

EIR

Executive Intelligence Review

September 20, 1985 • Vol. 12 No. 37

\$10.00

Qaddafi's crimes against Tunisia
Using lasers to create nuclear fuel
U.S. must join Peru's war on drugs!

**Thailand: IMF puts another
ASEAN nation in the barrel**



EIR Special Reports

THE SCIENCE OF STATECRAFT

Strategic Studies by Lyndon H. LaRouche, Jr.

Operation Juárez. LaRouche's famous analysis of the Ibero-American "debt bomb"—a program for continental integration. Order #82010*. **\$100.**

A Conceptual Outline of Modern Economic Science. Order #82016. **\$50.**

Religion, Science, and Statecraft: New Directions in Indo-European Philology. Order #83001. **\$100.**

Saudia Arabia in the Year 2023. The thematic task of the Arab world in the next four decades: conquering the desert. Order #83008. **\$100.**

The Implications of Beam-Weapon Technology for the Military Doctrine of Argentina. Order #83015. Was \$250. **Reduced price: \$100.**

The Design of a Leibnizian Academy for Morocco. Order #83016. Was \$250. **Reduced price: \$100.**

Mathematical Physics From the Starting Point of Both Ancient and Modern Economic Science. Order #83017. Was \$250. **Reduced price: \$100.**

The Development of the Indian and Pacific Ocean Basins. Order #83022. **\$100.**

MILITARY AND ECONOMIC SCIENCE

Beam Weapons: The Science to Prevent Nuclear War. The year before President Reagan's historic March 23, 1983 speech announcing the Strategic Defense Initiative, this ground-breaking report detailed the feasibility—and necessity—for beam defense. Order #82007. **\$250.**

The Economic Impact of the Relativistic Beam Technology. Order #83005. **\$250.**

Economic Breakdown and the Threat of Global Pandemics. Order #85005. **\$100.**

THE WESTERN OLIGARCHY

The Conspiracy Behind the Trilateral Commission. Order #81009. **\$100.**

Olof Palme and the Neo-Nazi International. By Lyndon H. LaRouche, Jr. Order #82006. **\$100.**

Global 2000: Blueprint for Genocide. The Carter administration's infamous proposal to reduce the world's population by two billion. The promoters of this genocide policy are as active now as they were when this exposé appeared in 1982. Order #82011. **\$100.**

We've Got the Goods on Henry Kissinger. Photocopies of the most important articles from *EIR's* Kissinger Dossier. Order #84005. **\$100.**

Who Should Not Be Who in the Reagan Administration. Order #84006. **\$100.**

* First two digits of the order number refer to year of publication.

Order from:

EIR News Service P.O. Box 17390, Washington, D.C. 20041-0390.

Please include order number. Postage and handling included in price.

THE SOVIET UNION

Will Moscow Become the Third Rome? How the KGB Controls the Peace Movement. Includes transcript of the infamous spring 1983 meeting in Minneapolis at which KGB officials gave the marching orders to Walter Mondale's "peace movement": Destroy the Strategic Defense Initiative! Order #83011. **\$250.**

How Moscow Plays the Muslim Card in the Middle East. Some in the Carter administration—and since—hoped to use Islamic fundamentalism to make the Soviet Empire crumble. What fools! Order #84003. **\$250.**

Global Showdown: The Russian Imperial War Plan for 1988. The most comprehensive documentation of the Soviet strategic threat available. A 368-page document with maps, tables, graphs, and index. Order #85006. **\$250.**

INTERNATIONAL TERRORISM

The Jerusalem Temple Mount: A Trigger for Fundamentalist Holy Wars. Order #83009. **\$250.**

The Hot Autumn 1983: Separatism, Pacifism, Terrorism. Who's who in the European terrorist movement and its oh-so-peaceful support apparatus. Order #83019. Was \$250. **Reduced price: \$100.**

Narco-terrorism in Ibero-America. The dossier that sent the Colombian drug-runners and their high-level protectors through the roof. Order #84001. **\$250.**

The Terrorist Threat to the 1984 Los Angeles Olympics. An analysis of the U.S. terrorist underground—the information the FBI has repeatedly suppressed. Order #84005. Was \$250. **Reduced price: \$100.**

Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala. Order #85016. **\$150.**

European Terrorism: The Soviets' Pre-war Deployment. The dual control of terrorism: Europe's oligarchical families and the Russian intelligence services. The case of Germany's Green Party, with profiles of the top families of the international oligarchy. Order #85001. **\$150.**

THE MIDDLE EAST AND AFRICA

The Real Story of Libya's Muammar Qaddafi. Who placed him in power? The role of European masonic networks, Armand Hammer, and the "Billygate" mafia. Order #81004. Was \$250. **Reduced price: \$100.**

The Club of Rome in the Middle East. The Arab Thought Forum and Islam and the West are using Islamic fundamentalism to retard economic and scientific progress, and plunge the Mideast into a Dark Age. Order #82012. **\$250.**

Prospects for Instability in the Arabian Gulf. Order #82014. **\$250.**

Africa: A Case Study of North-South Policy. Exposes the "Global 2000" networks that are deliberately blocking Africa's development. Order #82017. Was \$250. **Reduced price: \$100.**

Anglo-Soviet Designs on the Arabian Peninsula. Order #83002. Was \$250. **Reduced price: \$100.**

The Military, Economic, and Political Implications of Israel's Lavie Jet Project. Order #83010. Was \$500. **Reduced price: \$250.**

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.
Editor-in-chief: *Criton Zoakos*
Editor: *Nora Hamerman*
Managing Editor: *Vin Berg*
Features Editor: *Susan Welsh*
Production Director: *Stephen Vann*
Contributing Editors: *Uwe Parpart-Henke,*
Nancy Spannaus, Webster Tarpley,
Christopher White, Warren Hamerman,
William Wertz, Gerald Rose, Mel Klenetsky,
Antony Papert, Allen Salisbury
Special Services: *Richard Freeman*
Advertising Director: *Joseph Cohen*
Director of Press Services: *Christina Huht*

INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot*
Agriculture: *Marcia Merry*
Asia: *Linda de Hoyos*
Counterintelligence: *Jeffrey Steinberg,*
Paul Goldstein
Economics: *David Goldman*
European Economics: *Laurent Murawiec*
Energy: *William Engdahl*
Europe: *Vivian Freyre Zoakos*
Ibero-America: *Robyn Quijano, Dennis Small*
Law: *Edward Spannaus*
Medicine: *John Grauerholz, M.D.*
Middle East: *Thierry Lalevée*
Science and Technology: *Marsha Freeman*
Soviet Union and Eastern Europe:
Rachel Douglas, Konstantin George
United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*
Bogotá: *Javier Almario*
Bonn: *George Gregory, Rainer Apel*
Caracas: *Carlos Méndez*
Chicago: *Paul Greenberg*
Copenhagen: *Poul Rasmussen*
Houston: *Harley Schlanger*
Lima: *Sara Madueño*
Los Angeles: *Theodore Andromidas*
Mexico City: *Josefina Menéndez*
Milan: *Marco Fanini*
Monterrey: *M. Luisa de Castro*
New Delhi: *Susan Maitra*
Paris: *Katherine Kanter*
Rome: *Leonardo Servadio, Stefania Sacchi*
Stockholm: *Clifford Gaddy*
United Nations: *Douglas DeGroot*
Washington, D.C.: *Nicholas Benton,*
Susan Kokinda, Stanley Ezrol
Wiesbaden: *Philip Golub, Mary Lalevée,*
Barbara Spahn

Executive Intelligence Review (ISSN 0273-6314)
is published weekly (50 issues) except for the second
week of July and first week of January by New Solidarity
International Press Service 1010-16th N.W., Washington,
D.C. 20036 (202) 955-5930

European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic
of Germany

Tel: (06121) 44-90-31. Executive Directors: Anno
Hellenbroich, Michael Liebig

In Denmark: EIR, Haderslevgade 26, 1671 Copenhagen (01)
31-09-08

In Mexico: EIR, Francisco Días Covarrubias 54 A-3
Colonia San Rafael, Mexico DF. Tel: 705-1295.

Japan subscription sales: O.T.O. Research Corporation,
Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo
160. Tel: (03) 208-7821.

Copyright © 1985 New Solidarity International Press Service.
All rights reserved. Reproduction in whole or in part without
permission strictly prohibited. Second-class postage paid at
Washington D.C., and at an additional point. 3 months—
\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10
Academic library rate: \$245 per year

To Postmaster: Send all address changes to EIR, 1010-
16th N.W., Washington, D.C. 20036 (202) 955-5930

EIR

From the Editor

We are pleased to announce *EIR's* expansion to 72 pages starting this week. This will allow us, in particular, to run a major science and technology feature every week, starting with the review of isotope separation techniques this week by Marjorie Mazel Hecht, the managing editor of *Fusion* magazine. We will give special emphasis to coverage of the technology spin-offs from research connected with the Strategic Defense Initiative.

Our other two major features are exclusive stories from our international correspondents. Our Bangkok bureau had planned a cover story on the threat of the International Monetary Fund's destabilization of Thailand, before the coup attempt of Sept. 9 took place. Their story, along with the dossier on William H. Sullivan in the *National* section, show how the U.S. State Department has been working alongside the IMF to destroy long-standing U.S. allies. Sullivan was ambassador to Iran during the Carter administration, playing a significant role in destabilizing the Shah and ushering in Ayatollah Khomeini. Now he is up to the same tricks in the Philippines, with the stated purpose of withdrawing U.S. influence from that region.

As for the current crisis in Tunisia, *EIR* Wiesbaden Bureau Chief Philip Golub and Mideast Editor Thierry Lalevée have returned from a fact-finding visit to Tunis. Several weeks ago, we urged the U.S. government to make it crystal clear to Libyan dictator Qaddafi that if his troops set foot across the border with Tunisia, as he was threatening, the U.S. Sixth Fleet would move in and blow him out of the water. Our correspondents have been able to provide an eyewitness account of Qaddafi's power grab in the region. Follow-up coverage will include a transcript of a discussion with Tunisian workers expelled recently from Libya, who tell the shocking story of the increasingly blatant Soviet role there.

We'd like to alert potential advertisers that the expanded format will allow us room to accept additional advertising now, as well.

Nora Hamerman

EIR Contents

Science & Technology

16 Using lasers to create nuclear fuel

A review of the U.S. isotope separation program, by Marjorie Mazel Hecht.

Departments

41 Report from Italy

IMF vampires descend on Italian economy.

45 From New Delhi

Indian support for Operation Juárez.

46 Northern Flank

Norway, NATO's northern vulnerability.

47 Report from Paris

'Greenpeace affair' boosts Barre.

72 Editorial

Kissinger versus LaRouche (again).

Correction: In the Aug. 30, 1985 issue of *EIR*, an article entitled "Peruvian government takes on world cocaine mafia" was printed under the byline of Luis Vásquez and Sara Madueño, which contained a mistranslation and misediting of the Spanish-language original by those two authors. The published version incorrectly stated: "Now, according to *El Popular* of Aug. 22, Ulloa's name has been listed among 200 members of Belaúnde's Popular Action party currently under investigation by Peru's banking superintendency, for possible

Economics

4 Volcker credit crunch responds to debt proposals

6 Currency Rates

6 Schiller labor panel to meet Alan García

7 Panama: Labor, military ally against IMF austerity

9 AIDS: a public health approach

10 Agriculture

Carte blanche for the cartels.

11 Report from Rio

Brazil vows nuclear cycle.

12 Labor

UAW goes back 50 years.

13 Dateline Mexico

The Peruvian solution is possible.

14 Business Briefs

connections to the drug mafia." The correct translation of the Spanish-language original is: "According to the newspaper *El Popular*, his [Ulloa's] name appears on a list of 200 suspects under investigation by the Interior Ministry, and on the streets of Lima, wall-paintings have appeared which say 'The Godfather is Ulloa.'" ("Según el diario *El Popular*, el suyo es uno de los 200 nombres que aparecen en la lista de sospechosos que investiga el Ministerio del Interior, y en las calles de Lima han aparecido letreros que dicen 'el Padrino es Ulloa.'")

Feature



AP wire photo

Fully armed soldiers loyal to Thailand's government approach the headquarters of the attempted coup leaders on Sept. 9, shortly before the rebellion was crushed.

24 Thailand: IMF puts a key ASEAN nation in jeopardy

The front-line nation of ASEAN, bordering on Vietnam and Kampuchea, has been pushed to the brink of economic collapse.

26 Who pulled the strings in the attempted coup in Thailand?

29 Setting the stage: from IMF devaluation to attempted coup

32 'Peace movement' launched in Thailand as Soviets up the pressure on Japan

International

34 War on drugs waits for more U.S. aid

Documentation: Excerpts from speeches by the head of Venezuela's National Commission Against Drug Abuse, Dr. Bayardo Ramírez Monagas, and Venezuelan Justice Minister José Manzo González.

38 Soviets set out to bully Japan

39 A short history of the Cyprus issue

Part II by Phocion.

42 The British colonial legacy in S. Africa

44 New blueprint for disarming W. Germany

48 International Intelligence

Documentation

50 The actual causes of the Libyan-Tunisian crisis

Documentation: A discussion with Mahmoud Messaadi, chairman of the Tunisian National Assembly.

52 The Mediterranean crisis and Tunisia

53 The mobilization to defend Tunisia

54 Bourguiba receives popular support

56 Libya heading for economic breakdown

National

60 Reagan gives in to pressure from the Palace Guard

What pleases the Trilateral Commission about their ability to bend the President on the South Africa question is what this portends for November: Can they get Reagan to capitulate to Gorbachov on the Strategic Defense Initiative?

62 The man who destroyed Iran, and may now destroy the Philippines

A profile of William H. Sullivan.

66 Kissinger Watch

Venetian duplicity and the Second Coming.

67 Eye on Washington

Cocaine eradication herbicide readied.

68 Congressional Closeup

70 National News

Volcker credit crunch responds to debt proposals

by David Goldman

The central bankers' cartel centered at the Bank for International Settlements (BIS) in Basel has finally responded to Peruvian President Alan García's plans for debt reorganization, albeit in its own quiet and unpleasant fashion.

The response came in two forms:

First, Federal Reserve Chairman Paul Volcker set in motion a brutal reduction in American banks' rate of credit extension, in the form of remarks before the Senate Banking Committee on Sept. 11 favoring an increase in banks' capital requirements, as well as insurance for their foreign deposits.

Secondly, Fritz "I have a heart" Leutwiler, the former President of the Bank for International Settlements, emerged as the leading candidate to "mediate" between South Africa and its banking creditors, after Chase Manhattan et al. forced Pretoria to declare a debt moratorium during the first week of September.

The message to the major debtor countries, including not only Peru, whose new President has offered a plan capable of restoring world economic growth, but also Mexico and Brazil, who are quietly seeking reorganization of their own debt, as well as the Philippines, Egypt, and other countries now at loggerheads with the International Monetary Fund, is straightforward: total financial war. Volcker's supposedly "technical" response to the banking crisis is, in reality, an effort on the part of the unelected "fourth branch of government," the Federal Reserve Board, to preempt the American response to President García's proposal.

Since Britain's Lord Carrington instigated the Malvinas War in the spring of 1982, the Bank for International Settlements gang, for most of that period under Leutwiler's direction, employed the debt crisis to throw the debtor nations into

economic ruin and social chaos. The danger to the banking cartel is that President Reagan may respond to the proposal of Alan García, among other Ibero-American leaders, to address the debt problem at the level of heads of state, above the heads of the bankers and "technicians" who caused the mess in the first place.

Volcker's low-key threats before the Senate Banking Committee, therefore, were as political as the New York banks' decision—a month before the latest upheaval began in South Africa—to force Pretoria to the financial wall. As the banking lobby complained, insurance on foreign deposits would cost the major banks roughly 25% on top of their existing insurance premiums. Raising their capital requirements from 6% to 9% of deposits would force the banks to come up with close to \$50 billion in equity capital—not likely in the midst of a banking crisis—or to reduce their lending, with immediate, disastrous repercussions for the world credit situation.

Forcing the banks to reduce lending, as Volcker proposes, would force an immediate confrontation with debtors such as Peru, who insist upon reducing their debt-service burden to a level which is economically bearable. It is no longer a matter of the banks' exposure to Peru, South Africa, or any other particular sector. As *EIR* reported last week, the end of the third quarter is bringing with it a series of financial disasters in both expected and unexpected places; ranging from the Farm Credit System's imminent bankruptcy to the Canadian government's liquidation of two energy banks in that country's Western provinces. The issue is not whether a financial crisis shall erupt, but who shall control its political course.

So many chunks of masonry are falling out of the financial system's ceiling that it is impossible to guess what may trigger Volcker's "financial debacle." Among these are—apart from the Peruvian and South African crises:

- 1) The Farm Credit System's \$74 billion insolvency, whose 18-month projected time frame will be telescoped as crop prices fall sharply over the winter;
- 2) Projected writeoffs of \$1 billion of loans to the Greek shipping industry, of which Bank of America and Continental Illinois hold about \$300 million each.
- 3) The highest rate of bank and S & L failures since the great depression, projected by Federal officials to continue through 1986;
- 4) A wave of bankruptcies among Singapore finance companies, and major problems for commercial bank loans to the property sector;
- 5) The consequences of the continuing IMF squeeze on the Philippines;
- 6) The closure of two billion-dollar Canadian banks by the Federal government during the first week of September; and
- 7) The rumored closure of the majority of foreign banks operating in the Bahrain offshore banking zone.

The reemergence of Leutwiler

In that respect, the reemergence of the gnomish figure of Fritz Leutwiler in the South Africa events, telegraphs the next move of the banking cartel. Switzerland was the only stop on South African central banker Gerhard de Kock's tour of banking capitals in which bankers expressed sympathy with South Africa's position (even though Swiss banks had participated in the run against South Africa's short-term obligations).

Switzerland announced that the bank had approached Leutwiler, who retired from the Swiss central bank last December, to act as mediator between South Africa and the banks. Since De Kock had announced South Africa's intent to find an "internationally respected figure" to assume this function, the first time any debtor-nation proposed to negotiate through other than its own officials, while in Switzerland; the conclusion suggests itself that the Swiss offered him some sort of deal.

As one wire service noted in its report of the Union Bank statement, Leutwiler, "as president of the Bank for International Settlements, the clearing bank for central banks, from 1982 to 1984, he saw the BIS through the most difficult phase of the international debt crisis." Leutwiler was especially prominent in breaking Brazil's resistance to the IMF during July of 1983, when the BIS withheld short-term financing pending Brazil's accession to the IMF conditionalities which, subsequently, shut down the Brazilian economy.

