to India's Unity."

This was demonstrated further by the extraordinary security measures taken during the trip to protect Mr. Gandhi from known live assassination operations by the separatist Sikhs, whose terrorist apparatus is now fully integrated with Islamic fundamentalist terror, both Libyan and Iranian. On May 13, Attorney General Edwin Meese had forced through the order to arrest five Sikhs in New Orleans, then in the final stages of preparing to murder Mr. Gandhi during his trip here. The day before the prime minister's arrival, two other Sikhs with the same mission were arrested in Puerto Rico.

The political cover for these operations was provided by a Washington rally of 1,500 Sikhs—carted in from all over the U.S. and Canada—who made speeches calling Gandhi the "new Hitler." The separatist Sikhs operate in the United States with the support of the Anti-Defamation League, the Heritage Foundation, and the human-rights "mafia" of Georgetown University's Center for Strategic and International Studies. The Young Americans for Freedom and the Moonie front group, Causa International, also showed up at the Sikh demonstration, demanding that the United States cut off all funding to the "Soviet puppet regime of India." It does not seem to bother these "anti-communist" organizations, that the Indian government has launched an investigation of communist infiltration and takeover of the Sikh separatists.

On June 11, in an insult to the Indian government, the National Press Club invited Sikh separatist leader and terror-controller Ganga Singh Dhillon to address the Club, only three days before Mr. Gandhi would speak before the same podium. The political aid and comfort given to the Sikhs was but one indication that the commitments shared by Reagan and Gandhi will be attacked from all sides, and at an even more furious pace now.

Points of agreement and difference

Mr. Gandhi met privately with President Reagan, and then the two U.S. and Indian teams met together. Mr. Gandhi, who was accompanied by Defense Minister Narasimha Rao, also met separately with Defense Secretary Caspar

Weinberger, Agriculture Secretary John Block, Commerce Secretary Malcolm Baldrige, and Treasury Secretary James Baker. Here are the key points that emerged from the talks:

- **High technology transfers.** The United States and India extended by another three years, the science and technology agreement that had been initiated by Indira Gandhi and President Reagan in 1982. The United States and India also agreed to begin negotiations based on the Memorandum of Understanding, which opens up for the first time an entire array of new technologies for Indian import. In a highly unusual event, Mr. Gandhi and Defense Minister Rao met with leaders of high-technology corporations at the National Academy of Sciences, for a full briefing on new technologies coming on line.

- **Space research.** The last day of Mr. Gandhi's trip will be spent in Houston, where he will visit the Johnson Space Center accompanied by Vice-President George Bush. An agreement on space research cooperation is expected to be announced in Houston.

- **Military.** No agreement on U.S. military sales was worked out during the visit. While the United States has made various offers toward India, the conditions of sale—including payment in hard cash up front and U.S. rights to abrogate delivery contracts—do not make for such an agreement soon. India still views the United States as unreliable in this area.

- **Strategic Defense Initiative.** Mr. Gandhi and his team were briefed on the SDI on June 12 and then again on June 14 were more thoroughly briefed by SDI chief Lt.-Gen. James Abrahamson. Indian misperceptions of the SDI are based on Soviet misinformation and India's own longstanding bias toward disarmament, given the burden an arms race places on developing-sector economies. While Mr. Gandhi said after the briefings that he still finds the SDI "dangerous," the Indian government is deeply interested to learn about the SDI and its civilian spin-off technologies.

- **Afghanistan-Pakistan.** Mr. Gandhi protested U.S. offensive arming of Pakistan, but also said that he views Soviet presence in Afghanistan as a major obstacle in stopping U.S. military transfers to Pakistan. Gandhi called for negotiations to restore a "non-aligned Afghanistan." Mr. Gandhi's remarks here lent credence to reports that his discussions in Moscow with Soviet leader Mikhail Gorbachov were so acrimonious on Afghanistan, that it almost prevented the issuance of a joint communiqué.

As Mr. Gandhi implied with his reference to the "mold of the eighteenth century," the most serious obstacle to U.S.-India relations is the U.S. backing for the eighteenth-century genocidal looting methods of the International Monetary Fund. In his speech to the National Press Club June 14, Mr. Gandhi attacked the "international financial institutions" for their starvation of the underdeveloped sector, and called for a new just, world economic order, based on the 1983 New Delhi call of the Non-Aligned nations, which rejects the IMF as a framework for negotiations. It is not known to what extent, Mr. Gandhi discussed this issue with President Reagan. But

India's prime minister has placed himself in an excellent position to take up world leadership on the urgent need for a new monetary system.

Excerpts from Prime Minister Rajiv Gandhi's speech before the Joint Session of Congress, June 13, 1985:

Thirty-six years ago, my grandfather, Jawaharlal Nehru, the first prime minister of free India, stood here, the highest forum of the great democracy of the United States of America, to convey the greetings of the people of India and to offer friendship and cooperation "in the pursuit of justice, liberty, and peace." This morning I have the honor to reaffirm that commitment.