In summary, Volcker has proposed a change in Federal Reserve policy which propels the banking system further into chaos, while Leutwiler steps in to take charge of the chaos.

'Re-regulation'

Volcker's program may be characterized as "re-regulation" of the banking system. After five years in which the legal barriers between traditional commercial banking, intermediation of savings, and stock market activity have gradually disappeared, the American financial system has reached a point of no return. *EIR* warned during a period of years that the economic content of de-regulation was the introduction of Eurodollar market conditions to American banking, i.e., the usually-infinite "Keynesian multiplier" through which a shrinking capital base and ever-declining reserve ratios could generate an enormous rate of credit expansion. This occurred at the expense of traditional lending functions, and the institutions which performed them.

On Sept. 11, Volcker warned that the game was over. "I believe a . . . major source of our current problems can be traced to certain changes in banking and public attitudes that emerged gradually as memories of earlier difficulties faded from consciousness. . . . In the absence of signs of real difficulty for several decades, a new generation of managers, directors and regulators . . . shifted the focus of bank policies away from concerns with safety and toward greater risk-taking," he said.

In particular, the deregulated savings and loan institutions had overstepped the bounds: "These risks have been aggravated more recently by reactions of some managers, particularly in the thrift industry, to a prolonged period of extreme earnings pressures in their traditional lines of business," which Volcker's deregulation had ruined following 1979. By permitting the commercial banks to encroach upon savings institutions' "traditional lines of business," Volcker forced them "to decide, in effect, to 'roll the dice' by undertaking particularly risky activities generating immediate profits or the hope for large gains over time. From the standpoint of managers or owners, the chance of failure of the institution was already large," as Volcker told the Senate Banking Committee on Sept. 11.

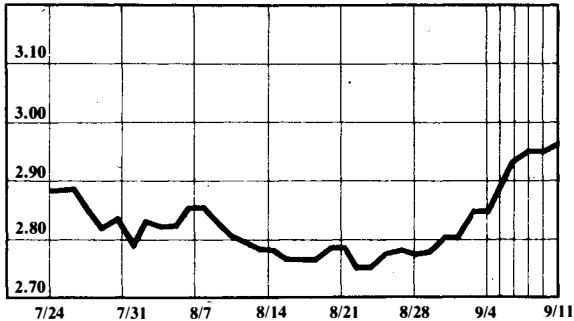
The problem, Volcker concluded, is that "depositors and creditors of banking organizations themselves, because of the [federal] safety net, may anticipate that the 'government,' in the last analysis, will take actions to protect them against loss, so they can be relatively indifferent to the risk exposure of depository institutions. That is obviously the case for insured depositors who, by design, rely on the federal insurance banking their deposits rather than on the financial health of their banking institution for the return of their money."

Should the federal government pull out the safety net? Not immediately, Volcker cautioned: "Instilling discipline at the expense of a financial debacle would be a pyrrhic victory." Nonetheless, the proposals he favored, including the increased capital requirements and insurance upon foreign deposits, indeed, the mention of these proposals alone, may have precisely this effect. It is too late to make the banking system a little bit pregnant.

Currency Rates

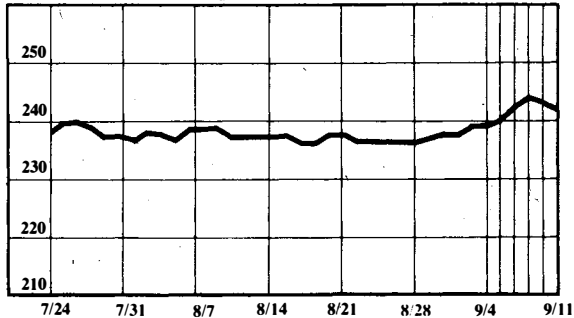
The dollar in deutschemarks

New York late afternoon fixing



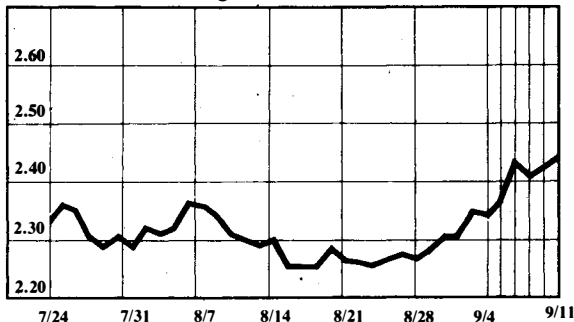
The dollar in yen

New York late afternoon fixing



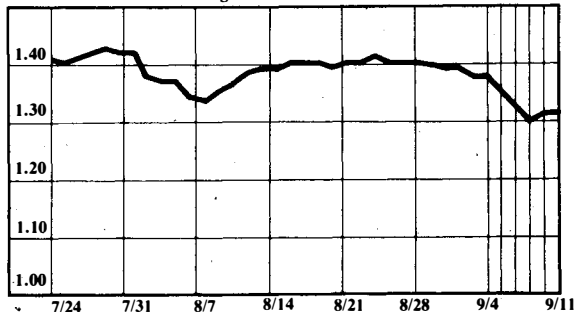
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Schiller labor panel to meet Alan García

The Schiller Institute Trade Union Commission disclosed on Sept. 13 that a score of representatives of the democratic labor movement of the Americas will meet during the week of Sept. 15 in Lima with Alan García Perez, President of Peru.

Colombia, Mexico, Panama, and Peru.

The purpose of the meeting, according to a spokesman for the Trade Union Commission, is to express solidarity with the Peruvian head of state's decisions concerning foreign debt and his brave fight against international narco-terrorism. "The Schiller Institute Trade Union Commission supports the decision to keep payments to Peru's foreign creditors at 10% of the value of Peruvian exports, and not to negotiate with the International Monetary Fund. The Commission also considers that to hit narco-terrorism is to hit against one of the main flanks of the oligarchy which has looted the area for decades," said the Commission spokesman.

The labor leaders expect to have a broad exchange of views on these matters with President García. In mid-July, just before García was inaugurated, the Schiller Institute Trade Union Commission held its First Continental Conference in Mexico, where it decided to fight for the eradication of misery and drug-running in Ibero-America, to attain the physical integration of the region by means of great development projects, and to assemble a Nuremberg Tribunal to prosecute the International Monetary Fund for crimes against humanity.

The First Continental Conference of the Schiller Institute Trade Union Commission passed a resolution backing the statements made by then-President-elect García, "not to pay the foreign debt with the hunger of the people, and to reject any attempt to turn Ibero-America's into an East-West confrontation, because it isn't a matter of leaving one imperialism to fall into another one; [it's a matter] of launching a total war on drug trafficking."

The Trade Union Commission spokesman emphasized that President García, in the Commission's view, "has opened a great pathway to achieve at last unity, integration, and the sovereign development of our greater fatherland." He also stressed that the Peruvian President will soon travel to New York to address the U.N. General Assembly, where the topics of foreign debt and the fight against drug-running will be at the top of the agenda.

Labor, military ally against IMF austerity

by Carlos J. Wesley

An alliance between Panama's trade unionists and the faction of the National Defense Forces headed by Commander-in-Chief Gen. Manuel Noriega, has launched an all-out drive to back Peruvian President Alan García's fight to repudiate the International Monetary Fund (IMF), and to limit debt payments to a small percentage of export earnings. General Noriega met in Lima on Sept. 5, with García, who then announced: "I have found an enormous coincidence in policies with General Noriega."

of Ibero-American Presidents in Panama: "We must not be victims of the United States, the IMF, or the international bankers. . . . We are a continent with a destiny and with rights. Together we must do something great for Latin America. Our memories are with General Torrijos, a great Latin American nationalist, whom we always hold as an example."

One day before Noriega's meeting with García, part of a 5,000-person rally of Panama's National Council of Organized Workers (CONATO), an umbrella group of all trade unions, burst into the chambers of the Legislative Assembly to demand the rejection of any and all laws submitted by President Nicolás Ardito Barletta which would comply with the austerity demands of the international banks, the IMF, and the World Bank. Confronted by the angry workers' demands that they take a stand immediately, the Assembly's chairman and several legislators scurried out of the hall, whereupon the leader of CONATO stepped forward to preside over the deliberations. The demonstrators also burned a coffin—representing the International Monetary Fund—outside the Assembly's chambers.

Although the legislators made no immediate decision on the workers' demands—to reject laws that would do away with most workers' rights, eliminate incentives for local industries, and destroy farm support provisions—some did stand up in support of CONATO. The Assembly later unanimously adopted a resolution condemning the demonstration, but some legislators said privately, "We agree with what the workers are fighting for; what we objected to was the violation of our chambers."

The military has openly allied with the workers' opposition to further austerity. Two days before the march on the National Assembly, the Armed Forces' weekly television program had "predicted" in an editorial that if the Assembly

approves Ardito Barletta's reforms, "the people will rise like the masses that took over the Bastille during the French Revolution."

The ruling Revolutionary Democratic Party (PRD) got the point. The party's leadership immediately issued a declaration backing the Peruvian government's proposal for a presidential summit in Panama: "This would permit the Latin American Presidents to discuss politically a common strategy for our nations, on the issue of debt and regional cooperation, and on the necessary reordering of international relations in the economic and political realms." The PRD declaration also backed Peru's program to limit debt service payments to 10% of export earnings: "We recognize that the debt must be paid. But we will not permit it to be paid under conditions that mean an intolerable punishment of our people."

The party's statement was a slap in the face of President Ardito Barletta, its nominal head. A former vice-president of the World Bank, he was imposed by Henry Kissinger and company on the military and the PRD last year, as the candidate for Panama's first presidential elections in 16 years. After years of experience at the World Bank in imposing austerity conditions on all of Ibero-America, President Ardito Barletta was expected to have an easy time of it, creating the conditions for the bankers to collect on Panama's huge debt, the second-highest per capita foreign debt in the world—only Israel's is higher. But things haven't worked out quite as expected.

Since he took over the presidency in October 1984, there has been a constant see-saw between Ardito Barletta's attempts to ram through an austerity program, and resistance by nationalist elements who insist that economic development must come first. The President was forced to back down on his first try, in January 1985, when the military refused to repress mass popular demonstrations led by CONATO, following revelations by *EIR* that Barletta's planned measures included sweeping cuts in the military budget.

Ever since then, the schism between President Ardito Barletta and the faction headed by General Noriega has been widening, the fight almost coming to a head Aug. 13, when General Noriega warned Ardito Barletta that he was in danger of being overthrown. "Economic solutions should be based on respect for the rights of the worker, the peasant, and the industrialist," said Noriega at a public event, in front of the dumbfounded President. "We, the Panamanian people, consider that the economic intellectuals should give true solutions and not keep their heads buried in books from Harvard or Chicago," he added. The President was a former student of George Shultz at the University of Chicago.

Until now, the military has not gone all-out against Ardito Barletta, in part because they fear that the opposition would take advantage of the ensuing instability to overthrow them, but, more important, because the heirs of Gen. Omar Torrijos—who established Panama's current system—themselves lack a coherent economic program to rally the population against the IMF's demands.

CONATO's mobilization and Noriega's endorsement of Alan García's debt proposals are significant steps in establishing an alternative to Ardito Barletta's IMF austerity. Reading the writing on the wall, the President has now proposed some cosmetic changes, and called on the banks to renegotiate the terms of debt repayment before the situation becomes totally untenable. Joining U.S. Federal Reserve chairman Paul Volcker on Sept. 13 on the rostrum of the Southern Governors' Association conference in Florida, Ardito Barletta told the 17 assembled governors—including from the U.S. territories of Puerto Rico and the Virgin Islands—that unless the economies of the Ibero-American nations recover annual growth rates of 4-5%, "people will lose faith in private enterprise and democracy will be overthrown."

Documentation

The interview excerpted here was given by Peruvian President Alan García to Panamanian journalists on Sept. 5, and was broadcast on Panamanian television:

Regarding the debt and the domestic policies of our countries, all our countries are beginning to realize that the possibilities are becoming increasingly narrow, and that only by acting together will we be able to succeed. . . .

There is a close position—friendship, ties, and the identification of positions—between us, between our countries, and between our governments. We have always greatly admired General Torrijos. Our APRA leaders have been friends and have identified with his doctrine. One of the points of our historic program of 1924 called for Latin America to defend the Panama Canal because Panama was a Latin American cause and it still is. I believe that this should be the position of Latin Americans whenever a country is being abused. This means that when a man as important as General Noriega comes to Peru I think this serves to unite our countries. It is a known fact that we have identified our positions and discovered that we agree on many subjects, including the defense of our people and our economy. We cannot be the tail wagons of international capitalism. We are a continent that has a future and rights. I have agreed on many subjects with General Noriega. I am very satisfied because this means that we Latin Americans understand each other and can act together. . . .

I cannot sacrifice my people by paying more than 10% of the value of exports [for debt service]. They want us to pay 70% of the value of our exports. With what would we import products, food? With what would we develop the country? We don't agree with the extremist—and in my opinion mistaken—position of not paying, because we form part of an international system. We must impose respect for us within that system. . . .

More Dangerous Than Nuclear War



If IMF policies continue, the deadly tse-tse fly

may be ruling the world by the 1990s!

That's what *EIR's* new Special Report, "Economic Breakdown and the Threat of Global Pandemics," shows.

An exclusive presentation of the causal relation between economic policymaking and the outbreak of new deadly diseases.

- Features the world's only handbook for the general policymaker, on how pandemics are being generated and where they will next break out;
- Over 70 pages, including charts, maps, and graphs demonstrating the U.S. vulnerability to biological warfare;
- Prepared by the *EIR* scientific task force which 11 years ago forecast the precise location and time of the currently erupting epidemics in Africa.

Price: \$100

Order from:
EIR News Service
P.O. Box 17390
Washington, D.C. 20041-0390

AIDS: a public health approach

by John Grauerholz, M.D.

AIDS (Acquired Immune Deficiency Syndrome) is now the subject of an intense media campaign whose general thrust is to induce a sense of panic and helplessness in the general population. Recent magazine articles in *Life* and *Newsweek*, as well as a series currently running in the *New York Post*, present a situation in which AIDS is spreading beyond the classic risk groups, such as homosexuals and intravenous drug-users, and becoming a greater potential health threat than the Bubonic Plague of the 14th century.

These same articles then go on to explain that mass screening for the disease would unfairly stigmatize members of the classic risk groups, and therefore, nothing can be done but to educate people in safe forms of sexual perversion to avoid transmission of AIDS.

This is the same mentality which has turned over most programs dealing with the disease to various "gay activist" groups, which have used what is basically a public health problem to further their own ends, and are reluctant to yield their privileged position, no matter what the cost to society in general.

Since the discovery of the retrovirus, HTLV-III or LAV, by American and French researchers in April of 1984, a technique for growing the virus in quantity has enabled the development of a quick, inexpensive, and highly accurate test for the presence of antibody to the virus. This test simply indicates that the individual in question has been exposed to the virus and, by itself, does not indicate the presence of active disease. This test is presently used to screen donor blood at blood banks.

According to reports at a U.S. Public Health Workshop on HTLV Antibody Testing, the enzyme immunoassay (EIA) tests are highly sensitive and specific. Most false positive tests were negative on retesting, and 89% of those who were strongly positive had definite risk factors for HTLV-III/LAV infection, while those with weakly positive tests had no risk factors. In tests in San Francisco, none of 70 men with negative antibody tests had positive HTLV-III virus cultures, while 60% of those with repeatedly positive antibody tests had positive virus cultures. As of this date, approximately 1,000 units of potentially infectious blood have been removed from circulation by this testing.

The virus itself has been found in white blood cells, plasma, semen, saliva, and tears. It is not unreasonable to suspect that it may also be present in urine and sweat, and it is highly likely that it is present in the spinal fluid. Since its epidemiology is so similar to hepatitis, it may also be present in feces.

While the majority of cases in the United States still occur in homosexuals, heroin addicts, and hemophiliacs, approximately 1,000 of the over 13,000 U.S. cases do not fall into these groups. In particular, there is the case of Belle Glade, Florida, with a total of 30 AIDS cases in a population of 25,000, six of whom had no identifiable risk factors. Since the report of these cases in April of this year, the total has risen to 46 cases of AIDS in Belle Glade, 16 of which have no identifiable risk factors. These NIR (No Identifiable Risk) cases represent 34% of the total, and 62.5% of the new AIDS cases in Belle Glade.

Dr. Mark Whiteside of the Institute for Tropical Medicine, in North Miami Beach, Fla., who reported these cases, stresses the fact that Belle Glade is an economically depressed area characterized by "substandard housing, crowded living conditions, open waste, rat signs, and active mosquito breeding." Most of the 16 NIR cases had serological evidence of multiple infections by mosquito borne arboviruses. This is identical to the pattern of AIDS in Africa and the Caribbean, where the disease is associated with total collapse of nutrition and sanitation, resulting from the economic policies of the International Monetary Fund.

While some authorities, including the Atlanta Centers for Disease Control, have proposed that AIDS can be transmitted by promiscuous heterosexual activity, Dr. Whiteside finds no difference in total number of sexual partners between heterosexual Haitians with AIDS and heterosexual Haitians without AIDS. On the other hand, Haitians living in Belle Glade have four to six times higher incidence of AIDS than Haitians living in New York City. This coheres with previous observations in these pages, that the incidence of AIDS in Haitians in the United States declined after they were released from the concentration camps.

A corollary to the Belle Glade situation is occurring in New York City, where AIDS is now the leading killer of men between the ages of 30 and 39, and one of the top five causes of death among men aged 20 to 50. Since 1980, there have been 3,176 reported AIDS cases in the city and approximately 1,800 deaths. This has paralleled a doubling of tuberculosis among Black and Hispanic males in New York City between 1979 and 1984. The TB incidence in New York City is three times the national average, and as of Aug. 24, 1985, the incidence of TB in New York City is 22% higher than at the same time last year! In addition, as of Aug. 17, 1985, the total of new TB cases in the United States is higher than at the same time last year and is continuing to increase, thus heralding the predicted return of this disease under the pressure of the present economic collapse.

Carte blanche for the cartels

The House proposes a new cartel "free-for-all" farm bill, while the \$213 billion farm credit system collapses.

Back from the August recess, the House Agriculture Committee reported out to the floor its new farm bill, which should be named the Cartel "Free-for-All" Act, because it provides the world food cartel companies with every policy feature they could desire: food scarcity, total vulnerability of independent farmers, and freedom to monopolize trade and pay far below cost-of-production for crops.

Of course, these cartel-serving measures come disguised as a public interest package of rhetoric about "restoring a free market," "saving soil," and "democratic referenda" for farmers—to vote on just how they prefer to cut food production and commit financial suicide.

However, just days before the new bill was agreed upon in committee, the national governor of the 50-year-old Farm Credit System, which accounts for fully one-third of all credit to U.S. farming, announced that he needed a "multi-billion dollar" bailout to keep going. The FCS represents about \$74 billion out of \$213 billion of all credit to farming in the United States. The FCS consists of a national network of farm credit banks, and production credit associations, and 12 banking districts that coordinate funds raised through public sale of securities. The Spokane region of the FCS failed last winter, and other regions are in deep trouble.

Nothing has come out of Washington, D.C. in the way of emergency economic action. Yet the biggest ever financial blowout process could ensue over the Farm Credit System crisis—dwarfing Chrysler and Continental Illinois.

On Sept. 6, White House spokesman Larry Speakes said that the administration believes "there are resources within the Farm Credit System" that can take care of the problem. This only reflects the false briefings on the economy being fed to the President.

Congress is responding in slow motion. The House Agriculture Committee scheduled hearings Sept. 12 and 13 in its subcommittee on conservation and farm credit, chaired by Rep. Ed Jones (D-Tenn.). But they don't intend to resume until Oct. 1. By then the thing could be too far over the edge to pull back.

The simple fact is that billions of dollars of existing farm debt are unpayable. An estimated 15% of the FCS farm debt is uncollectable. The September third-quarter rollover of this debt will be impossible.

Alternative sources of money have dried up already. The traditional lender of last resort—Farmers Home Administration (FmHA)—discontinued all loans for the year, on orders of the administration. The FmHA staff effort is assigned to foreclosures, lawsuits, and collections. The FmHA accounts for another 17% of the national total farm debt.

In the House bill, of a total of about \$45 billion previously budgeted for the new farm act (which will have to be matched to the Senate bill), at least \$11 billion was cut, mostly from programs to provide minimal assistance to maintain the family farm during the financial crisis.

The hallmark of the new act, to last for four years, is to vastly reduce food output and, in the process, to

eliminate independent family farmers. The latter is never said in those words, of course. A plank was passed in which farmers nationally are to participate in a referendum on how little production should take place of certain crops each year. Farmers of those crops who choose not to respect these "democratic quota reductions," will not qualify for any price support assistance at all.

The guiding myth is that reduced food supplies will mean higher prices. This is the myth perpetrated by the food cartel companies, and the Agriculture and State Departments, along with the media, in order to induce farmers to cut production.

The cartel companies are paying low prices regardless of the current scarcity of food output in the country. They simply lie, and repeat over and over again that the problem is "surpluses." The major cartel companies (Cargill, Continental, Louis Dreyfus, André, Bunge, and the rest) are pushing for food scarcity under their control.

In testimony to the House Agriculture Committee Sept. 13, Fred Huenefeld, a political leader from Louisiana, national head of the National Organization of Raw Materials, and board member of the Schiller Institute, gave an example of what "free market" and price-cutting competition mean in practice.

Recently Ontario farmers had a contract to supply West Germany with navy beans. Then Ethiopia came along and underbid the contract by \$100 per ton. When the Canadian farmers asked how Ethiopia could meet this contract when their own people were starving, the Ethiopian representatives said they had no choice. The International Monetary Fund and cartel companies were forcing them to sell anything possible to gain foreign exchange to pay their national debt!

Brazil vows to complete nuclear cycle

Despite opposition from the IMF and the "anti-nuke" lobby, the government is defending its high-technology research.

A battle is raging here over the future of Brazil's nuclear energy program, and the high-technology research that goes along with it. The best efforts of the International Monetary Fund (IMF) to dismantle the nuclear program through budget cuts, combined with a shrill campaign by ecologists who claim that Brazil wants to "get the bomb," have failed to defuse the commitment to national sovereignty and development on the part of key forces in the country's leadership.

"The country that does not complete its nuclear cycle by the third millennium will not be considered a power," said Army Minister Gen. Leonidas Pires Gonçalves on Sept. 3. "To complete it does not necessarily mean the production of bombs. It means dominating a technology for peaceful ends." Pires Gonçalves is a powerful spokesman for the nationalists within the armed forces who see technological development as the only solid foundation for national sovereignty and military security.

The budget cuts and scarcity of resources that have occurred as a result of IMF policy—which have already adversely affected the nuclear program—have provoked opposition from that nationalist sector. Exemplary are the statements of the army's science and technology secretary, Gen. Haroldo Erichsen da Fonseca, who defended the need for a larger budget for military technological research to President José Sarney. General Erichsen da Fonseca argued that "the na-

tional sovereignty cannot be at the mercy of a foreign nation."

Brigadier General Hugo Oliveira Piva, director of the Aerospace Technical Center of São José dos Campos, then warned that "with the 25% cut in the weapons research sector that occurred at the beginning of this year," Brazil is running the risk of seeing several major programs cancelled outright. Minister of the Army Pires too had referred to this cut as a threat to plans for re-arming the military.

The Brazilian Armed Forces are currently involved in intensive research efforts and sophisticated technological achievements. Among these are: production of a supersonic airplane and, in October, exhibition of the AMX, the first prototype of a subsonic fighter plane, the result of an Italian-Brazilian collaborative project. As part of Brazil's advanced aerospace program, the Alcantara launching base is being structured so that it may be used, under an agreement with NASA, for launching space shuttles like Columbia and Discovery. Research in the nuclear area is focusing on the production of a nuclear-propelled submarine.

In addition, there exist plans for Brazilian-Argentine collaboration in aerospace. On Aug. 10, Argentina's Defense Minister Roque Carranza stated that during his recent visit to Brazil it was clear that a joint project for the construction of civilian airplanes was feasible. The Brazilian company Embraer and the Argentina

Aeronautic Center in Cordoba could soon conclude such an agreement.

The success achieved by the Argentine nuclear program is one more motivation for Brazil to achieve a complete nuclear fuel cycle. On Aug. 23, during a meeting with a group of congressmen, General Pires Gonçalves pointed out that "Argentina, a country which is at approximately the same technological level as ourselves, has maintained in the recent period a praiseworthy continuity in this field, and has achieved significant progress." A congressman present at the meeting noted that the army minister made "a light reference to a neighboring country which had to fight a war with [military] deficiencies"—an allusion to Argentina's Malvinas War with Great Britain.

The army minister's statements about the bomb flattened those ecologist networks and "pacifists" who had attributed to him the idea that Brazil was building the bomb to defend itself from Argentine aggression, as was alleged in the daily *Correio Brasiliense* on Sept. 1.

The fuse of the "anti-bomb" hysteria was lit at the beginning of July at the state university of Campinas, where the Pugwash Conference of international ban-the-bombers held its 35th annual meeting. The meeting's final document, under the pretext of preventing an "arms race" in the southern hemisphere, advocates the destruction of the Argentine and Brazilian nuclear programs. Pugwash urges the two nations to sign a bilateral agreement that would commit them to not "building the bomb," using that old environmentalist ruse to halt scientific research. The Pugwash movement was created by the perverse Bertrand Russell, with the racist intention of denying access by Third World countries to advanced technologies, and especially nuclear energy.

UAW goes back 50 years

The new Saturn agreement has less to do with building a car than with destroying the fruits of industrial unionism.

Never in post-World War II America has organized labor been dealt such a blow. In return for a 1990 promise of 6,000 jobs in the remote hamlet of Spring Hill, Tennessee, the UAW made a "handshake agreement" that has been described, accurately, as a "revolutionary document." The agreement stipulates the following:

- All shop committees are abolished;
- All grievance procedures are abolished;
- All work rules are abolished, or rather established by GM;
- All job titles are abolished, except for three skilled classifications.
- Pay will be 80% of the average auto wage in the United States;
- UAW pensions will be replaced by an individual account for each employee, whose pension ends when his "fund" runs out.
- An "incentive pay"/"profit-sharing" plan will be contingent on "work performance" and "cooperation" with GM.
- Permanent employment is guaranteed—unless the plant suffers economic reverses, undergoes some "catastrophe," or—the longest of long shots—"the national economy sinks down."

Whatever made the UAW, a union over 1 million strong, "handshake" an agreement that is nothing less than the destruction of the union and all that it has fought for in its 50-year history?

Now comes the real shocker: The UAW claims that it was the author of the "Saturn agreement"!

At the press conference held July 30, announcing the location of the Saturn plant, attended by GM top

brass, Tennessee state officials, and UAW leadership, GM Saturn president, William Hoaglund, announced proudly:

"Throughout the development of Saturn, one man had a vision for developing new union-management relationships. And that man is going to talk to us right now and his name's Don Ephlin." Don Ephlin, UAW vice-president, popped up and grandly announced:

"It's been a very great opportunity for myself, the members of our staff who have worked on Saturn, because this is the greatest opportunity we in the union and blue-collar workers in General Motors have had to play such a positive role in the development of something that is so important for all of us. We've achieved many of our long-sought goals in the agreement. . . ."

This is the closest the union and the corporation have ever come to having a truly living document."

Ephlin credited former UAW General Motors division vice-president Irving Bluestone and former UAW chieftain Doug Fraser as the authors of the agreement.

The UAW has taken 10% out of the strike fund to publicize the Saturn "living document" on local and national TV ads, while the leadership, particularly UAW president Owen Bieber, has used the union's 50th-anniversary celebrations to stump for the "handshake."

Of course, the Saturn plant will not be built for five years—if ever. The real thrust of the labor "living document" is to have it imposed upon the nation's auto and other industrial

workers now.

Last January, GM president Roger Smith announced to reporters, "Saturn will give us an entrée to go back and Saturnize the rest of the company. That to me is 90% of the goal. Saturn, the car, is 10%."

Taking his cue, Chrysler chairman Lido Iacocca, announced at the opening of baragaining talks in August, that he would accept nothing less than a Saturn agreement at Chrysler.

Iacocca exclaimed: "We are the first national contract to come up. These [the GM Saturn agreement] have been individual plans or projects in the future. This is for real this fall."

This is a major problem for the UAW. Chrysler workers, who have seen 100,000 of their fellow workers axed by Iacocca's "reorganization" and were forced to give back \$1.5 billion in wages, benefits, days off, and vacation time, want wages restored to Ford and GM levels—especially with Chrysler posting record profits. Having been very nearly "Saturnized" for the last six years, they appear in no mood to accept the far worse alternative so beloved by the UAW.

One strategy by the UAW leadership to enforce "Saturnization" in the Chrysler pact is open thuggery. On Sept. 8, Detroit city-council candidate Hank Wilson, a former president of UAW local 600's Dearborn assembly division, was gooned by 15 UAW thugs at the entrance to his own General Council union meeting. Wilson, who has had surgery for intestinal cancer, was repeatedly punched and kicked in the stomach and hospitalized. He had campaigned to expose Saturn and open idled auto plants to build 1,000 MX missiles and 1,000,000 tractors a year, re-employing the 150,000 permanently unemployed auto and steel workers in Detroit to defend the nation and feed the world.

The Peruvian solution is possible

The Congress of Labor responds to the presidential "Informe" by demanding a change in strategy.

The Congress of Labor, the umbrella organization which includes almost all of Mexico's organized labor, including the powerful Mexican Confederation of Labor, issued an official position paper on Sept. 5 responding to the government's third "Informe," or State of the Nation address. The labor document states that the problem of the foreign debt has become the "sum of our cares and sufferings," and therefore requires urgent attention, since payment on debt service currently equals the total value of Mexico's exports, half of the Gross Domestic Product, and 30% of public spending, and in future generations will be 45% of the total value of Mexicans' labor.

The document, delivered to the President Miguel de la Madrid and Finance Minister Jesús Silva Herzog, says that in renegotiating the foreign debt, primary consideration must be given to "the needs of the people and the nation, which are one and the same," and whose fulfillment cannot be postponed until all foreign payments are made.

The document stresses that according to the finance ministry, interest payments which correspond to the "restructuring" enacted on Aug. 29 will be, on the average, between 1985 and 1990, equal to 50% of the total value of exports, and 45% of the gross domestic product in each of those years, presuming a constant rate of economic growth.

This, the statement points out, is

the path that Mexico has taken, but in other places different strategies have been proposed to deal with the situation. In Peru, for instance, the government has decided to use only 10% of its export earnings to pay overseas debt, which means that it is willing to honor its debt obligations when, and only when, world markets are open to the articles the country exports.

The document also comments on the other proposals of unilaterally suspending payment on foreign debt, indicating that "from any standpoint, whatever the strategy might be that would be chosen," it is clear that "the outlines established by the International Monetary Fund have shown their inefficacy" and it is also clear "that the payment on the foreign debt cannot go on being made at the cost of wages, jobs, and the welfare of the majority groups, except at the cost of canceling the potential for development and upsetting social stability."

This response from the organized labor movement was given after hearing, from the lips of President Miguel de la Madrid himself, that Mexico is earmarking 37.5% of the national budget for payment on public debt service, both domestic and foreign. This means that more than a third of the nation's productive efforts are being eaten up by debt service. In the 175 years of Mexico's independent life, foreign banking had never succeeded in exacting such a monumental tribute to its usury.

The President's third annual "In-

forme" palpably expressed two convictions: that it is necessary to grow economically, and that paying service on the foreign debt is unavoidable. The problem is that under the IMF-imposed "conditionalities," these two principles are incompatible.

Public investment has been one of the driving forces of economic development of Mexico during this century, and the President himself said that "there was a notable recovery of spending and private investment starting from September 1984, the intensity of which we did not fully confirm until January 1985 . . . and added to the dynamism of the non-petroleum exports this provoked a 3.5% growth rate in the economy." But in the next breath, he announced that public spending "must adjust to a regime of sound financing. For this reason, and in order to lower the deficit, we have made a substantial reduction in public spending in real terms. Public investment has decreased by 40%."

This means that the brakes had to be applied to the motor of the economy because Mexico had started to grow again, and this is against the IMF guidelines, as the Congress of Labor put it. But not only that: The President also explained that "our industrial plant, traditionally oriented to satisfy internal consumption needs as a priority, showed that when the latter increases, exports fall back."

This is precisely the infernal dynamic which has not been broken. It is believed that if we grow (which is fundamental) we increase internal consumption, and when this goes up, exports go down; when the latter drop, hard-currency revenues to pay foreign debt service are reduced, and we cannot comply with our debts to the foreign banks.

The labor sector has just pointed to a different solution—that adopted by the President of Peru.

Business Briefs

Credit

World to be ruled by 20-30 megabanks?

"In the future, there will not be more than 20-30 banks in the world," Nerio Nesi, chairman of Italy's Banco Nazionale di Lavoro, told the Italian financial weekly *Capital* on Sept. 10.

Nesi's BNL co-sponsored a series of seminars and colloquia on the world financial system in Venice, together with the Italian Montedison firm, headed by Trilateral Commission member Mario Schimberni, and the Wertheim merchant bank, which also has Trilateral links.

Attendees at these events included former U.S. Secretary of State Henry Kissinger, former West German Chancellor Helmut Schmidt, former French Premier Raymond Barre, and ranking members of some of Italy's most important banking and aristocratic families.

Nesi told *Capital* that his own financial empire was built via joint ventures with the Compagnie Financiere de Holding of Edmond de Rothschild. De Rothschild is one of the senior members of the Trilateral Commission in France.

Austerity

Bolivia comes down hard on strikers

"Retired workers are called upon" to break Bolivia's general strike, the country's interior minister proclaimed on Sept. 8. His statement was part of what the labor federation COB termed "psychological warfare."

The strike began in early September, in protest against some of the most savage International Monetary Fund austerity measures yet seen. It has been successful in closing down fuel supplies, and thus closing down the country's entire economy. Small amounts of fuel have been provided, after the army was sent into oil installations. The COB statement declared that "the government has unleashed a repressive offensive,

taking over workplaces with troops."

The government warned it will begin layoffs, and jail strike leaders for up to six months for "disobedience, sabotage, and economic damages." But labor has vowed to extend the general strike, and in Congress, deputies with a labor base are presenting censure motions against the government for its IMF program. To present the censure from carrying, President Victor Paz Estenssoro has formed a "non-aggression pact" with his opponent, former President Hugo Banzer.

Debt

State Department's 'case-by-case' plan

The U.S. State Department is clinging to the "case-by-case" approach to Ibero-America's unpayable debt burden that constitutes the International Monetary Fund's method for isolating and destroying the continent's economies, "one by one."

Assistant Secretary of State Elliott Abrams' has authored an internal policy document on the subject, according to the Sept. 8 *Washington Post*. The existence of the memo was confirmed by a State Department spokesman.

The memo states, "The economic and related crises in South America and the Caribbean are serious and, given limited U.S. resources, difficult to address. We are working on them on a case-by-case basis, seeking to be catalysts for change, not agents of change."

Trade

Reagan warns again of protectionism veto

In his weekly radio address of Sept. 7, President Reagan reaffirmed his opposition to the trade-war legislation now pending in the U.S. Congress. The President, however, tried to stave off the harsher protectionism

planned in Congress by announcing that action will be taken against Japan, Brazil, South Korea, and the European Community for "unfair trade practices."

In the cases of Brazil, South Korea, and Japan, U.S. Trade Representative Clayton Yeutter has been instructed to begin immediate investigation.

Sen. Robert Dole branded the measures not good enough, and Sens. Lloyd Bentsen and John Danforth called them "cosmetic."

Japanese Foreign Minister Abe expressed surprise about the Reagan move, pointing out that the alleged points of contention were already being worked out.

Yeutter, appearing on David Brinkley's Sunday television program, stressed the President's seriousness about the veto threat, especially in respect to textile legislation currently moving through the Congress.

Such legislation would have disastrous consequences for the United States and, especially, its Asian allies.

Employment

The West has lost 8 million jobs

A new study released the second week of September by the United Nations Commission on Trade and Development shows that nearly 8 million jobs in Western Europe and the United States have been lost as a result of the collapse of exports to the developing sector in the years 1982-84.

According to the study, in 1984 alone, the total value of exports of the OECD industrial nations to the developing sector countries was \$46 billion below the level of 1981.

Seventy-five percent of this collapse, according to a report in Sweden's *Svenska Dagbladet*, has occurred in Western Europe, where the report cites 6.8 million jobs lost as a result of the export collapse to the developing sector.

The study reportedly points to the demands of the IMF and international banks that less developed nations sharply contract imports and impose domestic austerity, as a major factor in the industrial nations' export

collapse, combined with the high interest rates in the industrial nations since Paul Volcker's Federal Reserve measures of 1979-80.