Freedom for us meant the ending of colonial subjugation and working for equality among all nations.

Much of what we have done we have done ourselves. Ninety percent of the investment of our economy is financed from our own resources. But the economic and technological help received from our friends was extremely important. U.S. economic assistance was of great help to us, especially in the sixties. American scientific and technological assistance played a crucial role in helping to bring about the Green Revolution. To your scientists and technologies and to the American people, I should like to say that the people of India will always be grateful.

The peoples of India and the United States are not allies in security strategies, but they are friends in larger human causes—freedom, justice, and peace. Members of Congress, the American revolution asserted the rights of man. Liberty and equality were inscribed on the banner of history. These powerful concepts were to change the direction mankind was to take. But peace, which brings happiness, eludes us. Is it because we have frozen the world in the mold of the eighteenth century? Tagore, our great poet, spoke of the "idolatry of geography." Nationalism, untempered by the vision of human brotherhood, is an inadequate framework for peace. Should we not strive, each in one's imperfect manner, for a new Commonwealth based on the revolutionary developments that have not ceased since your Republic was founded? Even though we are not economically or militarily powerful and you are, this is a task that beckons us all. This noble enterprise will in a profound sense be the fulfillment of your Revolution.

I have been elected prime minister of India at a time when our nation stands poised for a new surge of growth. Our leaders in the past 30 years have established firm foundations on which we have now to build. India is an old country, but a young nation; and like the young everywhere, we are impatient. I am young, and I have a dream. I dream of an India—strong, self-reliant, and in the front rank of the nations of the world in the service of mankind. I am committed to realizing that dream through dedication, hard work, and the collective determination of our people. We will welcome all the cooperation that we can get.

Meese takes aim at money laundering

Attorney General Edwin Meese took a bold step for the Reagan administration's War on Drugs with his announcement on June 13 of legislation to make bank "laundering" of drug money a crime. Meese told a packed press conference at the Justice Department that, technically, there is currently no law against laundering—the recycling of illegal dope profits into the legal banking system camouflaged as the proceeds of real estate, sports operations, and so forth. As a result, he said, law enforcement efforts to get to the financial end of drug racketeering have been severely hampered.

Since 1978, when we coined the term "Dope, Inc.," *EIR* has emphasized that the major bankers who launder dope profits for the oligarchy "above suspicion," have to be jailed if the plague of drug trafficking is to be stopped.

Meese said that the new legislation will be introduced by Sen. Strom Thurmond (R-S.C.), chairman of the Senate Judiciary Committee, and Rep. Bill McCollum (R-Fla.), a member of the House Judiciary Committee. "It is the last major piece of legislation we need" to effectively prosecute the War on Drugs, Meese said in response to a question from this reporter.

EIR asked him how big an upheaval the investigation into laundering is going to be. "How about the so-called 'names above suspicion,' are we going to see the masterminds finally get

nailed now?" Meese said, "I think we can look forward to some fairly major investigations and prosecutions." He added that he hoped the law would be "a deterrent factor" in halting illegal activities before they are discovered by law enforcement.

44 banks still being probed

John Walker, Assistant Secretary of the Treasury, was at the press conference with Meese. Walker affirmed that the 44 banks he had earlier named as under formal investigation are still being investigated. Asked specifically about the cases of Merrill Lynch and Shearson/American Express, he confirmed that both those cases are under active scrutiny.

Merrill Lynch, as well as E.F. Hutton and five banks (including Crédit Suisse and two other Swiss banks) were named in the so-called "Pizza Connection" dope network identified in the early 1980s. Shearson/Amex was raided in Philadelphia earlier this year by Treasury agents, who have been totally mum on the case ever since, except to acknowledge that it had to do with drug-money laundering.

It was Walker who in 1981 insisted that the top level leadership of the Great American Bank of Dade County, Florida, was behind the drug-money laundering going on there—despite efforts to exonerate the big boys.

Among those exonerated was Marvin Warner, the shady banker whose Home State Savings in Ohio recently collapsed. The case to exonerate Warner from a role in the laundering was drafted by Hugh Culverhouse, who is currently on the board of directors of Carl Lindner's American Finance Corporation. Lindner's

wholly-owned subsidiary, Hunter Savings and Loan, is being granted the blessings of the State of Ohio, plus \$100 million in taxpayers' money, to take over Warner's Home State Savings in Cincinnati!

When *EIR* brought all this out for Meese and Walker to comment on in front of the national press corps, they promised that every effort is being made to trace the highest levels of responsibility, and that this will become much easier with this new legislation.

Asked whether by this legislation, Meese was "accusing chief executives of banks of laundering drug money," the attorney general replied that the law is aimed at prosecuting whoever is guilty, and "if there are directors involved, they will be prosecuted. There may well be such cases."