Banking

More bank takeovers in Maryland

Another big money-center bank is moving in to buy up Maryland's troubled savings and loan banks. Citicorp is negotiating to buy First Maryland Savings, in exchange for immediate full-banking privileges in the state, it was disclosed Sept. 6.

Chase Manhattan has already announced its intent to purchase three of the state's crisis-racked S&Ls. The fact that the state's banking network is being taken over by the New York dirty-money banks doesn't appear to trouble Gov. Harry Hughes, who exulted at a press conference the day of the announcement over the "tremendous progress" that has been made in resolving the state's S&L crisis.

Meanwhile, supermarkets are displaying signs at checkout counters in the Washington, D.C./Maryland/Virginia area, informing them of which banks the stores will no longer honor checks from, "until further notice," and depositors are still limited in the funds they can withdraw from their savings accounts.

The Invisible Hand

Italian authorities probe Merrill Lynch

In closed session during the trial relating to the "Pizza Connection" drug-ring on Sept. 11 in Lugano, Switzerland, two FBI special agents named Merrill Lynch and E. F. Hutton as brokerage houses they had found to be laundering the income of the drug-ring busted up in New York earlier this year.

During 1981 and 1982, the two FBI in-

vestigators testified, they had investigated the money movements between New York and Switzerland relating to "Pizza Connection" drug operations, which took them to the doorsteps of the two brokerage giants.

The two FBI agents said they had followed leads provided by U.S. Drug Enforcement Administration officials, relating to the links between the five big mafia families of the New York City area and the economic and financial institutions of the city. The dope money made in New York is recycled to Europe, principally Switzerland, they reported.

The two Americans testified for five hours, explaining how the money is laundered between New York and Swiss banks and citing names of individuals involved.

Until 1981, Merrill Lynch was headed by Donald Regan, the current White House chief of staff in the U.S. Reagan administration.

The 'Recovery'

Teamster chief says U.S. recovery a bluff

Speaking before U.S. businessmen at the American Chamber of Commerce in Milan, Italy on Sept. 11, Jackie Presser, the leader of the International Brotherhood of Teamsters, said that the so-called recovery of the U.S. economy is based on the over-valued dollar, which has meant loss of jobs and lower real salaries for workers abroad.

"The recovery in the United States is sabotaged by a warmed-up dollar that I refuse to consider strong, as many economists are saying. . . ." said Presser. "There is nothing strong in a dollar that is provoking the collapse of our industries and is creating thousands of unemployed."

Presser said that "lost American jobs have been exported to Asia and South America where the dollar-cost of salaries is cheaper, and where human capital has no value.

"We should make a distinction between free trade and the search for the lowest salary, which is a practice that creates mass poverty and is only good for those who receive extra profits as a result."

Briefly

● **SIX MILLION** Italians suffer dire poverty, according to a commission instituted by the Italian Government. Four million other Italians are also to be considered poor, it adds. Italy's population is approximately 50 million.

● **THE PENTAGON** has awarded a \$10.9 billion contract to Boeing for the testing of a free-electron laser, a crucial part of the Strategic Defense Initiative. The goal of the design phase of the 34-month contract "will be to demonstrate efficient propagation of a free-electron laser beam up through the atmosphere to an instrumented test vehicle."

● **PEOPLE'S BANK** of China has announced that it will send a 20-man delegation headed by its vice-president to the annual joint meeting of the International Monetary Fund and International Bank for Reconstruction and Development in Seoul, Korea, Oct. 8-12.

● **BOLIVIA** wants its creditors to allow a 15-year moratorium on principal payments of \$892 million, and a 10-year grace period on interest payments, Planning Minister Guillermo Bedregal said Sept. 10. "Bolivia will pay the debt, but will not pay it immediately because of its tremendous crisis," he said.

● **THE KOREA** Exchange Bank has signed for the first ever "Euroyen" loan, worth \$125 million and put together by 28 finance houses including Bank of Tokyo and Morgan Guarantee. "Euroyen" signifies, like the "Eurodollar," credit obligations held outside of Japan, but denominated in the Japanese currency while not subject to Japanese regulation.

● **A TREASURY** official asked Congress on Sept. 10 to increase the U.S. debt ceiling to an unprecedented \$2 trillion, allowing the government to borrow enough to pay its bills after Oct. 15. The ceiling is now \$1.8 trillion. Among payments at issue are social security, payroll, unemployment, defense contract, and the principal and interest on government securities.

Using lasers to create nuclear fuel

*A review of the U.S. isotope separation program,
by Marjorie Mazel Hecht*

When the Manhattan Project was still a top secret during World War II, one of the most daunting tasks scientists faced was how to produce several pounds of fissionable uranium fuel for the atomic bomb. Only traces of uranium-235, the fissile variety of uranium, are found naturally; 99.3% of all uranium is the nonfissionable uranium-238. Although scientists had separated the U-235 isotope in the laboratory using the mass spectrograph, they had produced only thousandths of grams of it. Now they had to devise a commercial-scale technology that would increase the concentration of U-235 to about 90%.

The crash program organized by the government proved equal to the task. With incredible speed and secrecy, the Manhattan Project constructed a huge, half-mile-long gaseous diffusion isotope separation plant in Oak Ridge, Tennessee. This method of isotope separation required enormous amounts of electrical energy, 2,700 megawatts, and therefore, the Tennessee Valley Authority site, with its abundance of electrical energy, was chosen for the plant. Four power plants were constructed at the Oak Ridge site, and the plant's initial power consumption equalled that of the entire Soviet Union in 1939. Two other methods of isotope separation were also explored, the gas centrifuge and electromagnetic separation (the calutron). By March 1943, the task was successfully completed and there was enough enriched uranium—that is, with 90% U-235—to make the first atomic bomb, most of it coming from the calutron.

Today, more than 40 years later, the same gaseous diffusion process is still used to produce the fuel for nuclear power plants as well as weapons, despite the system's inherent inefficiency and vast energy requirements. However, an advanced technology in isotope separation promises to cut the total costs of the process by *two-thirds*. This spin-off of the U.S. laser fusion program has just been selected by the Department of Energy as its next-generation uranium enrichment technology for development. In June, the department

gave the green light to Lawrence Livermore National Laboratory to proceed with development of the Atomic Vapor Laser Isotope Separation system, known as AVLIS. The lab is already getting excellent results with the AVLIS laser system using a small, existing separator called Mars, and expects to have a new commercial-size separator working with AVLIS during 1986-87.

The applications of this new laser isotope separation technology are mind-boggling in scope. Laser isotope separation is to industrial materials what genetic engineering is to agriculture—an incredible technological tool to increase productivity and efficiency, moving man into the 21st century. In the nuclear industry alone, isotope separation could tailor materials for the reactor wall that could better withstand neutron bombardment and thus make the wall more durable.

Isotope separation could also be used to “cleanse” nuclear waste, transforming it into valuable heavy metal and gas isotopes, leaving only a minute quantity of highly radioactive material to be disposed of. Both applications would revolutionize the nuclear industry and the coming fusion power industry.

Although enrichment of uranium is the primary job of AVLIS, the same facility can be used to produce other valuable isotopes, both radioactive and stable. Currently, certain of these isotopes are enormously expensive. For example, in 1982, palladium and rhodium, which are used in the catalysis process to turn crude oil into gasoline, cost \$900 per ounce and \$6,000 per ounce, respectively.¹ They are found naturally only in the Soviet Union and South Africa, but with an inexpensive isotope separation process they could be “mined” from radioactive wastes. Other isotopes are even more expensive. For example, 40% enriched xenon-124 is \$90,000 per liter; 0.5% enriched krypton-78 is \$20,000 per liter.²

At this point, the applications of isotopes are limited only by the ability to produce them inexpensively and in quantity. With the commercialization of the AVLIS technology, in-

dustries will have a plentiful and inexpensive source of radioisotopes and stable isotopes.

After the war, the United States led the world in uranium enrichment, supplying the defense industry and later the commercial nuclear power industry using the facilities built during the Manhattan Project. The Atoms for Peace program launched by President Eisenhower in 1953 mandated a U.S. effort to spread this cheap, clean, and efficient power source throughout the world, and hopes were high that the use of nuclear energy would be able to bring the rest of the world up to U.S. living standards and better.

As more nuclear plants came on line here and in other countries, the United States expanded its uranium enrichment capability, based on projections of a 7% to 8% growth rate in electric power consumption. Under the Atomic Energy Act of 1954, the government is the sole supplier of enriched uranium domestically, and the Department of Energy is authorized to sell it for "recovery of the government's cost over a reasonable period of time." The Oak Ridge site was expanded, and two additional sites were built at Paducah, Kentucky and Portsmouth, Ohio. Under the direction of the Department of Energy, the Portsmouth plant was operated by the Goodyear Atomic Corporation and the other two plants by Union Carbide Corporation-Nuclear Division.

As the Department of Energy stated in a June 1985 report, "Until 1974, the United States held a virtual monopoly in the world enrichment market." At that point, the DOE stopped taking new orders because of "projected capacity limitations," and new foreign suppliers of nuclear fuel began signing contracts with utilities abroad. Within 10 years, the U.S. share of the foreign market had dropped by two-thirds. By 1981, the United States, which had been the lowest-priced supplier, was now the highest-priced supplier, a fact that the 1985 DOE report attributes to "the strengthening U.S. dollar." Even U.S. utilities were beginning to turn to the less costly foreign suppliers for nuclear fuel. The dollar figure involved is not insignificant; in 1981, DOE sales of enriched uranium totaled more than \$1.4 billion.

Picking up the U.S. market was Eurodif (a consortium of France, Italy, and Spain), Urenco (a consortium of the Netherlands, West Germany, and England), and Technobexport (Soviet Union). The foreign suppliers offered lower prices and more favorable contract terms. In addition, because of cutbacks in nuclear power production, a secondary market emerged based on utilities selling off their large inventories of enriched fuel at discount prices—an excess estimated at two to three years of world demand.

The situation came to a head in June 1984, when the DOE announced that it was "embarking on a major initiative to restore the competitive position of the United States in the world enrichment market." Among other things, the DOE set up a Process Evaluation Board to review the advanced uranium enrichment technologies and evaluate which one was most suited to revamp the uranium enrichment industry and make it more "competitive." Two advanced technologies—

advanced centrifuge and atomic vapor laser isotope separation—had been funded by the Department of Energy for several years and were in what the DOE described as "the latter stages of development." By June 1985, after 500 reports and 100 man-years of effort, the DOE selected the Atomic Vapor Laser Isotope Separation system, AVLIS, developed by Lawrence Livermore (see box). Unlike other DOE programs, AVLIS will be funded not from tax dollars, but from the sales revenue collected by DOE for enriched uranium.

The DOE Process Evaluation Board found that the AVLIS technology was "less capital intensive, requires significantly less investment prior to start of plant construction, has a lower estimated SWU [separative work unit, explained below] cost, has greater potential for cost reductions through technology improvement, and is more adaptable to deployment in small increments as needed to meet the future needs of the enrichment enterprise." The Board also determined that the AVLIS technology could be supported within the expected projected revenues of the uranium enrichment process, while the advanced centrifuge would need additional financing to support the program.

The AVLIS revolution

As one of the first commercial enterprises based on advanced laser technologies, AVLIS not only could make the U.S. uranium enrichment program "competitive" again, but could be a shot in the arm for the ailing nuclear industry. Pushing forward with the most advanced technologies like laser isotope separation reestablishes the key principle of the American System economics that built this country—cultural optimism. It provides a chance to complete the long-delayed plans for America's second generation of nuclear technology: the fast breeder, fuel reprocessing, the high temperature reactor, the fission/fusion hybrid, and beyond. Without such a revival of nuclear technology—as the Atoms for Peace planners knew—there is no way to supply the energy required to reindustrialize the advanced sector and develop the rest of the world.

As can be seen in Tables 1 and 2, AVLIS will vastly upgrade and cheapen the existing technology: AVLIS uses only one-tenth the power of the gaseous diffusion system, for example, and requires relatively little equipment to achieve enrichment. Lawrence Livermore Laboratory estimates that AVLIS will significantly cut the cost of enriched uranium from \$135 per SWU to below \$40 per SWU. For each kilogram of unenriched uranium fed into the AVLIS system, one-sixth kilogram of enriched product is produced with just one pass through the system. In contrast, the gaseous diffusion process requires 1,200 passes through the system to convert each kilogram of unenriched product into the same amount of enriched uranium. The AVLIS system is so efficient, in fact, that it could use the depleted uranium that has been processed through the gaseous diffusion system as feedstock.

Taking advantage of the precision of advanced lasers, the

AVLIS system can "tune" to the electron energy levels of uranium-235 with laser light, energize it, and then use an electromagnetic field to divert the now positively charged uranium-235 atom. This precision gives AVLIS a selectivity greater than 10,000; that is, for each 10,000 ions of the desired isotope, only 1 ion of the undesired isotope is generated. AVLIS has a selectivity advantage over the gaseous diffusion system (and the gas centrifuge) greater than 1 million, because these systems depend on *mass* differences in the isotopes of uranium, which are only about 0.01.

The new AVLIS demonstration facility, which is a joint effort of the lab and Martin Marietta, began enriching uranium in April 1985 using the just completed laser system and an older separator, Mars. The demonstration facility should be operating at full production conditions with the new, full-size separator in 1987-88. The construction of AVLIS has

The gaseous diffusion method

The gaseous diffusion method of isotope separation has been in use since the Manhattan Project, producing most of the world's enriched uranium. Also known as barrier diffusion, the method is based on the small difference in the mass of isotopic molecules. Uranium hexafluoride gas is pumped through thousands of miles of porous material that acts as a sieve, since the lighter uranium hexafluoride containing U-235 flows slightly faster through the walls of the barrier material. When extracted from the barrier material, the gas then has an increased content of U-235. This gas, now enriched in U-235, is then fed into the next barrier sieve to obtain still higher concentrations of U-235. The efficiency of the process depends on the barrier material and its ability to maintain a stable-size hole for the gas to pass through.

Since the molecular speeds of the two types of uranium molecules differ by only about 0.4%, the enrichment achieved in a single diffusion operation is very small. To enrich the uranium to reactor-fuel level requires repeating this 1,200 times. More than 640,000 kilograms of uranium gas must be circulated to produce a single SWU. Almost all the power consumed in the diffusion process is used to circulate and compress the uranium gas.

Over the past 40 years, the gaseous diffusion program has increased its productivity by making small improvements in the process equipment, thus providing an additional capacity of 5.5 million SWU per year with no increase in power use.

already set records. Working around-the-clock for the past several months, the 400 employees in the laser isotope separation program at Lawrence Livermore, along with an additional 400 contract workers and technicians, completed the new \$60 million laser system as well as a \$24.5 million new separator demonstration facility one to two years earlier than scheduled.

Lawrence Livermore is also experimenting with the separation of other isotopes and is seeking private-sector participation in the AVLIS development. Specifically, the lab notes the enrichment of mercury to increase the mass fraction of mercury-196 and thus improve the efficiency of fluorescent lamps, and improving power reactor efficiency with specific isotopes of gadolinium. In addition, the laser system developed for AVLIS may be used in photochemical processing and photocatalytic processes, and may be economical in eliminating catalytic poisons like hydrogen sulfide, which are by-products of crude oil refinement.

Slowing down progress

The promise of the AVLIS system has been known since the late 1960s. Why, then, did it take so long for the DOE to give the go-ahead for commercial development, and what caused the U.S. uranium enrichment program to founder? The turnaround of U.S. predominance in the uranium enrichment field is directly related to the overall decline in the U.S. nuclear industry and the technological pessimism that swept the nation in the early 1970s and became institutionalized by the Carter administration. When in 1976, the Carter administration intervened to withhold the necessary government permit from Exxon to go ahead with construction of a pilot plant for laser separation, President Carter was quoted as saying, "As long as I am in the White House, laser isotope separation plants will never be built in the United States."

By the early 1970s, the spirit of Atoms for Peace had been replaced with its opposite: the familiar environmentalist litany that small is beautiful, resources are limited, industry is bad for health, Americans are too wasteful, and—that Amory Lovins sleight-of-mind—that one should "create" energy by conservation.

The result was catastrophic for the U.S. nuclear industry and the power supply: The United States gave up its leadership in the civilian nuclear market by refusing to build nuclear plants in developing nations; since 1978, no new nuclear plants have been ordered in the United States, and 24 plants have been canceled or indefinitely mothballed since 1982 alone. The lack of power-generating capacity is the biggest obstacle to the introduction of advanced technologies like lasers to U.S. industry.

One observer, cited in a recent congressional review on radioactive waste policy, describes the problem from the other side—as seen by the cultural pessimists:

An illusion of certainty was created where, in reality, none existed. Over the years, the sense of tech-

TABLE 1

Isotope separation methods: key costs and economic factors

	Oak Ridge Gaseous Diffusion Plant (Full Power)	New Gaseous Diffusion Plant (Current Tech.)	Current Planned Gaseous Centrifuge Enrichment Plant (GCEP)			1990s Advanced Gaseous Centrifuge System Set VI	Advanced Isotope Separation		
			Bldg. 1-2	Bldg. 3-8	Full GCEP 1-8		AVLIS	Molecular Laser	Plasma Process
			Set III	Set IV	Set IV				
Reference Site (in millions of annual rate of SWU capacity)		9.3	2.2	9.9	13.2	8.8	8.61	8.75	9.35
Power KWH/ SWU	2,360	2,475	135	95	48	65	71	221	
Investment									
Unit Cap:									
\$/annual rate SWU	—	505	1,425	281	498	280	77	107	100
Power Plant:									
\$/annual rate SWU	—	434	24	17	17	8	12	13	39
Total:									
\$/annual rate SWU		939	1,449	298	515	288	89	120	139
Annual Cost									
Power Cost:									
\$/SWU ¹	83	87	5	3	3	2	2	3	8
Oper. Cost:									
\$/SWU	5	9	16	14	14	10	6	8	7
Cap. Cost:									
\$/SWU ²	—	82	232	46	81	46	13	17	16
Total:									
\$/SWU	88	178	253	63	98	58	21	28	31

1. At 35 mills/KW hr.

2. At 10 years and 10%, 16.28% per annum on total investment. Since the various projects require different building space, auxiliaries, etc., an attempt was made to pick reasonably comparable construction periods.

Compared here are the output, investment costs, and annual costs of current and projected methods of isotopes separation, as published by the Department of Energy in "Report of the Energy Research Advisory Study Group on Advanced Isotope Separation," dated November 1980. The measurements are all in mid-1980 constant dollars (no escalation), and all the methods are evaluated on a comparable basis. The basic unit of measurement is the SWU or separative work unit in kilograms.

Under the Gaseous Centrifuge Enrichment Plant are three stages of plant development. An advanced gaseous centrifuge is also shown. Under the Advanced Isotope Separation heading there are two additional advanced systems shown besides the Lawrence Livermore AVLIS system: the molecular laser and the plasma separation process, both of which were dropped from the DOE development schedule in the early 1980s. Both systems are promising technologies, however, and the TRW's Plasma Separation Process is now experimenting with the production of isotopes to make a "beta decay" battery for use in deep space satellites.

Bear in mind that much of the detail of this technology, production figures, and economics is still classified.

TABLE 2

Comparative costs of uranium enrichment alternatives

Process	Capital	Energy	Labor and material
Gaseous diffusion	High (\$300-400 per SWU/year)	High (~2,400 kWh/SWU)	Low
Gas centrifuge (Set V)	High (\$400-500 per SWU/year)	Low (~100 kWh/SWU)	Low
Laser isotope separation	Low (\$100-150 per SWU/year)	Low (~100 kWh/SWU)	Low

Source: Lawrence Livermore National Laboratory, "Business Development Opportunities in Laser Applications: Isotope Separation," p. 4.

The basic advantages—low capital costs and low energy costs—of the AVLIS system are shown here. As can be seen, the gas centrifuge system is more energy-efficient than gaseous diffusion, but the capital cost is about the same.

The isotope market

The existence of isotopes has been known since the early 1900s, but it was only after the Manhattan Project work during World War II that artificially produced isotopes came into commercial use because they could be cheaply produced in nuclear reactors or by accelerators. The isotopes of an element are basically the same chemically but differ in the number of neutrons present in the nucleus of the atom. Uranium-238 is so designated because it has 92 protons and 146 neutrons in its nucleus, which add up to 238. Uranium-235 has the same number of protons but only 143 neutrons. The similarity of the chemical properties of isotopes is what makes it so difficult to alter the naturally occurring proportions of isotopes.

The Atoms for Peace program spurred the growth of hundreds of applications for isotope research worldwide. In the late 1950s, the International Atomic Energy Agency awarded millions of dollars in research funds to laboratories and institutes, especially in the developing countries, to encourage research on using isotopes in biology, medicine, water resources, agriculture, plant breeding, insect and pest control, livestock production, pollution, and food preservation.

How radioactive isotopes came to be used as biological tracers is quite an unappetizing story. In 1911, George de Hevesy, a pioneer in work with radioactive elements who won the Nobel Prize in 1943, reportedly suspected his boarding-house landlady in Manchester, England, of serving recycled food scraps. One day he took a trace of radioactive material from his laboratory and put it in the leftovers on his plate. Sure enough, several days later

when he was served the same dish, he tested it with a gold leaf electroscope and discovered that he was right: The food was radioactive, proving that the landlady recycled table scraps.

Today radioisotopes are an essential part of medical diagnosis and treatment, and new applications continuously being developed. Radiochemicals is a \$65 million-a-year business; and radiopharmaceuticals a \$200 million-a-year business and growing at a yearly rate of 15%.*

Almost every industry today makes use of isotopes, particularly radioisotopes, in some form—as a tracer, as an instrument gauge, or as a chemical catalyst. Radioisotope instruments can make measurements down to a thousandth of an inch without coming into direct contact with the material or substance being measured, need little maintenance, and are economical. For example, a radioisotope gauge in a galvanizing machine can save 10% of the tin used. Thus the cost of the gauge, approximately \$200,000 in the late 1970s, could be recovered within a year.

Similar savings can be realized in other production processes. Gamma radiography, using a source like iridium-192, is used to check the structural integrity of pipes and metal castings without damaging them. Radioisotopes are also used routinely in the making of plastics to graft them to other materials and in geophysical exploration for uranium, oil, and other minerals. Nonradioactive isotopes are used in weapons diagnostics to measure radiation flux density and energy distribution from weapons tests.

* "PSP: The Plasma Separation Process for Isotope Separation," by Steve L. Korn, Laurence N. Harnett, Thomas E. Romesser, and Sol R. Rocklin, *TRW Electronics & Defense/Quest*, Winter 1982-1983, p. 21.

TABLE 3

Current producers of enriched uranium and estimated production data

Producer	Location	Shareholders	Process	Estimated capacity in 1985 (millions of SWU/year)	Estimated price/SWU (1986 \$)	Capital cost per SWU/year of capacity (1986 \$)	Energy cost (1986 \$/SWU)
DOE	Oak Ridge, Tn; Portsmouth, Oh; Paducah, Ky.	USA	Gaseous diffusion	27.3	125-135	300-400	40-80
Eurodif	Tricastin, France	France Italy Belgium Spain Iran	Gaseous diffusion	10.8	90-100	300-400	70-80
Urenco	Capenhurst, England; Almelo, Netherlands; Gronau, W. Germany.	W. Germany U.K. Netherlands	Small gas centrifuges	2	115-130	400-500	3-5
Techsnab	Siberia	USSR	Gaseous diffusion	2.5 ¹	100-125	Unknown	Unknown

1. Capacity available to free-world market.

Source: Lawrence Livermore National Laboratory, "Business Development Opportunities in Laser Applications: Isotope Separation," p. 8.

Except for Urenco, the isotope separation systems used worldwide are based on gaseous diffusion. Urenco uses small gas centrifuges, which have a very small energy cost. Foreign suppliers undercut the DOE not only in price but by providing more flexible contracts.

nological optimism embedded itself in the attitudes and thoughts of important agency policymakers. It became, in a sense, an official doctrine at AEC [Atomic Energy Commission]. There is no evidence that its validity was ever seriously questioned until the mid-1970s. This optimism facilitated fragmentation by lulling policymakers; agency personnel never fully recognized that they might create in a sequential, incremental fashion an elaborate technological structure (civilian nuclear power), only to find that the last pieces could not be made to fit.⁴

U.S. enrichment capacity—some economics

The basic unit of measurement in isotope separation is the SWU or separative work unit, which measures the effort required to enrich a mixture of isotopes of a chemical element with one of the isotopes. The enriched uranium fuel produced by 1 SWU will produce about 70,000 kilowatt hours of electrical power.

Starting with natural uranium, which has a 0.7% content of fissionable U-235 and a 99.3% content of U-238, it re-

quires 275 SWUs to obtain 1 kilogram of uranium that has a 98% content of U-235. For fission reactors, which require 3%-5% of U-235, it takes about 4.12 SWUs to produce a kilogram of enriched uranium. A conventional nuclear power plant of 1,000 megawatts uses approximately 27 metric tons of enriched fuel per year. To look at this figure in SWUs, in 1982, the operation of the 78 U.S. nuclear plants required about 7.08 million SWU. The total capacity for civilian production then (and today) using the gaseous diffusion facilities in Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio was 27.3 million SWU per year.

At present, the DOE price per SWU is \$135, compared with \$110 per SWU offered by the foreign competitors. (Table 3 compares the capacity and price of DOE enrichment to other current producers.) In the 1970s, the Department of Energy planned to expand enrichment capacity on the basis of an expected demand of 120 million SWU per year in 2000. The ins and outs of what happened to these plans is a sad commentary on the United States as a post-industrial nation, especially in comparison to the Manhattan Project determination to get the job done. The initial plan in 1976 was to

TABLE 4

Characteristics of three sizes of AVLIS enrichment plants.

	3 M SWU/y plant	6 M SWU/y plant	12 M SWU/y plant
Annual production (MSWU/y)	3	6	12
Capital cost (1986 \$M)	545	840	1405
Annual operating cost (1986 \$M)	71	113	189
Internal rate of return (%)	17.3	20.4	22.4
Payback period (years)	5	4	4
Net present value @ 15% discount rate (\$M)	74	306	784
(NPV @ 15%) ÷ (Maximum net investment)	0.14	0.39	0.59

Source: Lawrence Livermore National Laboratory, "Business Development Opportunities in Laser Applications: Isotope Separation," p.16.

Lawrence Livermore's projections for output and costs of 3-, 6-, and 12-million SWU AVLIS plants. These would be built on the model of the plant now in its demonstration phase at the lab. There is a 22.6% return on capital investment for the largest plant. The figures given are for a generalized project, without consideration of the specific type of ownership of financing for the project.

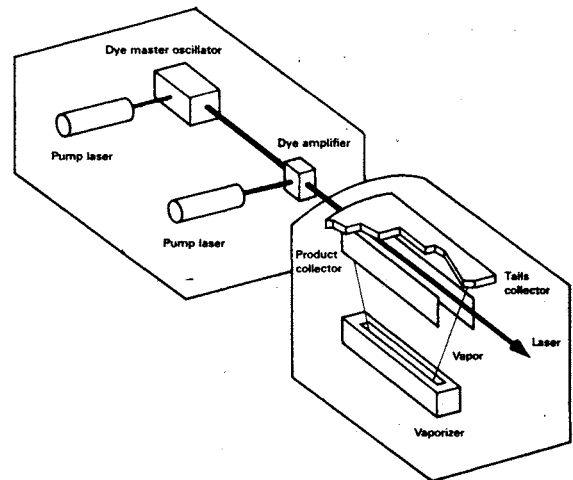
build a Gas Centrifuge Enrichment Plant in Portsmouth, Ohio designed with a capacity of 8.8 million SWUs per year. This was a more efficient separation system with cost advantages over the gaseous diffusion method because it was less electric-power-intensive, using only 4% as much electrical energy. In addition to this initial plant, another 9-million-SWU facility was expected to come on line every 18 months between 1990 and 2000, in order to keep up with the demand. In the late 1970s and early 1980s, the DOE's projection of world enrichment needs supplied by the United States dropped to 20% of the level projected in 1976. The DOE attributes the drop to "reduced demand, the strong U.S. dollar, and the emergence of aggressive foreign suppliers." Equally significant, the DOE says, "the cost of gaseous diffusion enrichment grew rapidly with escalating power costs, thereby providing further opportunities for competitors to make serious inroads into DOE's market share." The result was that the gaseous diffusion plants are operating at about one-third of their combined capacity.

As the projected demand waned, so did the DOE's plans to increase enrichment capacity. The June 1985 DOE report puts it this way: "The new Gas Centrifuge Enrichment Plant mission became to replace rather than augment GDP [gaseous diffusion] capacity with the more economical centrifuge

technology." In other words, the capacity would remain the same; only the technology would change. Then, in the early 1980s, when electricity prices stabilized, the DOE reports that the centrifuge machines no longer appeared "cost competitive," and therefore work on this project was "slowed," while work was accelerated on an advanced gas centrifuge.

By October 1985, a total of \$2.6 billion will have been

Atomic Vapor Laser Isotope Separation (AVLIS)



In contrast to the gaseous diffusion and the gas centrifuge methods of isotope separation, which are based on the tiny mass differences between U-238 and U-235, the Atomic Vapor Laser Isotope Separation exploits an entirely different property of the uranium isotopes: electron energies. U-238 and U-235 have different electron energies, so they absorb different wavelengths of light. AVLIS achieves the enrichment by selectively tuning in to the U-235 wavelength.

The AVLIS process has two major components—a laser system and a separator system. Metallic uranium is melted and vaporized using an electron beam. Dye lasers then produce beams of red-orange light precisely tuned in order to activate the U-235 atoms—giving them a positive charge. These U-235 ions are then extracted electromagnetically, condensing on a product collector. The dye lasers are pumped by copper vapor lasers.

The atoms of U-238 receive no charge and pass through the collector stage. The separated isotopes are then cast and stored in metallic form.

In contrast to the gaseous diffusion and centrifuge system, AVLIS requires only one pass through the process to achieve the required uranium enrichment.

invested in the Gas Centrifuge Enrichment Plant in Portsmouth, construction is 98% complete, and \$40 million in capital would be required to complete the machine installation and startup. Now, however, all work on the centrifuge project has ceased, and this technology was passed over for the more advanced AVLIS system. The DOE Process Evaluation Board noted in making this decision that the reason for the total shutdown, as opposed to a partial operation or a standby status, is that, according to their "business strategy" for the government's enrichment program, there is excess gas diffusion capacity and, because of lower electricity prices, there is a "low marginal cost" of increasing the gas diffusion production if necessary.

"Business" strategy vs. progress

In other words, the DOE's "business" strategy is to abandon the 98-percent-complete, more advanced system because in the DOE's cost/benefit framework of analysis the project would at best "break even" with gearing up the existing, under-utilized gaseous diffusion program to meet any increased need for enriched uranium. The DOE report also stated that the department would work with Congress to explore "alternative, non-enrichment uses" of the existing facilities.

Unfortunately missing from the DOE's business strategy is the concept of how the introduction of advanced technologies into the economy is the driver that moves the entire economy forward at an increasing rate. Although 100 man-years were spent in evaluating AVLIS versus the advanced

centrifuge program, the simple economics of the Apollo program—which, conservatively estimated, returned \$14 to the economy for every \$1 expended—are not considered in the discussion. How many technology spinoffs from AVLIS, or from the TRW Plasma Separation Process, dropped from DOE consideration in the early 1980s, could now be increasing the production of U.S. industry?

Along the same lines, the DOE's evaluations accept without question that the "market" has somehow gutted the U.S. nuclear industry, that this is just a fact of life. Yet by renewing the spirit that informed the Atoms for Peace program, the United States could be resuscitating its dying industry and industrializing the rest of the world by building 3,000 gigawatts of nuclear capacity by the year 2000. The resulting demand for enriched uranium would require a gear-up of the current gaseous diffusion, putting on line the gas centrifuge, and moving full speed ahead with the more advanced separation technologies.

Notes

1. "PSP: The Plasma Separation Process for Isotope Separation," by Steve L. Korn, Laurence N. Harnett, Thomas E. Romesser, and Sol R. Rocklin, *TRW Electronics & Defense/Quest*, p. 21.

2. *Ibid.*, p. 22.

3. Daniel Metlay, consultant for the Office of Technology Assessment, as cited in "Managing the Nation's High Level Commercial Waste," Office of Technology Assessment (Washington, D.C.: U.S. Congress), March 1985, p. 84.

The gas centrifuge method

The use of centrifuges to separate isotopes was proposed as early as 1919 in the laboratory of J.J. Thomson. However, an operating centrifuge was not successfully demonstrated until 1934, by Jesse W. Beams of the University of Virginia. Centrifuges were developed during the Manhattan Project and operated successfully, but the materials were not strong enough to upgrade the device for commercial use. Beams continued to research the method and in 1960 received \$6 million from the Atomic Energy Commission to develop the technology.

In the 1970s, six private firms invested \$100 million each in building centrifuge demonstration facilities and associated research that contributed to the plan for a Gas Centrifuge Enrichment Plant, which

was 98% completed but has now been abandoned by the DOE.

In each centrifuge (a rotor inside an evacuated casing), the uranium hexafluoride is spun at high speeds. The heavier isotope, U-238, tends to collect near the outer walls of the centrifuge where it can be drawn off. The separative effect is increased by an axial countercurrent flow of gas within the centrifuge. The stream of gas enriched with the lighter U-235 then flows to the next stage of higher enrichment, while the stream depleted in U-235 flows to a stage with lower enrichment.

Since each centrifuge can process only a small amount of uranium hexafluoride, a number of units must be connected in a series called a cascade to obtain the desired enrichment. A centrifuge plant requires only about 4% of the power needed for a gaseous diffusion plant—100 megawatts for a plant of 8.8 million SWU capacity. There are also additional savings from the lower amount of water needed for cooling.

Thailand: IMF puts a key ASEAN nation in jeopardy

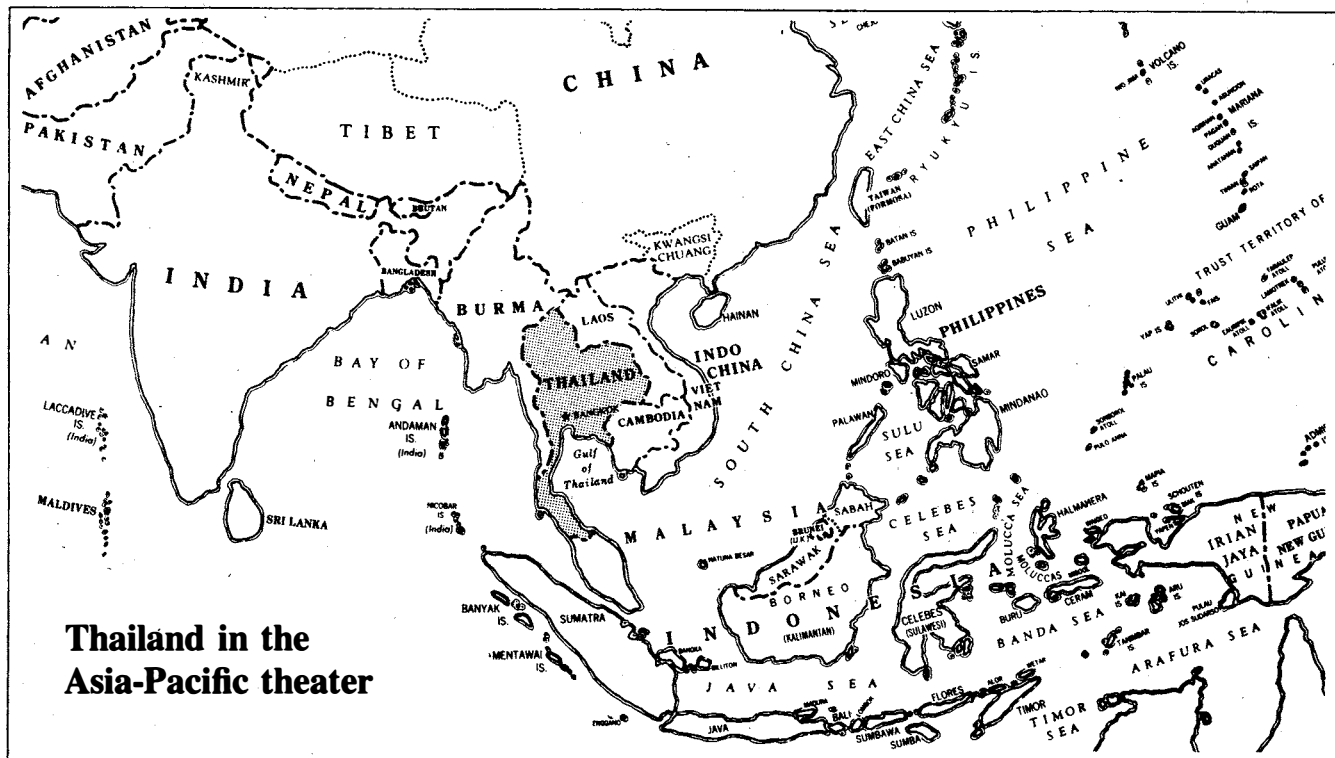
by Uwe Parpart-Henke

Prefatory note: *The following summary analysis was written by the author on the weekend of September 7-8 to introduce a series of articles on the political and economic situation in Thailand as a follow-up to an earlier EIR cover story on the Philippines. One usually has to wait for more than 24 hours to find one's expressed warnings and fears confirmed by the unfolding sequence of events. The Sept. 9 coup attempt in Bangkok, however, provided precisely such confirmation.*

In a recent cover story on the Philippines (*EIR*, Aug. 16, 1985), *EIR* analysts documented that U.S.-supported IMF economic and State Department political policies are principal factors contributing to the dangerous domestic instability of this crucial U.S. Pacific ally. Much as in Central and South America, U.S. foreign economic policy here runs counter to and undermines vital U.S. security interests. This apparently contradictory and baffling U.S. policy pursuit is now in varying degrees affecting all of the ASEAN countries.