Meese said this is the third major move in the War on Drugs. The first was the cooperative task-force effort established between the Justice and Treasury Departments in 1982, and the second was the passage of the Comprehensive Crime Control Act of 1984. He cited the achievements to date, including over 5,000 indictments, and announced that the administration and Senate leadership have come to an agreement on a \$100 million increase in the War on Drugs budget for FY1986.

The new bill will include revisions of the Financial Secrecy Act, which will make it possible for any bank employee to come forward with suspicions of laundering.

One obvious reflection is the question of why there were never laws against such banking practices in the first place, and why banks have been so protected with privacy legislation to prevent scrutiny into what has become over a \$100 billion a year industry in the U.S. alone—dope trafficking.

The FBI's biggest 'failure' yet

The Walker spy ring leaked top military secrets to the Russians for 20 years. What was the FBI doing?

When asked what I thought should be done if the people were guilty, I said I thought they should be shot, though I suppose hanging is the preferred method." That was the judgment of Caspar Weinberger on the implications of the activities of the Walker spy ring, the most damaging espionage activity discovered in recent U.S. history.

A frank military assessment of the effects of the ring was provided by Secretary of the Navy John Lehman and Chief of Naval Operations Admiral Watkins: "The damage done by the Walker spy ring is very serious. It will cost us many millions of dollars and many, many man-years to undo the damage done by this ring. . . . We must assume that the Soviets had real time information from the message circuits important to submarine operations. Clearly this gave them a leg up on understanding U.S. submarine practices and procedures to help them in their counter-strategies. . . . [The Soviets] could have learned about tactics and procedures used in air and antiair warfare . . . and filled important voids in their bank of knowledge.

"We witnessed them gaining on us in the technology differential that was significant 10 years ago and has been shrinking. Perhaps the Walker case contributed to the rate of technological gap that existed a decade ago and is beginning to close at a high rate."

Revelations about the activities of this ring have prompted the largest peacetime review of security procedures in the military and intelligence

community in U.S. history. Nonetheless, whatever shortcomings may exist in security procedures within the military, they are dwarfed by the counterintelligence failure on the part of the FBI, the agency entrusted with the responsibility to counter espionage activities in the United States.

The spy ring came to light in mid-May, when the estranged wife of John Walker, a retired Navy Chief Warrant Officer, went to the FBI and reported on the spying activities of her husband. She did this on the advice of a spiritualist medium with whom she shared an apartment in a small town in Maine. Acting on the strange windfall, the FBI followed Walker to a drop point, and recovered a large number of classified documents, apparently destined for his KGB case officer.

John Walker, the leader of the ring, had held a top-secret clearance during most of his career in the Navy, and had repaired coding machines and other sensitive equipment at the Navy's crypto repair school in Vallejo, California. He also served as the radioman on two nuclear-powered missile submarines. The other named members of the ring are Walker's brother, retired Lt. Cmdr. Arthur James Walker, 50; John Walker's son, Seaman Michael Lance Walker, 22; and John Walker's friend, retired Senior Chief Radioman Jerry Alfred Whitworth, 45.

Although CNO Watkins did not discuss the ring's capabilities, sources have said that compromised coding machines would include the KW7 and

KW26, used to encode teletype messages, and the KG13 and KY9, specialized encryption equipment. In addition, it must be assumed that repair and operations manuals were passed on to the Soviets as well.

Access to this information, plus up-to-the minute operational intelligence, of the type supplied by Walker's son, who was responsible for disposing of classified documents on the carrier Nimitz, would provide the Soviets with a window into the details of the anti-air and anti-submarine tactics and doctrine of the U.S. Navy. The Soviets would, for example, have been able to observe and analyze the capabilities of NATO forces as they scrambled to respond to the 1984 Soviet naval maneuvers, the largest in history, which caught NATO intelligence completely by surprise.

Pentagon responses to the revelations have so far focused on the need to tighten up and overhaul the process of granting security classifications, reducing the number of persons with security classifications, introducing the use of random polygraph tests, and so on. The DoD has established a committee to review the Uniform Code of Military Justice, which does not have an espionage section in peacetime.

Unfortunately, none of these measures addresses the most glaring feature of the case. Walker's detective agency, Confidential Reports, Inc., of Virginia Beach, Va., gave sailors polygraph examinations that they could offer to counter the findings in the Navy's spot checks for drug use! Further, Walker was well known as a recruiter for the Ku Klux Klan, an organization thoroughly penetrated by the FBI. Walker bragged to all who would listen that he was an undercover FBI agent penetrating the Klan! Was the FBI merely incompetent, not to have caught him for 20 years—or was it worse?

Conservatives attack Reagan's SALT II decision

Conservative senators, in a flurry of activity surrounding the President's June 10 address to Congress, expressed disappointment over his announcement that he would comply with the never-ratified SALT II treaty and urged that the administration make public new information about Soviet superiority and continued arms-control violations.

Most outspoken was Sen. Steve Symms (R-Id.), who called the decision one of "unilateral disarmament and appeasement" and "harkens back to the time Neville Chamberlain knuckled under to Adolf Hitler. I think the Soviets are popping the corks on the vodka bottles tonight."

Senator Phil Gramm (R-Tex.), referring to the President's stated intent to go the extra mile to maintain the SALT treaty, warned, "We don't want the extra mile to turn into a marathon." Gramm was part of a group of conservative senators who met with President Reagan on June 12 to express their concern over the dismantling of the Poseidon and Soviet violations of the SALT II treaty.

The informal group was led by Sen. James A. McClure (R-Id.), who has taken a leading role in urging the administration to bring Soviet arms control violations to light. Several days earlier, McClure, and Sens. Jesse Helms and John East (R-N.C.) had written a letter to the President urging him to release to the public as much as possible from a recently completed National Intelligence Estimate (NIE), which states that the Soviets do have strategic superiority. The new NIE apparently reports that the Soviets are deploying 200 mobile SS-25 ICBMs

and 100 large SS-24s, and that the Soviets have possibly increased the number of warheads on the SS-18s from 10 to 14. This accounts for an increase of 2,000 nuclear warheads over figures released in April by the Pentagon.

McClure and Symms were pushing for joint, classified hearings by the Senate Armed Services Committee and the Senate Appropriations Defense Subcommittee so that senators could be officially briefed on the NIE.

In a related development, McClure secured unanimous Senate support for a resolution mandating the Defense Department to report to the Congress on the "direct and indirect military consequences and effects of all Soviet violations of all arms-control treaties."

Senators receive awards: 'Certificates of Patriotism'

Thirteen Republicans and one Democrat in the U.S. Senate were awarded "Certificates of Patriotism" for "courageous service to the nation's defense, its citizens, and posterity in these times that try men's souls," by the National Democratic Policy Committee on June 12. Many of the awards were personally delivered to the senators' Washington offices by delegations of NDPC members, representing the 1,000 NDPC citizen lobbyists who came to Capitol Hill on June 12. The purpose of the NDPC lobbying effort was to inform the largely corrupt or frightened Congress that Americans will not tolerate congressional actions which "sell the United States into Russian slavery."

Those who were singled out to receive certificates for their opposition

to this widespread capitulation included Sens. Jake Garn (R-Utah), Steve Symms (R-Id.), Jesse Helms (R-N.C.), Pete Wilson (R-Calif.), Malcolm Wallop (R-Wy.), Gordon Humphrey (R-N.H.), James McClure (R-Id.), Thad Cochran (R-Miss.), and Ernest Hollings (D-S.C.).

House moves toward interstate banking

The House Banking Committee took a major step toward wholesale banking deregulation with the June 13 passage of H.R. 2707, a bill that would phase in interstate banking within the next five years. This bill can be seen as the blueprint for the "post-crash" restructuring of U.S. banking. The *Congressional Monitor*, a Washington, D.C. newsletter, reported on Jan. 14 that the legislation would not have gone through as easily as it did without the full support of Federal Reserve Chairman Paul Volcker. The vote was 31 to 18.

The bill will lift the ban on interstate banking, thus ending the protection which small, local, and regional banks have had against absorption by major New York or California banks. Some states have allowed for "regional" banking as a way of allowing interstate banking among states contiguous to them, yet still keeping the major money center banks out. Under the provisions of the bill, any state which allows regional banking in 1990 will, by federal law, be triggered into allowing nationwide banking.

Opposition came from those such as Rep. Buddy Roemer (D-La.), who argued that "BankAmerica could buy every bank in my state and still not hit

the ceiling" in the bill which is supposed to prevent the creation of megabanks. Others voting against the bill included Democrats Frank Annunzio (Ill.), Carroll Hubbard (Ky.), Doug Barnard (Ga.), Mary Rose Oaker, and Marcy Kaptur (Oh.), and Republicans Stan Parris (Va.), Bill McCollum (Fla.), Doug Bereuter (Neb.) and Steve Bartlett (Tex.).

Senate Banking Committee Chairman Jake Garn has stated that he opposes the "triggering" mechanism put into place by the St Germain bill, but does support nationwide banking. Thus, the stage is set for another Garn-St Germain dog-and-pony show on banking deregulation, which usually ends in a bill which does the most damage possible to the nation's banking industry.

House eliminates 31 water projects

The assault against America's infrastructure, vital to future real economic growth, advanced yet another step when the House on June 6 eliminated \$99 million from a \$150 million water-projects appropriations measure. That action, which took place by a narrow 203 to 202 vote, cut 31 out of 62 water projects from the FY 1985 supplemental appropriations bill.

Lead by Rep. Bob Edgar (D-Pa.), an environmentalist foe of water projects who has been joined by "free enterprise" Republicans in his attack on U.S. infrastructure, opponents of the water projects convinced the House that money could not be appropriated for those projects because they had not yet been authorized.