In the features below, attention is focused on Thailand, a close ally of the United States since the mid-19th century. The most exposed front-line nation of the ASEAN group, facing military threat from Vietnam and expanding Soviet presence in Indochina, Thailand has nonetheless been the "beneficiary" (i.e., victim) of IMF, World Bank, and Asian Development Bank "recommendations" (i.e., dictates) which have the backing of the U.S. embassy in Bangkok and have brought one of the showcase economies of ASEAN to the brink of collapse.

After five years of valuable stability and steady development of democratic institutions, this has once again produced extremely volatile domestic political conditions and a concomitant precarious external security situation. Suppose the Philippines and Thailand drift and/or are forced out of the strategic economic and security orbit of the United States. The South China Sea, crucial connecting link between the Pacific and Indian Ocean basins, will then have become a Vietnamese-Soviet lake, entirely dominated by Soviet bases at Danang, Cam Ranh Bay, and Kompong Son (Cambodia). Aside from the strategic threat to U.S. Asia-Pacific



interests, this would immediately put Japan's energy and raw materials supply line into jeopardy, in turn forcing Japan into seeking far-reaching accommodation with the U.S.S.R.

Too bleak a scenario? There is no question in this writer's mind that this is the direction in which present U.S. policies are leading us. It would be the extension and disastrous but predictable outcome of a strategic policy sequence initiated by the Kissinger/Nixon 1969 "Guam Doctrine," the 1971-72 "Nixon shocks" (so-called by the Japanese, referring to the 1971 dollar/gold decoupling and the "China Card" policy), the precipitous and irresponsible 1975 U.S. pullout from Southeast Asia, and present IMF/State Department policies.

The security of the six-nation ASEAN-group vis-à-vis Vietnam and regionally deployed Soviet forces cannot be based on the strength of their inadequate and widely dispersed armed forces. In the past decade ASEAN's domestic and external security has been guaranteed by the group's exceptional economic progress. Since 1979-80, this strong economic performance is being increasingly undermined by U.S.-backed IMF/World Bank-imposed economic policies. As a result, Communist insurgents are now finding the ground well-prepared for a strong comeback—most notably in the Philippines, less in Thailand, where the Communist Party has made significant inroads in the trade unions.

As long as they are economically sound and internally stable, the ASEAN nations are not a plausible target for external aggression. Lack of these conditions makes them vulnerable to external pressure and will prompt their governing elites to seek accommodation on terms with the Soviet Union and the PRC. As the Pentagon is once again drawing

up contingency plans against the worst consequences of State Department policy, will we see a replay of the Southeast Asia policy disasters of the 1960s and early 1970s and a replay with different country names substituted of the "Who lost China" debate?

High-ranking State Department officials and policy "consultants" regard as desirable the circumstances described in our above worst-case scenario. Thus former Ambassador William H. Sullivan of Iran fame and now a player in the "Philippines game" states in his autobiography that "we [are], as a nation, deliberately reducing our hegemony and shrinking our international responsibilities to a scope more commensurate with our national capabilities."

Who is "we," and on whose authority is Mr. Sullivan acting in undermining vital U.S. security interests? Perhaps his mentors, Averell Harriman and Henry Kissinger will answer for that.

At present, in preparation for the upcoming Reagan-Gorbachov summit, U.S. Assistant Secretary of State for Pacific and Asian Affairs Paul Wolfowitz is in Moscow with Soviet Asia expert Mikhail Kapitsa to define the rules of the U.S.-Soviet "S.E. Asia game" for the period immediately ahead. The Swiss *Neue Züricher Zeitung* reports that the U.S. and the Soviet Union are concerned to reach an understanding not to let possible regional conflicts spill over into a superpower confrontation. Presumably, then, Mr. Wolfowitz has already accepted the premise that instability and conflict in Southeast Asia are unavoidable. Much as in the Middle East the next step will be to sign the region over to the Soviet sphere of influence—albeit with Chinese complications.

Who pulled the strings in the attempted coup in Thailand?

by Linda de Hoyos

The World Bank and the International Monetary Fund finally reaped the fruits of the harsh austerity program they have imposed on Thailand since the November 1984 devaluation of the baht, when a group of young military officers attempted a coup in Bangkok Sept. 9 against the government of Prime Minister Prem Tinsulanond. The events of the coup were briefly as follows:

The coup began at 3:00 a.m. on the morning of Sept. 9, when rebel troops from the 4th Calvary Regiment of the First Army (the army controlling Bangkok) and the Royal Thai Air Force security force entered the Muan Airport and disarmed Air Force troops there. The call to action for the coup came from Col. Manoon Roopkachorn, leader of the "Young Turks" faction of the military, which staged a coup against the Prem government on April 1, 1981, which also failed. The 4th Calvary Regiment was formerly under his command. Also leading the coup action was Manoon's younger brother, Wing Commander Manas, former battalion chief of the RTAF security force.

Between 3:00 and 4:00 a.m., following the action at the airport, the rebel troops proceeded to force former Supreme Commander Gen. Sern na Nakhon from his home.

At 4:00 a.m., the rebels appeared on the streets of Bangkok with tanks and seized the broadcasting station of the Supreme Command headquarters.

At 7:30 a.m., General Sern, serving as the coup's spokesman, issued the first radio announcement of the coup over Radio Thailand. The statement declared that the "situation is now under the control of the Revolutionary Party. . . . The seizure of power is aimed at overcoming problems facing the country, particularly the aggravating economic woes, and to preserve the constitutional monarchy. HM the King and all members of the Royal Family are now safe and escorted by the Revolutionary Party."

At 8:00 a.m., General Sern announced that the Revolutionary Party had terminated the Constitution B.E.2521, and dissolved the Parliament and Cabinet.

Simultaneously, Deputy Army Commander-in-Chief Gen. Thienchai Sirisamphon broadcast from Radio 01 of the Air Force that all rebel troops were to return to their units on order of the government.

At 9:35 a.m., a firefight ensued as rebel tanks pounded the radio station of the First Army Division. Other rebel tanks seized control of the Mass Communications Organization and commandeered its mobile transmission bus. By 10:25 a.m., other rebel forces had taken control of the Police Headquarters at Paru Sakawan Palace. At 11:30 a.m., fighting erupted in the vicinity of the Central Security Command and the First Division, lasting 15 minutes. But by 12:50 p.m., the government had recaptured Radio Thailand, and the rebels' broadcasting ceased.

Fighting continued, however, around the Central Security Command.

At 2:00 p.m., the government issued a surrender-or-die ultimatum, and ordered Special Warfare Units from Log Buri to proceed toward Bangkok.

At this point, it became clear that other elements had joined the coup. Pathin Thamrongjoi, a member of the State Railways of Thailand Labor Union, and other labor leaders, were encouraging rebel tanks to proceed to re-attack the First Division.

Other senior officers, it also became clear, were in the Supreme Command headquarters with the coup leadership. These were: Gen. Yos Thephasdin Na Ayudhya (ret.); Air Force Commander-in-Chief ACM Praphan Dhupatemiya, whom rebels had reportedly also seized at gunpoint; former prime minister, Gen. Kriangsak Chamonan; and Gen. Bunrit Tantanond.

At 2:00 p.m., it was announced that General Kriangsak and General Yos had fled, or surrendered, to the government side.

Negotiations for full surrender by the coup leaders were reportedly carried out by First Army Regional Commander Lt. Gen. Pichitr Kullavanijaya, and General Yos.

At 3:00 p.m., the coup was officially declared over, as government troops entered the Supreme Command headquarters, the last outpost of the rebels. Colonel Manoon and Colonel Manas were permitted, as per the surrender agreement, to leave the country—Manoon to Singapore and Manas to Burma.

General Yos, General Kriangsak, and ACM Praphan were escorted to their homes by army officers.

Three questions

The sequence of events of the coup raises some immediate questions, which cannot be answered, or only in part. However, they serve as useful guide posts in evaluating the shape of policy conflict in the next days.

First Question: To what extent did the "Young Turks" have the backing of senior or retired senior officers in the armed forces?

Although it would appear that Supreme Commander Arthit Kamleng, who was in Western Europe on the morning of the coup, and First Army Regional Commander Pichitr, who negotiated the Young Turks' surrender, were not involved, this is in fact highly unlikely.

Behind the Young Turks' action is widespread discontent within the military with the Prem government. This discontent erupted into the public eye with the November 1984 devaluation of the baht. General Arthit, who was in Washington when the surprise devaluation was announced, returned to Bangkok to go on national television to denounce the measure as endangering Thailand's national security, to demand an immediate revaluation, and to call for a reshuffle of the government, with his unnamed but primary target being Finance Minister Sommai Hoontrakul, who is also known to oppose the army's acquisition of 12 F-16A jetfighters.

In addition, senior officers signed a petition expressing strong disapproval of the devaluation.

The firm stance of the Prem government forced Arthit and the military to draw back. However, the discontent around this issue could not have abated. In the 10 months since the devaluation, the Thai economy has gone through a convulsion of collapse, a condition that has caused labor and farmer unrest, and created mass unemployment among university graduates, a highly volatile section of the population. The military itself was hard hit by the devaluation—the measure effectively decreased the military budget by 17%, given that the military must rely largely on imported equipment. The devaluation also hit two months before a Vietnamese dry-season offensive which produced the highest level of fighting—involving Thai troops—since Hanoi's 1979 invasion of Kampuchea.

In a subsidiary blow to the military, Sommai's finance ministry declared war on Thailand's chit funds, or chain-letter-type speculation operations, in which much of the military, especially officers of the Air Force, is known to have its holdings.

There is no reason to believe that the discontent within the military against the Prem government has at all died down since 1974.

The likelihood of high-level involvement is even greater in the case of Lieutenant-General Pichitr. His position as Commander of the First Army is one of the most powerful in the Thai military. As it is the First Army which controls

Bangkok, its commander exerts considerable influence over the course of the military intervention into Thai politics. It is highly unlikely that any forces in the First army would have moved without the nod from General Pichitr, especially since those named for involvement in the coup, forced or otherwise, were all retired officers. Without Pichitr's green light, the Young Turks would have known that they would be doomed to fail again.

Pichitr, along with Arthit, was also instrumental in forcing through the reinstatement in early 1983 of many Young Turk officers who had been dismissed after the abortive coup of 1981. And as recently as last summer, when Colonel Manoon was arrested on the charge of attempting to assassinate high government officials, it was Pichitr who personally arranged for his release.

A dramatic move by Pichitr was also not unexpected. In the first week of September, it was announced that Pichitr's arch-rival, Deputy Army Chief of Staff Lt. Gen. Chaovalit Yongchaiyuth had been promoted to army chief of staff, and that Pichitr would not be upgraded, in the annual military reshuffle, approved by Prem and the king. The new positions take effect Oct. 1.

Lastly, the events of the coup itself raise the issue of involvement of the highest echelons of the military. In its first announcement at 7:30 a.m., the Revolutionary Party reported that the king and queen, who were at their summer home in southern Thailand, were being "escorted by the Revolutionary Party." The king's security, carried out by the Internal Peacekeeping Forces, under the command of General Arthit, does not, however, ever appear to have changed hands. Therefore, either the Revolutionary Party was bluffing in order to win the population to the coup, or the Internal Peacekeeping Forces were also *initially* involved in the coup and later withdrew support. If it is the latter, then the question is why. King Bhumibol himself may have ordered a halt to the coup, or there may have been other factors, including disagreements over the distribution of power in a new government.

Second Question: Was there a Soviet factor in the attempted coup?

It has been noted in the Thai press that TASS, the news agency of the Soviet Union, changed its tone of coverage of the coup midstream. TASS first reported the coup in a sympathetic light, stating: "The Revolutionary Party has assumed power with a view to solving numerous problems facing the country, including in the economic field." A report datelined Bangkok later called the Revolutionary Party "conspirators" with little support in the population, adding, "The 'party' offered nothing concrete but merely announced the abrogation of the Constitution and the dissolution of the Parliament."

In fact, in its few hours of existence, the Revolutionary Party had broadcast a detailed listing of what measures it

would take as government, leading with a declaration on labor policy. The program followed the outlines of the Young Turks' anti-corruption, anti-big-business ideology, including calls for social security reform, bringing the unions into co-management of state-sector industries, and increasing labor protection. The program also called for restrictions on big business, immediate land reform, and issued a stern warning against "hoarding and profiteering." On foreign policy, its major point of difference with the Prem government was its emphasis on taking action "to urgently end the conflict in Indochina."

A section of the Thai trade union movement was brought in behind the coup, and labor sources suggest that this action had been planned at least three weeks before Sept. 9. At mid-day, 2,000 trade unionists of the Railways Union, currently locked in a bitter battle with the Prem government, formed a human shield around the rebel tanks on Royal Plaza. The labor action was led by Sawat Lookdote, a former member of the Communist Party of Thailand, and Pratin Thamrongchoi. These leaders have remained in the orbit around the CPT, and according to reliable sources in both labor and government, Soviet funds have been pouring into the union.

These leftist labor leaders, who argue for political trade unionism, also coordinate their activities with the burgeoning peace movement in Thailand, which is directed and funded by the World Council of Churches, a front for the Soviet KGB.

According to some sources, it was the unexpected, "mystery" involvement of the Soviet-backed Railways Union in the coup which was the reason for the pullback by the senior military officers. The surprised military leaders recoiled in fear that they had set off a process they would not be able to control.

Third Question: Was there U.S. State Department involvement in the coup?

The coup occurred one week after U.S. Ambassador to the United Nations Vernon Walters left Bangkok. Walters spent nearly two weeks in Thailand, as part of an Aug. 1-Sept. 1, evidently private trip to Asia, that took him to China, Japan, Singapore, Malaysia, Thailand, and Pakistan. As a former deputy director of the CIA and associate of Henry Kissinger, Walters has a long record of producing upsets in allied governments. Walters met with many Thai leaders during his trip to Bangkok. His major public theme was an attack on Vietnam and the idea of normalization of relations between Washington and Hanoi. Walters also laid down a vitriolic attack on the non-aligned nations, claiming that their votes at the U.N. show them to be "Soviet-aligned." Walters threatened U.S. withdrawal of aid from such governments in retribution.

If the higher echelons of the military were involved in the coup, it is likely that Walters had conveyed U.S. condoning of the action—despite official State Department support for

the Prem government. Such approval for a coup action does not necessarily signify a U.S. vote of confidence in the coup plotters; it could also signify, as State Department actions have demonstrated toward the Philippines, a decision for the destabilization of Thailand.

The State Department is also expected to grant Colonel Manoon's request from Thailand for a visa. Manoon has a home in California, which was his base of operations, until he quietly slipped back into Thailand two months ago.

Cui bono?

The attempted coup on Sept. 9 has shattered the stability of Thailand. Four days later, the state of emergency in Bangkok has not yet been lifted, and Interior Minister Sitthi Jirarote told the press that "the state of emergency cannot be lifted soon if the atmosphere does not improve." Tanks have been wheeled out by the government to guard the Royal Plaza. The repulsing of the coup has resolved none of the key issues behind it, either of personal power or of Thailand's economic collapse. With four people dead, including two non-Thais, and 59 others wounded, the coup also points to the danger of Thailand's reverting to the 1973-76 period, when right-left polarization brought the country to the brink of civil war.

Who benefits from this instability in Thailand? One beneficiary is Thailand's powerful neighbor to the north, the People's Republic of China, whose influence over Thailand has been strengthened by the U.S. strategic withdrawal from the region. The second beneficiary is the Soviet Union, whose military preponderance is growing exponentially in the region with the destabilization of the ASEAN countries. Thailand, and ASEAN, are the losers.

Unless U.S. policy toward its allies rapidly changes, and the United States withdraws its support for the International Monetary Fund, the attempted coup in Thailand may be only the beginning of what is slated for the Southeast Asian countries. On Sept. 12-13, Assistant Secretary of State for Asian and Pacific Affairs Paul Wolfowitz, met with Soviet Deputy Foreign Minister Mikhail Kapitsa on issues of "mutual concern" in Asia, including the Korean peninsula and Indochina. Initial reports from their Sept. 12 meeting indicate that Wolfowitz is engaging in preliminary negotiations with Moscow for a non-intervention agreement in Asia between the two superpowers. This is to guard against miscalculation, as the Soviets and the oligarchy of the West, the powers that stand behind the International Monetary Fund, get down to the business of destroying the sovereignty of the nations in the region through local proxy wars and orchestrated economic collapse.

Such Kissingerian crisis-management agreements have already proven their worth in the Middle East and the Indian subcontinent. For ASEAN, the concurrence of the Kapitsa-Wolfowitz meeting with an attempted coup in Thailand is an ominous signal of what could lie ahead.

Setting the stage: from IMF devaluation to attempted coup

by Sophie Tanapura

The stage for the Sept. 9 attempted coup in Thailand was set by the economic policies the Prem government has been following since it imposed a surprise devaluation of the Thai currency, the baht, in early November 1984. As this report shows, none of the benefits of such a devaluation promised by the International Monetary Fund have materialized. Instead, the IMF-World Bank austerity policies have triggered a chain reaction of economic disintegration. Unless Thai leaders are now able to unite around a program of economic development, centered around the construction of the Kra Canal which would act as the focus for industrialization and trade, the country will face protracted political destabilization as the economic crisis deepens.