House Appropriations Committee

Chairman Jamie Whitten (D-Miss.), a long-time supporter of infrastructure development, had apparently been attempting to circumvent the authorization process, in an effort to avoid crippling new provisions being pushed by the administration and the authorizing committee. The administration, led by OMB Director David Stockman, has insisted that new water projects authorized by the Congress must carry onerous cost-sharing and user-fee provisions.

These would force local communities and actual users to bear part of the costs of construction on projects which are, as *EIR* has documented (see, for example, July 24, 1984, "The Tennessee-Tombigbee: Revolutionizing America's Commerce") of major benefit to the entire nation's economy. Such policies have the effect of penalizing, and eventually destroying, the productive sectors of the U.S. economy.

Aid to anti-communists consistent with 'New Yalta'

The Congress took two steps to aid anti-communist forces in southern Africa and Nicaragua in mid-June, but both actions are consistent with the "New Yalta" deal that certain political forces in the West have made with Moscow.

On June 12, the House reversed itself and approved \$27 million in nonmilitary aid to the Contras fighting the Soviet-backed Nicaraguan government, by a wide margin of 248 to 184. House Foreign Affairs Committee Chairman Rep. Dante Fascell (D-Fla.), the key House supporter of the AFL-CIO's "Project Democracy,"

strongly backed the administration. The House also rejected 232 to 196 an amendment by Rep. Edward Boland (D-Mass.) that would have continued the ban on CIA funding for military operations in Nicaragua. The current ban ends on Oct. 1.

The reversal of the House position in April, which banned any aid to the Contras, was chiefly due to Nicaraguan leader Daniel Ortega's trip to Moscow immediately after the April vote, and the tremendous investment of political capital by the Reagan White House to secure the aid. The administration promised that agencies other than the CIA and the Department of Defense would distribute the aid, and, according to Rep. Dave McCurdy (D-Okla.), Reagan promised that no U.S. troops would be used in Nicaragua.

The "New Yalta" orientation of the U.S. focus on Nicaragua was indicated by the backing for the aid by the Carnegie Endowment for World Peace, one of the key back-channels for the Eastern Establishment's dealing with Moscow. Associate Dean Robert Leiken said that only such backing could provide a check against Nicaraguan expansionism.

In the same week, the Senate repealed the Clark amendment which had halted U.S. aid to forces battling the Soviet/Cuban-backed Angolan government during the 1970s, by a voice vote. Sen. Steve Symms (R-Id.), who sponsored the Clark repeal, claimed that eliminating the amendment would send the Soviet Union the message that the United States "can and will recognize democratic forces who are seeking to overthrow the yoke of communist tyranny." But the House is considered unlikely to accept the Clark amendment repeal.

National News

Congress confronted by NDPC lobbyists

Congress was confronted by a second Day of Lobbying in less than a month by over 1,000 citizen activists of the National Democratic Policy Committee on June 12. Two hundred congressmen's offices were visited by NDPC delegations, who stressed the theme, "We will not be Russian slaves!"

The lobbyists called the dichotomy between defense spending and jobs phony—in front of congressmen or aides who were assigned the unhappy task of trying to take the heat off their bosses. A featured demand was for the building of 1,000 MX missiles per year, which sent shock waves through the government bureaucracy. Delegations from California, Texas, Georgia, Illinois, Michigan, Ohio and all East Coast states, stayed for an indoor rally and educational in Crystal City, Virginia.

During the day, three delegations broke off from the main rally to hold rallies at the Justice Department, *Washington Post*, and at a noon speaking appearance by Henry Kissinger.

Black Caucus Reps. Gus Savage (D-Ill.) and Parren Mitchell (D-Md.) tried to use racism to fend off a delegation. Savage pointed to the leader of the delegation meeting with him, "Do you need a white woman to tell you what to do?" enraging the delegates. Mitchell repeatedly referred to the whites as "lying white people." He tried to have police arrest only the whites.

Texas's Mickey Leland, assaulted Houston City Council candidate Trai Forrester when confronted about his patron, Nazi oligarch Madame Schlumberger de Menil of Houston. In an incident covered in the *Philadelphia Inquirer*, NDPC leader Tony Esposito confronted Philadelphia Congressman Tom Foglietta, who tried to give the delegation the brush-off. Said Esposito, "You're a bum and a Soviet agent." Foglietta screamed, "Don't call me a bum," and punched Esposito.

The Georgia delegation met with the chief advisor on defense to Sen. Sam Nunn

for an hour. When confronted with Nunn's open attacks on Strategic Defense Initiative and calls for U.S. troop reductions in Europe, the aide argued that the U.S. and Soviets "are supposed to now have parity—although we don't know for sure, of course."

Teller discovers 'new substance,' Russians flee

"I have discovered the most inert substance in the world," Dr. Edward Teller announced as he arrived in London for an Oxford Union discussion on June 6. "It is the human brain." Teller explained: Too many have simply accepted the conclusions of the 1960s that it is impossible to combat a major nuclear missile attack. They do not recognize how far technology has marched on.