November 1984: surprise devaluation

On the night of Nov. 1, 1984, Finance Minister Dommair Hoontrakul called an emergency meeting with senior officials of the Bank of Thailand. The next morning, a 17.3% devaluation of the baht was announced, and the Thai currency was severed from the dollar. The surprise devaluation, it was learned later, was carried out on the recommendation of the International Monetary Fund.

The devaluation followed by one month, Sommai's unprecedented ouster of Bank of Thailand Governor Nukul Proachuabmoh, who had resisted the encroachment of supranational agencies such as the IMF on Thai economic policy-making. Sommai replaced Nukul with his own handpicked appointee, Dr. Kamchorn Sathiruakul. Within the government bureaucracy, the devaluation policy and subsequent austerity measures have been rammed through the policy-making process by a handful of U.S.-trained bureaucrats centered at the National Economic and Social Development Board (NESDB).

The devaluation had been put into effect ostensibly to boost Thai exports by lowering their price. This, in turn, was aimed at lowering Thailand's trade deficit. The measure however, has boomeranged dangerously, failing to reduce the

trade deficit and acting to bring down the economy.

Even according to the incompetent textbook economics endorsed by such institutions as the Wharton School and the Harvard School of Business, the devaluation of the Thai currency has been a disaster. From 1978 to 1980, Thailand's annual exports growth-rate had climbed from 17.1% in 1978, to 29.7% in 1979, and 22.6% in 1980. Imports had risen somewhat faster, 33.8% in 1979 and 28.6% in 1980. In 1981, both import and export growth rates equalized at 8%. But in 1982, as the country weathered a mid-1981 devaluation and as the effects of the high-interest-rate regimen of Federal Reserve Chairman Paul Volcker began to show its effect, Thai exports started shooting downwards, in 1982 by 1.1%, and then by another 11.3% in 1983. In 1982, imports also nosedived by 14.1%. The following year, as imports that had been delayed from 1982's austerity regimen could no longer be postponed, imports shot upwards by 20.6% to new high levels of \$10.3 billion, as exports continued their plummet downward by 11.3%.

In 1984, the situation had already begun to correct itself *before* the devaluation was put into effect. The devaluation occurred at the end of the year. But Thai imports for 1984 registered a slight 0.6% increase, while its exports rebounded by 20.1% to \$7.4 billion. The devaluation of the baht was patently unnecessary.

1984-85: export decrease

The devaluation was not only unnecessary; it has proven to be disastrous to Thailand's production and export profile. The promised improvement of the export of agricultural commodities was nil. Instead, rice exporters and rice mill owners are being forced to continue business even as they are selling polished rice at a loss. Rice mills have been temporarily shutting down all over the country.

Simultaneous with the devaluation, the Wharton School graduates of the NESDB insisted that the Thai government halt subsidies for agricultural products and liberalize prices.

Under the cut-throat system thus introduced, many dealers were forced to sell their products at prices below production costs.

According to the Thai Board of Trade, the dollar value of exports of key agricultural products like rice, tapioca, and rubber, which has decreased since the devaluation, will continue to fall through the rest of 1985. About 4 million tons of Thai rice worth about \$850 million will likely be the total export of rice this year, as opposed to a record 4.6 million tons worth \$960 million in 1983. This is a decline of 13.04% and 11.33% in volume and value, respectively.

For tapioca products, the Bank of Thailand reported that Thailand has successfully explored new markets outside the OECD countries, including the Soviet Union, North Korea, Portugal, and Israel. However, even though this year's tapioca export will top 6.6 million tons at the total value of \$490 million, it is down 4.21% and 20.58% in volume and value, respectively, from 6.89 million tons worth \$615 million last year. As for rubber, world market prices have dropped by 6.25%. About 630,000 tons worth \$480 million is expected to be exported this year, against 591,621 tons worth \$481 million last year.

In all of the three examples cited, it should be noted, the export earning is less per ton exported. In other words, selling cheap has not resulted in a significant increase in the country's revenue in foreign currencies. Rather, it has simply provided a boon for the international cartels dealing in agricultural products.

To top it all off, Thailand among other Asian countries could soon to be hit by a tariff barrier on textiles exports to the United States, if the Thurmond-Jenkins bill is passed and takes effect. Sixty percent of Thailand's textile industry and 80% of Indonesia's would be affected by the Thurmond-Jenkins Textile Protection Act.

Meanwhile, the increase in prices of imports has caused a downturn in industrial production, as prices on imports for manufacturing moved out of reach.

The annual debt service has also skyrocketed because of the devaluation. The Electrical Generating Authority of Thailand, for example, was forced overnight to shoulder an additional 8 billion baht in project costs—more than \$290 million, just by Sommai's whisk of the pen. "The devaluation resulted in bigger debts and the collapse of many firms," reported former EGAT governor Kasame Chatikavanij. "Most of the country's foreign earnings go to purchasing oil and automobiles, and the national income from rice, rubber, and tin is not even enough for buying oil."

At the end of the first quarter of 1985, the finance ministry suddenly discovered that the devaluation had contributed to a 16 billion baht shortfall in revenue. To cover this, the ministry announced plans to revamp the tax structure to raise 21 billion baht more by 1986.

The cabinet agreed upon a 100% increase in excise taxes on liquor and cigarettes; a 10-20% increase in land taxes; and

a 2% hike in service fees on land transactions to 9%. The government also moved to increase taxes on diesel fuel and to slap on an additional 5% tax on fixed deposits. Thai Farmers' Bank Senior Executive Vice-President Narong Srisa-arn warned that the tax would decrease bank deposits, forcing a decline in investment and production. Finance Minister Sommai replied: "In socialist countries, such deposits are considered idle money and subject to higher taxes."

June 1985: IMF standby loan conditions

Following the June 1985 meeting of the IMF in Washington, the green light was given for Thailand to receive an IMF loan of \$585 million as a standby credit. The conditions for the loan had already in large part been carried out: the devaluation of the baht. However, the IMF also urged the government to proceed with its campaign for privatization of state enterprises, first initiated by the World Bank. Given that most of the state-sector industries are by no means unprofitable, the drive for privatization in combination with the devaluation creates a bargain basement sale of Thailand's equity. The IMF standby loan specified that Thailand should make its financial environment more congenial for foreign investors, while keeping a tight hold on domestic credit.

The IMF also pressed for increased prices for public services, including transportation, and advised removal of protective measures for the local import-substitute industries.

On June 18, Finance Minister Sommai pushed through cabinet approval of Thailand's use of its foreign reserves to enter into currency swap agreements. Under this system, Thailand would not use its foreign reserves to invest in building the Thai economy, but would use the funds for speculative purposes in other currencies over a 30-60-day period. Sommai reported that one of the 12 international banks involved in such currency gambling would direct Thailand's swap agreements.

One effect of the coup

From the standpoint of the IMF controllers who have put the Thai economy "in the barrel," one beneficial effect of the attempted coup on Sept. 9 is that the instability it has introduced will tend to blunt any resistance to the austerity rule Finance Minister Sommai has so efficiently introduced. Over the summer months especially, a growing chorus of highly influential voices has risen in Thailand questioning the promises of the IMF and the finance ministry, and demanding that Thailand reject such poor advice and take a new leap in developing its productive economy.

On July 4, R. Kukrit Pramoj, head of the Socialist Action Party and a former prime minister, fielded a straight-on attack on the IMF in parliament. Kukrit charged that the country had ceded its independence in fiscal and monetary policy formulation to the Fund. It is the IMF, he said, which ordered the baht devaluation and the tax increases in April. Thailand must limit its foreign borrowing, which has made it vulner-

able to the IMF, he demanded.

On July 18, highly respected Thai economists held a seminar on "Thailand's Future." Their prognosis: "Thailand's future does not look rosy with the economy in the worst shape it has ever been, a lack of political and national leadership, a misguided educational system, a stagnant bureaucratic system, and dwindling national resources."

The participating panel was composed of former Foreign Ministry Permanent Secretary Anand Panyarachun, Bangkok Bank executive board chairman Dr. Amnuay Virawan, and Social Action Party Deputy leader Dr. Kasem Sirisirsamphan.

Anand, now president of the Saha Union Company, reported that the Thai economy has ceased to grow at a time when there are 80,000 unemployed graduates and about 700,000 unemployed in total. Dr. Amnuay further pointed out that the budget allocation for 1986 designates 50% of the budget to the military and to service on foreign debts, leaving next to nothing for the expansion of the economy.

"Twenty years ago," Dr. Amnuay pointed out at the July 22 seminar, Thailand "was on a par with South Korea and Singapore as far as technology goes. But they strived to develop their own technology and this is where they have the advantage. Korea has a slightly smaller population than we do, but they have 23 times more scientists and technicians than we. We, on the other hand, have 6 times as many social scientists as they do."

What Thailand requires, said Amnuay, is good leadership, "someone who will dare to speak and dare to do things."

The seminar drew a quick response from the World Bank. On July 25, World Bank official Andrew Speer worried out loud in the press that "recent comments forecasting a gloomy future for Thailand's economy could prompt what they see as harmful changes to the structural adjustment policy, better known as belt-tightening," reported one Thai daily. The World Bank officials stationed in Bangkok, reportedly "fear that criticism of the government's handling of the economy may force economic ministers to seek a 'quick fix' to tackle politically embarrassing problems such as recession and unemployment."

Simultaneously, a public dispute broke out between Minister of Communications Samak Sundaravej, a strong supporter of the Kra Canal, and the World Bank. Minister Samak announced to the press July 16 that, unless the World Bank agreed to change its provisions for contractor responsibility in its recent agreements, "we will seek financing from other alternative sources."

On July 27, a World Bank senior loan officer publicly attacked Samak, demanding that he raise railway fares by 15%, close "uneconomic" lines, and reduce the workforce on the State Railway of Thailand. Samak refused, declaring publicly: "So long as I remain the Minister of Communications, I will find my own way to improve the operation of the State Railways without relying any more on World Bank

loans, which charge high interest rates and put the borrower at a disadvantage."

Thailand's development plans do not have to rely on the World Bank's support and loans, Minister Samak said. He added that if the conditions of the World Bank loan for the river dredging were unacceptable to Thailand, the government would look for other sources of assistance. Ongoing projects under the jurisdiction of the communications ministry, he said, will not seek further World Bank loans.

The positive proposals put forward for dealing with the economy are twofold: the construction of the Kra Canal in southern Thailand, and the creation of an ASEAN free market, whereby the ASEAN countries would pool their resources for joint projects to develop their economies.

The Kra Canal, an old idea revived in 1983 by the U.S.-based Fusion Energy Foundation, would provide the vehicle for developing the highly underdeveloped region of southern Thailand, and the creation of a superport at Songkla would open whole new areas of expansion for Thai trade and employment. The proposed canal is now the subject of study for a parliamentary commission, which is expected to pass high recommendations for the project within the next month. In addition, the Democratic Party has called for inclusion of the Kra Canal in the Sixth Five-Year Plan.

On Sept. 2, the Harvard-trained technocrats of the NESDB stripe registered their extreme worry that the Kra Canal might go through. In an article in the *Bangkok Post*, Professor Surrin of Thammasat University warned that if the canal should go through—which he expects unless a campaign of opposition is mounted against it—it will destroy Thailand's security and break the solidarity of the ASEAN nations. Surrin cited as his authority the British, who stipulated in a now-abrogated treaty, signed after World War II, that Thailand could never build the Kra Canal without Britain's permission, since such a canal might have effects on British-held Singapore.

The concept for ASEAN integration was put forward on Aug. 6 by Kukrit. In a press conference, the former prime minister called for an ASEAN heads-of-state summit to discuss the deterioration of the region's economies. The purpose of the summit, he said, should not only formulate the outlines for an ASEAN economic treaty and common market. The summit must send a "strong warning," Kukrit said, to the industrialized countries that the ASEAN countries, with their 285 million people, will "not watch the fruits of their development destroyed by international economic deterioration and growing protectionism."

It may not be at all relevant that on, Sept. 9, Thai Prime Minister Prem was in Jakarta, Indonesia, meeting with President Suharto on how to organize the summit Kukrit had called for and proceed with plans for drawing together what would be, in effect, an ASEAN economic defense pact. It is just such initiatives that those who seek to destabilize ASEAN are determined to forestall.

'Peace movement' launched in Thailand as Soviets up the pressure on Japan

by Pakdee Tanapura

Soviet Marshal Vasilii I. Petrov, the first deputy defense minister and former chief of the Far East High Command, attacked the Japanese government of Prime Minister Yasuhiro Nakasone for its alleged "revanchist aspirations," in an article published Sept. 1 in the Soviet Armed Forces newspaper *Krasnaya Zvezda*. Petrov stated: "The Soviet people cannot ignore the increasing attempts to turn Japan into an American nuclear base and to increase her military roles in the alliance system with the U.S.A. . . . Obviously, not everybody drew the proper conclusions from the lessons of the Second World War and the nuclear bombardments of Hiroshima and Nagasaki." This warning was delivered on the occasion of the 40th anniversary of the Japanese defeat.

On the same occasion, a "peace initiative" was launched by dubious religious groups in Thailand, as a takeoff point for a similar offensive throughout Southeast Asia. The movement is being led by the World Council of Churches and the Church of Christ in Thailand, which were in the forefront of organizing "peace week" exhibitions and conferences in the two most important universities in Bangkok, Chulalongkorn and Thammasart. Starting on Aug. 6, a week of public debates was organized at the Buddhist pavilion at Chulalongkorn University. A Rolling Stones-style rock concert was also given, dedicated to "peace-loving people." The Bangkok Student Christian Center, affiliated with the World Council of Churches and the Church of Christ in Thailand, organized an exhibit dramatizing war's destructiveness and calling for unilateral disarmament by the Western countries. Cartoon movies calling for peace, made in an Eastern European country and distributed by the United Nations, were shown to young students.

Apart from the World Council of Churches, Buddhist groupings such as Santi Ashoka and Dammakai participated in a street demonstration and the week's debates. These two Buddhist fundamentalist groups are known to be notorious dissidents within the Thai Buddhist hierarchies. Their aim is to achieve a sacerdotal state in Thailand, based on rules and regulations laid down in the *Traipeekok*, the bible of the Buddhist religion, written by monks more than 2,000 years ago, after the death of Buddha. These groups are considered by the Thai government's Religious Department as potentially subversive.

Also joining the fray was Dr. Chaiwat Osathannand, a leading Moslem intellectual and assistant professor at the

A new "peace movement" has been launched to destabilize Thailand, with the sponsorship of the World Council of Churches, and to the advantage of the Soviet Union. Like its counterpart in the West, the "peace movement" is pushing a program that rejects nuclear power and high-technology development, in favor of the World Bank's model of rural, small-unit economics and zero population growth.

Faculty of Political Science at the Thammasat University, who was appointed to lead the "peace week" debates and conferences. Dr. Chaiwat, a known sympathizer of the "Islamic Republic" of Iran's Ayatollah Khomeini, called for a crusade against the military build-up in Thailand, which includes Thailand's purchasing 12 F-16 jet fighters from the United States. Chaiwat endorsed the development of a nuclear-free zone in Southeast Asia.

In order to give intellectual authority to the "peace" drive, the Chulalongkorn University-affiliated International Institute for Strategic Studies, which is modeled on the British IISS, had two important participants in the event, Prince Dr. Sukumphan Boriphatra, the Institute's deputy director, and Surachat Bamrunghong, a senior researcher there.

Prince Sukumphan, in his presentation, explained that nuclear armaments must be controlled by controlling the civilian use of nuclear energy. By supporting the Nuclear Non-Proliferation Treaty of 1967, he expressed his oligarchical view of how to stop developing countries from acquiring nuclear technologies. For him, there is no difference between nuclear weapons and nuclear technologies; to contain the expansion of nuclear weapons "horizontally," one has to limit the development of civilian nuclear power plants.

As for Surachat, he hailed the the peace groups in Eu-

rope—the Campaign for Nuclear Disarmament in England, the Green Party in Germany and the Comité pour le Désarmement Nucléaire in France—for their intention to “seek peace and understanding among nations.” Whitewashing the true intentions of the Soviet-backed controllers of these groups, he declared, “Most of these organizations are for peace, they oppose nuclear weapons and they don’t have any intention of breaking with NATO.”

One of the most important inputs into “peace week” in Bangkok was the participation of pro-Chinese Communist Party elements. Thaweeep Voradilok, a long-time Chinese Communist sympathizer, took part in a debate on the history of the peace movement in Thailand. The peace movement started in the 1950s, as an outgrowth of Bertrand Russell’s Peace Tribunal and the Stockholm ban-the-bomb call. This coincided with growing pressure on the Thai government not to participate in the war against North Korea. The leading members of this current were Kulab Saipradit, Krong Chandawong, Suveat Voradilok (Thaweeep’s older brother), and Prasert Sabsunthorn—all later determined to be prominent members of the Communist Party of Thailand. They were arrested by the Thai government of Prime Minister Marshal P. Piboonsongkarm, along with editors of Chinese-language newspapers and directors of a major Chinese school in Bangkok.

The subversive Professor Sulak

Thereal “godfather” of the “peace week” was Prof. Sulak Sivalak, an Oxford-trained lawyer who became known in Thailand and internationally as an expert on Theravada Buddhism. Professor Sulak has often been invited to give lectures in Japan, China, the United States, and Western Europe. In the United States, he has frequently been invited to speak at the Harvard Divinity School and the East-West Center in Hawaii. He has established contacts with the Green and “peace” movements in Western Europe. He has close contacts with Swiss “dissident” theologian Hans Küng and the Thai-German Dialogue group at Tübingen University in West Germany. He was a participant in the 1983 Vancouver World Council of Churches conference, which representatives of the Russian Orthodox Church attended *en masse*, to condemn the United States and President Reagan’s Strategic Defense Initiative.

Professor Sulak was arrested last year on the charge of *lèse majesté*, for his attacks against the Royal Family. When released, he found his popularity boosted among students and political activists. According to an inside source, the Thai government was pressured to release him by U.S. State Department Undersecretary Richard Armitage, who told the Thai government that it would be dangerous to keep Sulak in jail, because this could create riots among students. Professor Sulak is active in sending Thai activists abroad to work with sundry religious organizations; in a recent case, he sent a former communist defector to study with the Comité Catholique Contre la Fain et pour le Développement in France, an

outfit controlled by the Jesuits and known to be giving support to terrorists in the Third World.

In a public conference in Bangkok recently, Professor Sulak launched an attack against the so-called Gang of Four rapidly developing countries—South Korea, Japan, Taiwan, and Singapore—as a bad model for development, saying that Thailand should look instead toward the Burmese model of self-reliance. He called for stopping all industrial projects and turning Thailand toward rural, small-unit development.