Dr. Teller spoke at the Oxford Union on June 7. Teller had been scheduled to face three Russians across the chamber floor, one of whom was Georgii Arbatov, the head of the U.S.A. and Canada Institute in Moscow. But at the last minute, they withdrew.

The Russian delegation headed by laser scientist Evgenii Velikhov and Arbatov wiggled out of the debate when, shortly before the big event, Soviet journalist Vladimir Posner announced that the two were required at home for "a very important decision."

Coalition demands disbanding of OSI

A press conference called by several organizations on June 14 in Washington demanded the disbanding of the Justice Department's Office of Special Investigations and the filing of charges of treason against three individuals associated with it, former Rep. Elizabeth Holtzmann, Neil Sher, and Charles Allen.

Jeffrey Steinberg, *EIR* counterintelligence editor, gave a background report on the activities of the OSI, which has functioned

as a conduit for Soviet intelligence spreading false accusations of "Nazism" against such prominent, German-born U.S. rocket scientists as Arthur Rudolph, whom the OSI hounded out of the United States. Dr. Fred Winterberg, himself a leading scientist, spoke regarding the Rudolph case; Webster Tarpley, representing the Schiller Institute, outlined the roll of East bloc intelligence Stasi operations in the case; and Warren Hamerman, representing the National Democratic Policy Committee, called for the immediate disbanding of the OSI.

Steinberg read the following message from Major-General John Bruce Medaris (U.S.A.-ret.), former head of the U.S. rocket program, which said in part:

"In recent days, the constitutional abuses by the OSI have gotten worse. I fear that this is in response to the fact that that some citizens have risen up to challenge these abuses of basic constitutional rights. These actions by the OSI can not go unchallenged if we are to survive as a constitutional republic. I have personally called upon President Reagan to intervene to reverse these abuses and reinstate Dr. Rudolph's full status as an American citizen. I now call on all honest American citizens to join with me in this demand for justice. What is at stake here is the heart of the American system."

AIDS called 'black death' of the '80s

AIDS (Acquired Immune Deficiency Syndrome) has become the "Black Death of the '80s," a New York doctor told *EIR* on June 12.

He said that, at one New York hospital, there are 30 private rooms, all occupied by AIDS victims; as patients in the private rooms die, their places are taken by other AIDS victims. The attitude of doctors at the hospital is one of despair, because they have no treatment to deal with the disease.

There is much too little research going on into AIDS, he added, despite the seriousness of the threat.

Recently, evidence has pointed to AIDS

beginning to afflict growing numbers of persons outside the three so-called high-risk groups, male homosexuals, Haitians, and intravenous drug-users.

Post, Times call SDI's future 'cloudy'

"The SDI's future is cloudy," the *Washington Post* proclaimed on June 9. The paper reports: "The fight over SDI . . . has just begun," and that the reason the Senate defeated several crippling anti-SDI amendments last week wasn't because of support for the program, but out of fear of undercutting the Geneva talks.

The article quotes Armed Services Committee member Sen. John Warner (R-Va.), that the politics that forced Reagan to cut back on the MX are "very definitely in the embryo stage" in regard to SDI. Sen. Sam Nunn (D-Ga.) says the administration won't be able to maintain popular or congressional support for SDI unless it comes up with a defensible definition of what the program will accomplish. "I don't know a single scientist in the country who agrees with the President's definition," of SDI, Nunn lied.

Sen. Proxmire (D-Wisc.), author of an amendment to halve SDI funding, is quoted as saying that "the big advantage we [SDI foes] have on our side is that SDI . . . is going to have to be pretty much a research program" through the Reagan administration, and it will be much easier to block the SDI when it comes to actual testing and deployment.

Meanwhile, on June 6, the *New York Times* quoted arms-control mafioso Paul Warnke saying that the U.S. should spend its defense dollars on conventional forces, and not on the SDI. Warnke pushes a new study by his Center for National Security which calls for keeping the "overblown, oversold" SDI at 1985 funding levels (\$1.4 billion); and severely cutting back on plans to deploy a 600-ship navy. He also calls for eliminating weapons systems "with overlapping missions . . . from the numerous

systems for NATO air defenses to the nuclear programs for 'hard target kill capabilities.'"

Warnke tells readers to "remember that cuts in defense spending, properly made, combined with investment in greater conventional clout, can significantly enhance America's long-time military effectiveness."

Adelman rejects 'launch on warning'

"I think launch on warning is a terrible idea," U.S. Arms Control and Disarmament Agency head Kenneth Adelman told a foreign press correspondents' briefing, in response to a question from an Italian journalist on the potential of the U.S. adopting a "launch on warning" strategy, in view of warnings by President Reagan in Strasbourg, France, that the Soviets might be planning a preemptive strike against the West.

"We must keep all our options open," Adelman said. "Launch on Warning leaves us no other option than to go to war. . . . The Soviets *could* be threatening this, but the problem we are concerned with is to reach an arms control agreement. If that doesn't work, we will begin our strategic modernization program, by which I mean the Midgetman, and other such things."

He also said that the United States will insist on maintaining arms-control negotiations in Geneva, "with or without the SDI." Adelman repeated the formulation "with or without the SDI," at least five times, according to a journalist in attendance.

The SDI, Adelman said, is "all speculative and for tomorrow." The SDI is "just research, and that will not change before the 1990s."

Adelman said: "We want more ferociously than before to reach an arms reduction agreement." He said the United States would decide on developing weapons systems, like the Poseidon and the Midgetman, on a "step-by-step, case-by-case" basis. U.S. arms-control policy, he asserted several times, was based on "proportionate response."

Briefly

● **THE ADL** recently went to Moscow and took along two Houston city councilmen, Rodney Ellis and Dale Gorczyński, and *Houston Chronicle* religion editor Louis Moore. The 10-day Anti-Defamation League visit to Russia was made by national ADL commissioner Raymond Maislin, ADL southwest regional director Tom Neumann, Houston ADL chairman Buster Feldman, and ADL national commission member Jimmy Goldman, an El Paso city councilman. The ADL sponsored and paid for the trip.

● **A NATO** delegation told the *Flint Journal* of Flint, Mich. of June 13 that the alliance is not weakened and only 1% of Europeans support a split. The delegation included two American Navy officers plus a Norwegian air force delegate. It was headed by two British naval officers, who said that the attitude in Europe is that "Star Wars is okay but don't ask us for money."

● **PRESIDENT REAGAN** met with "eminent SDI scientists" at the White House on June 11. According to the White House News Service, received were Thomas Paine, former NASA administrator and now chairman of the National Commission on Space; Riccardo Giacconi of Milan, Italy, an expert in satellite x-ray astronomy; Gerard K. O'Neill, member of the National Commission on Space and author of *High Frontier*; Laurel L. Wilening of the University of Arizona, a member of the NASA Solar System Exploration Committee and the NASA Space and Earth Science Advisory Committee; and leading advocate of the Strategic Defense Initiative, Edward Teller.

● **THE SDI OFFICE** has announced the first in a series of test flights aboard the space shuttle, reports *Jane's Defense Weekly*. The mid-June flight of the shuttle *Discovery* will accommodate the High-Precision Tracking Experiment, which is designed to test the ability of a ground-based laser beam director to track an object in low-earth orbit.

Appeasement is suicide

The crumbling of the southern flank of NATO after the June 2 Greek election catastrophe, has manifested itself sooner than wishful thinkers would have predicted. In the week of June 10, three major terrorist hijackings took place in the Mediterranean region. On June 14, a band from the "Islamic Jihad" seized a TWA airliner bound from Athens to New York, and took all of the passengers hostage. A U.S. Marine was killed in cold blood, much in the way that a few months earlier, Warsaw Pact soldiers cold-bloodedly shot U.S. Maj.-Gen. Arthur Nicholson in Berlin.

As we write, this tragedy is still unfolding, its final outcome unknown. But the incident has shown to any doubters that there is no "business as usual" in the world in which we live, and that any effort to "buy time" in the face of the Russian drive for world supremacy will be met with ever-escalating acts of barbarism, up to the threshold of World War III.

The TWA hijacking should be read as part of Moscow's scornful response to President Reagan's offer to "go the extra mile" and continue compliance with the never-ratified SALT II treaty. Reagan's announcement came, in turn, on the heels of the meeting of NATO foreign ministers in Portugal, where they signed documents vowing to repudiate the Strategic Defense Initiative and to force Reagan into the so-called compliance with SALT II.

It is notable that on the afternoon of June 15, the Islamic Jihad proclaimed its gratitude to the Greek government of Prime Minister Andreas Papandreou for the deal by which the eight Greeks aboard the jetliner were released, and only approximately 40 American citizens were left on board, as hostages for an outrageous series of demands against the United States government, tantamount to total capitulation to the Islamic Jihad savages internationally.

We did tell you so. In the very last issue of *EIR*, we wrote that Papandreou's June 2 reelection, conducted in the most lawless and tyrannical way, had turned Greece into a "Trojan horse of Moscow within NATO's citadel," and that Prime Minister Papandreou is a Soviet puppet.

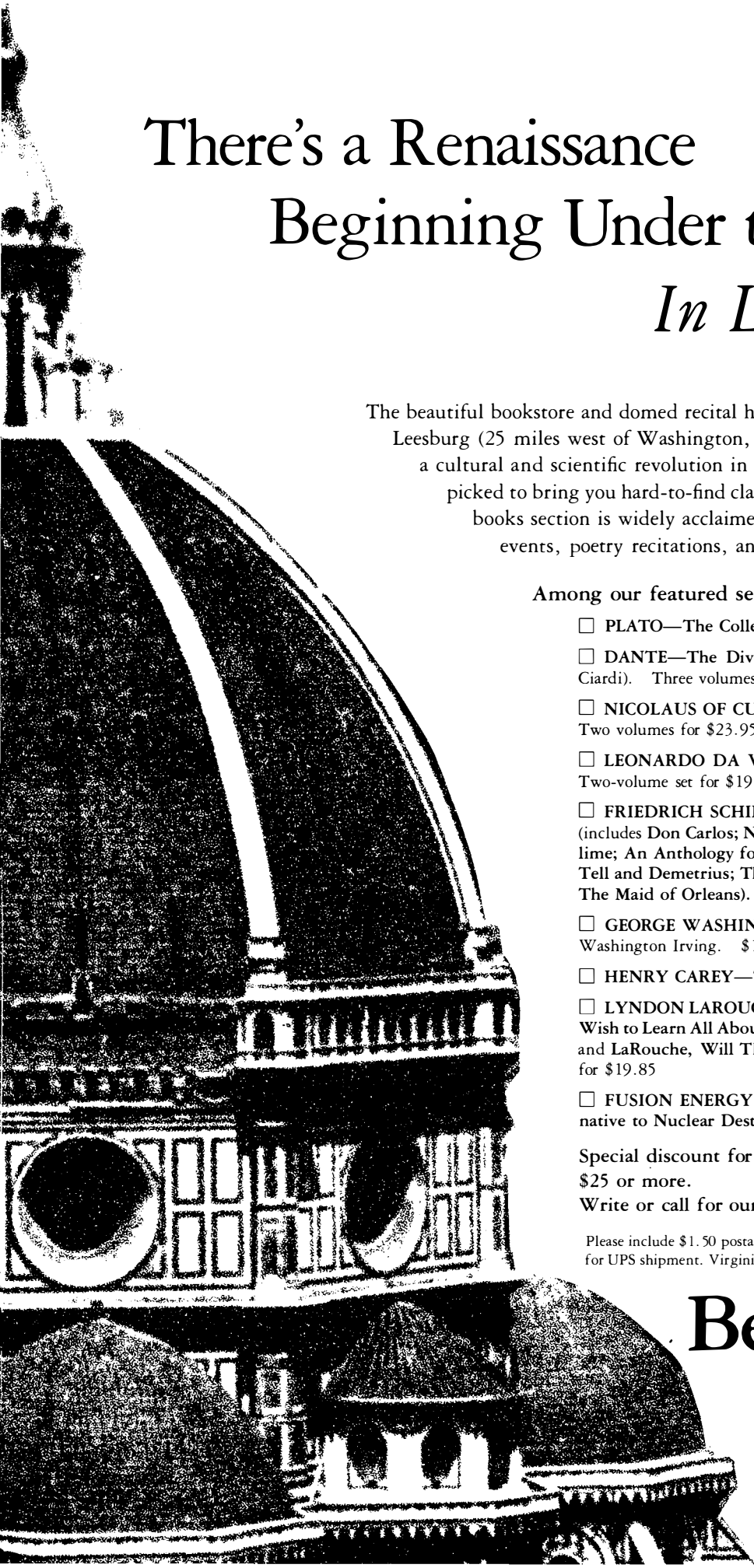
The hijackers in fact boarded the plane in Greece, which is ruled by Igor Andropov, deceased Soviet KGB chief and President Yuri Andropov's son, the Soviet ambassador to Greece.

Moreover, since the late 1970s when the State Department under Cyrus Vance, and Zbigniew Brzezinski as national security adviser, decided that it would be clever to play the "Islamic card" against the Soviet Union in the Middle East, *EIR* alone has warned that the "Islamic Jihad" is an asset of the Soviet Union. Last year, we made this connection the subject of a lengthy *Special Report*, one of *EIR's* unique series on the alliances behind world terrorism.

Forget about the drivel pouring out of the U.S. major media about the "sociological" roots of terrorism. The Soviet Union is in a state of war with the United States, by its own doctrine. It has mobilized its economy to a full-scale war economy, as Gorbachov underlined on June 10. It is mobilizing its population for a "holy war" against the United States and its allies. It is engaged in massive maneuvers to develop the total-warfare capabilities, consistent with the maximum military option of the Ogarkov Plan. It is deploying strategic actions in Scandinavia, the Balkans, the Middle East, and elsewhere, to adjust the correlation of forces in Moscow's favor.

And, it has begun to deploy assassination and sabotage forces and actions against categories of personalities and institutions of the NATO countries, a spectrum of actions consistent with preparation for war-fighting.

The June 14 hijacking should give President Reagan the impetus to say that "time's up" for the SALT II—that the Soviets have shown what they think of such offers—and to sweep the State Department and Executive Branch clean of all those who advised him to continue compliance. Nothing less than a full mobilization of the Western Alliance around the SDI, backed by radical shifts in economic and monetary policies to revive the collapsing NATO economies, can give the West the ability to resist conquest by the barbarous Empire behind the Athens hijacking.



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