The fact that the Thai government has ignored repeated scurrilous attacks from “peace movement” figures against high-ranking military officials shows that some high officials in the government are trying to use the peaceniks in their own political power game.

Just a week later, on July 25, a high-ranking official of the World Bank, Andrew Speer, stated in a press conference that the major problem the World Bank had to confront among the Pacific rim countries was that everybody wanted to imitate the “Gang of Four”!

The emergence of the peace movement in Thailand shows just the tip of the iceberg of the faction fights brewing inside various institutions of the country. The fact that the Thai government has ignored repeated scurrilous attacks from “peace movement” figures against high-ranking military officials shows that some high officials in the government are trying to use the peaceniks in their own political power game. Moreover, there are rumors that the Department of Social Welfare will take active part in a similar, if not more spectacular, “peace offensive” next year. This in turn will open the way to different religious groups to rally support from the student movements which would, in the near future, turn against the government itself.

These developments occur amid the recent break-up of the ANZUS military pact by the Labour governments of New Zealand and Australia, and the Soviet bid for domination of the southern Pacific. The Philippines government of President Ferdinand Marcos is under heavy attack, with the object, in part, of removing the most important U.S. bases, the Clark Air Base and the Subic Bay Naval Base. The spread of the “peace movement” and the destabilization of Thailand will only aggravate the U.S. position and allow the Soviet Union, with little effort, to gain major influence in the Pacific region as a whole.

Ibero-American war on drugs needs more U.S. aid

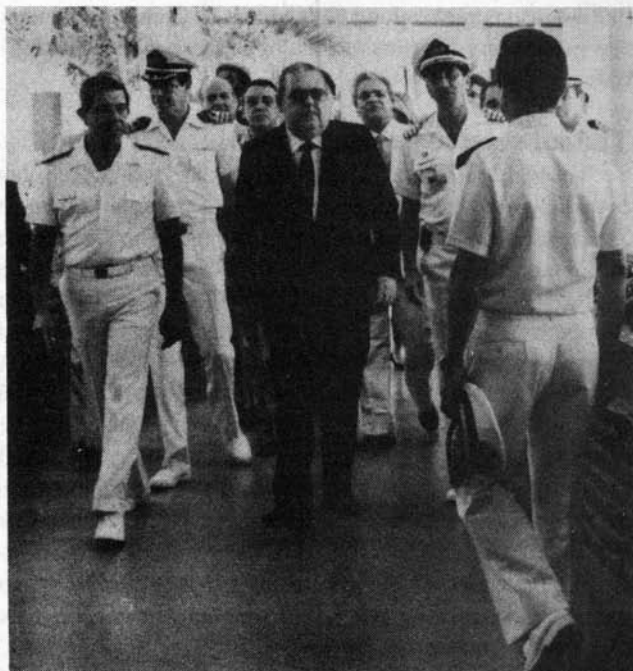
by Valerie Rush

In the aftermath of the First Interamerican Naval Conference on Drugs held in Caracas Aug. 26-30, the continent's ongoing battle against the drug mafias has greatly intensified. Collaboration among the Ibero-American nations has tightened against the common enemy, but the Reagan administration continues to be the subject of criticism and to receive appeals from its neighbors to shoulder its share of the burden. In what is rapidly becoming a full-scale shooting war in many nations, the Reagan administration has spoken of support, but has yet to provide material aid commensurate with the need.

Peruvian Deputy Minister of the Interior Agustin Mantilla, quoted in the Sept. 8 edition of the daily *Expreso*, declared that serious and tangible U.S. backing for the fight against drugs was critical to its success. "To the extent that they support us, materially and logistically, we will be able to be more effective in this task, given that the cocaine trade not only affects Peru, but them as well."

A Peruvian diplomat in Bogota, Colombia, told the press that the United States must accept some blame for the drug plague ravaging the hemisphere, since "the extremely modern installations that the drug traffickers set up in Caballococha would not have been possible without the capital and the technology of the North Americans. . . . The underground [drug] warehouses, truly masterworks of engineering constructed on not very suitable terrain, also could not have been built without U.S. technology."

Peruvian Interior Minister Abel Salinas told British radio on Sept. 11: "If we speak honestly and seriously, I must say that we still consider the anti-drug aid offered us by the U.S. to be very meager." He added that, given the fact that it is the youth of the Western nations who are the ones consuming the drugs, "there must exist a co-responsibility among the



Venezuelan Justice Minister Manzo González with the heads of Ibero-America's navies, at the Inter-American Naval Conference in Caracas Aug. 20-30.

rulers of the nations in the fight against the drug traffic." Salinas also pointed out that, while some of the profits of the drug trade remain in the country, the majority leaves the country to reside "surely in the secret vaults of many Western banks."

Peruvian President Alan García will be traveling to New York in mid-September to participate in the U.N. General Assembly. His speech, it is reported, will focus heavily on

the debt and drug problems of the hemisphere, and will urge closer collaboration between the United States and Ibero-America in resolving these problems.

Drug war spreads

The push for closer collaboration in the continental war on drugs stressed at the Caracas naval conference appears to be yielding results. Peruvian Interior Minister Abel Salinas reports that a "subregional front" in which Bolivia, Colombia, and Peru would participate, was being formed to battle the drug mafia. The Colombian daily *El Espectador* of Sept. 6 reports that the national police departments of Colombia, Venezuela, Ecuador, Peru, and Bolivia—the entire Andean region—have begun an ongoing interchange of intelligence and support in joint anti-drug operations, with Colombian President Belisario Betancur coordinating.

Venezuela's deputy justice minister, Sonia Sgambatti, and deputy foreign relations minister, German Nava Carrillo, arrived in Brazil on Sept. 3, where a plan for Brazilian-Venezuelan collaboration against the drug trade will be hammered out. Colombia's ambassador to Peru, Diego Tovar Concha, declared on Sept. 1 that the Betancur and Garcia governments will get "closer and closer" in their anti-drug efforts. "The economies of Colombia and Peru cannot be implicitly dominated by the power of the drug-dollar. . . . We have no means of organizing our economies if they are torpedoed by the drug dollar."

Inside Peru itself, where the battle against the drug mafia is currently at its height, 8 more police generals and 118 colonels were dismissed by the Garcia government. Although connections to the drug trade were not specifically cited as the reason for their dismissal, the more inclusive term "corruption" was being loudly whispered.

Important heads are expected to roll as anti-drug investigations continue. The Peruvian daily *El Popular* reported, "The investigative commission of the 'Villa Coca' case has discovered incredible evidence compromising many individuals from the political world. The mafia of [Reynaldo] Rodriguez, who is just one of the drug trade's godfathers, absorbed the most solvent businessmen and politicians of the previous regime. When the investigations end, various ex-ministers, ex-congressmen, diplomats, hundreds of industrialists, hundreds of high officials of the public administration, and, of course, many generals of the investigative police and civil guard, should be in jail."

The Garcia administration's decision in early September not to renew the appointment of Peruvian Central Bank director Richard Webb Duarte must be seen in this context. While Webb is publicly blamed for drastic collapse in Peru's money supply, it is known that Webb turned a blind eye to the vast flows of "narco-dollars" that nearly sank the Peruvian economy. Webb is a member of the executive council of the Institute for Freedom and Democracy (ILD) of Peru, which publicly advocates legalization of Peru's "informal" economy.

'The peace of the world is at stake'

The following are excerpts from the speech presented by the head of Venezuela's National Commission Against Drug Abuse, Dr. Bayardo Ramirez Monagas.

. . . We, on the American continent—and today I want to refer to it as the American continent, to include the United States—this great giant of democracy is still asleep regarding a geopolitical strategy on drugs for the continent, because it continues to view it as nothing more than a problem of public health. Yesterday, or the day before, I had the honor of a telephone conversation by satellite with U.S. Attorney-General Edward [sic] Meese, and when he spoke he presented the problem of the public health of the people as related to the problem of the drug trade. . . .

We speak of the "scourge" of drugs; when we speak of a scourge we are losing the concept of the "global phenomenon" of drugs. When we speak of "global phenomenon" we are using a professional concept which all disciplines and social sciences require to be able to fight this global phenomenon. When we speak of "scourge," we are speaking from a psychological position of defeat; scourge is a calamity, hunger in Africa, the product of a drought is a scourge. The drug trade is not a scourge, it is activated and organized by the giant multinational and transnational organizations of crime, and it must be fought with organization.

We must have a professional approach, from the military, law-enforcement, juridical, and medical-sanitary point of view, of what a "global phenomenon" is. We cannot continue to behave on an emotional level, as if it comes to us as "punishment" visited on us like the Seven Plagues of Egypt. . . . Were we to merely pose the problem of drug traffic and consumption . . . as a problem of public health, it would appear that the blame for the existence of the drug trade should fall on the consumer, which isn't so. . . . It is the drug trafficker, with his market of supply and demand, which controls the behavior of the people and transforms their way of thinking and their habits, introducing something so powerful that we always forget from the functional and medical-sanitary standpoint that drugs are a powerful commodity.

What is the idea. . . ? That we begin to take a geopolitical approach to security and defense. . . . The United States of North America, which is a democracy of more than 200 years

I have always deeply believed that the greatest achievements of man would never have been accomplished without the sacrifice of blood. And if our armed forces do not intervene, our underdeveloped police forces will be unable to defeat the giant organizations.

with a powerful economy and great resiliency that sustained it throughout the Vietnam war, yet still has one death every day because the Vietnam war continues through the drug trade, has not changed its concept to that of security and defense and the sovereignty of the people. This is one of the entreaties I wish to make today. . . .

The consumption and traffic of drugs is *not* the ethnic consumption of the Peruvian and Bolivian Indian who is disappearing from history; this "global phenomenon" of the drug trade is not the magical-religious and cultural consumption of the Bolivian and Peruvian Indian. It is an entirely different thing. . . . It is the Spanish conquistador who for the first time discovered the socio-economic connotation of drugs and used it to exploit the mines. . . .

And later it was the British, who corrupted the Chinese people. We were always made to believe it was the Chinese who brought us opium. I remember in my youth, when we were reading Jean Cocteau's *Opium*, when we read all the European literature on the decadence of the artists who consumed drugs in Europe of the '30s and which was to come to us in the '50s. And when we thought "opium," the image of a Chinaman came to us. And this disinformation never allowed us to learn that it was the British who were the second ones to manage drugs worldwide as it is managed now: as a neo-colonial element of domination. . . . It is no longer nations which become neo-colonial conquistadors; it is the transnational structure of organized crime which is going to seize the sovereignty and the economies of the people to conduct their vast enterprise of drug sales.

What is the other error we make? We speak of the drug trade as merely a crime. . . . a crime of public health. Wait a moment! Within the framework of law there are multiple-offense crimes, because they offend our sovereignty, our cultural values, our development; they go beyond the ethical-judicial framework to become assaults on the identities of peoples. . . .

It is more complicated still, because it is a factor of dependency, a powerful commodity. . . . The drug trade manages more than \$200 billion clandestinely, while the oil industry involves some \$165 billion, and the GNP of the

countries of the West an average of \$75 billion. While the steel industry of the United States, which is one of the most powerful in the world, operates with \$25 billion, this clearly demonstrates that if these \$200 billion were in a clandestine market they would collapse the world economy, as Fidel Castro hoped that by our not paying the debt we would collapse the world economy. Therefore, this money acts as a factor of dependency, because it enervates all that belongs to the world's legal economy. . . .

And the nations lose foreign exchange, which goes abroad, and lose taxes and are unable to consolidate themselves as legal economies. The clearest example is the neighborhood where people live off the drug trade. They will never be shoemakers, nor artisans, nor industrialists. . . .

It corrupts all the possible structures of states, at every level of power, and reduces the armed capacity of the State. Here is the point I wanted to get to: Every armed institution has one fundamental characteristic: If there is not subordination, obedience, and discipline, there is no armed institution. It doesn't matter what the philosophic context, be it Marxist, socialist, monarchical, totalitarian, or democratic. . . . There must be subordination, obedience, and discipline. Here is the fundamental basis for the deterioration of the armed institutions when drug consumption is introduced. It is not a war, a war isn't necessary, it is slow, subtle, and cautious undermining. . . .

We don't deny, we don't want to be misinterpreted; [drugs are] a grave problem of public health. . . . Without public health the people cannot develop. . . . [Drugs] assault our sovereignty, the integrity of the nation, and its spiritual values. Why? Because present-day man hardly reads, because our Latin American people have almost lost the golden thread of integration, because all of our youth are going to immediately be motivated by the underground sub-culture, which changes us and attacks even language, which is the spiritual unity of the people. . . .

So we must view it now as a security problem; if we can unite the navies in the "Unitas" maneuvers and in multiple other operations to demonstrate that we will defend the hemisphere, why not unite our armed forces to fight the common enemy which is the drug trafficker who assaults the social and economic stability of all the people? Why not use our navies and our armies, to test their competence, their training capabilities against this common enemy? Why not attack [the drug trade] in the Caribbean zone with our ships, our equipment, and our armies if it is an enemy? Our foreign debt is also at stake. What do they want us to do? Pay our foreign debt with the drug trade?

. . . Until the armed institutions intervene, we will never defeat the drug traffickers. I am no anarchist, but I have always deeply believed that the greatest achievements of man would never have been accomplished without the sacrifice of blood. And if our armed forces do not intervene, our underdeveloped police forces will be unable to defeat the giant transnational organizations, with their technical equipment,

their security capability, their accountants and economists. . . .

Latin America owes \$360 billion, of which we must pay \$40 billion for debt service. It is a very serious problem, and if we add to it the drug trade, there will be no chance for the economies to develop, to become stable nations with the development of industry and technology. Because everything is consumed by the drugs, everyone will invest in drugs and if there is no oil, there is [cocaine], the white oil. . . .

. . . An in-depth geopolitical study must be made, in which the United States must be united with Latin America . . . from the point of view of the security and defense of the progress of the hemisphere. Because although you may not want to accept it, it is perhaps we, the Latin Americans, who are going to have to save the world, who will contribute the ideas, because we should not lose our creative capacity, our capacity to propose new ideas to resolve problems. . . .

[The United States] has its share of the blame, as we also have ours. But we Latin Americans must begin to take responsibility within the geopolitical context of the continent for the drug traffic problem. . . . For the first time we are saying to the world, we Latin Americans, we the underdeveloped, we the Indians . . . say to the entire world that this is a problem of security and defense, not a problem of public health, in which the peace of the world is at stake.

The following are excerpts from the speech presented by Venezuelan Justice Minister Jose Manzo González to the First Interamerican Naval Conference on Drugs.

. . . Remember in the past war what was called the Fifth Column, that is, the nationals of a country who acted in favor of the watchword of Nazism to undermine, to weaken, to question the institutions of that country as the step toward invasion. . . ? Well, the drug traffic with the specific characteristics of its management and its activities and for the damage it causes, serves the same purpose as the Nazis Fifth Column in the last world war.

That is why the armed forces of our different countries, and the navy as one of its most important branches, must act in the vanguard of the fight against the drug trade, because from a constitutional viewpoint, the armed forces make up the foundation and vanguard against any such direct threat against our institutions. It would be inconceivable in a country where its armed forces have the duty to defend its territorial integrity, its sovereignty, and the functioning of its democratic institutions, for [the military] to be marginalized from such an important, vital, and essential battle.

. . . Imagine the price on the coasts of the United States of 70 metric tons of cocaine, that is, 70,000 kilos of cocaine. Imagine the price of 40,000 kilos of heroin, and 150,000 kilos of marijuana. There is no national police, no national armed forces which, if it does not act in coordination, if it does not act jointly, while respecting the legal and constitutional characteristics of every country, would be able to de-

stroy that which is no longer a mere threat but is a concrete and real fact.

Not to act in mutual cooperation is virtually a crime, if we are facing figures of this magnitude. And this cooperation and this coordination and this mutual aid must be not only from what we call the producer nations, as is the case of Latin America, of Bolivia, as in the case of Peru and in Colombia, where they are dismantling important laboratories, but where, unfortunately, they continue to produce, demonstrating yet again that the power of national authorities is not strong enough to destroy the danger by reducing it to its minimum consequences.

Joint action and collaboration must also come from countries like ours, which are not merely producers, but also users, since, of the drugs that arrive on the coasts of the United States, part remains here to poison our population. At this moment, I remember an important fact from the past world war. . . . I remember that in the past world war a battle where the naval forces of the warring powers played an extraordinarily important role, the so-called battle of the Atlantic. We all know that the triumph over Nazism was a combined action of the allied powers, and that in that fight the United States, putting its industrial capacity at the service of war production, was able to provide the indispensable weapons to the theaters of battle in Europe, Africa, and the Orient. . . .

In this era of the great technological and scientific advances, if we put even a part of these at the service of this war, at the service of the fight against the drug trade, we would be able to destroy or at least reduce it to nearly nothing, not merely because moral, political, and institutional right is on our side, but because, however large their financial resources may be, they could never be as large as the combined resources of all the countries of Latin America with the collaboration of the United States of America. All that is lacking is decision, will, the firm, sincere, and loyal will to coordinate efforts, to coordinate the task of intelligence, of repression, of technical and financial aid. . . .

The foreign debt, hunger, misery, crime, and the drug trade seem to me, seen from a distance and without further analysis, an extraordinarily dangerous combination which meets the interests of neither the United States nor of our countries, and our duty, the duty of those patriots who love the fundamental values of our culture—freedom, democracy, social progress, the strengthening of our institutions—is to bring these about.

We face a situation . . . which threatens our civilization. And if it threatens our civilization, we have the patriotic duty to fight it; we have no other option. This war has no armistice, this war has no moment of peace, this war cannot end with a treaty, this war has no return, this war can have nothing but victory, our victory, the victory of the nationalist democratic forces of the entire continent, against an enemy more dangerous or as dangerous as Nazism. We cannot avoid this war. . . .

Soviets set out to bully Japan

By Clifford Gaddy

Some of the leading figures of the Soviet High Command have been treating Japan, in 1985, as if it were Japan in 1935. Using the 40th anniversary of the defeat of Japan in World War II as a pretext, these Russian military commanders are creating a climate of psychological terror, paired with brute military force, to "Finlandize" the present-day government of Japan in much the same way that Moscow has been approaching Western Europe. The difference is only that in the Japanese case, the Soviets intend to push the process much faster.

In the early days of September—40 years after the Japanese signed the documents of unconditional surrender aboard the battleship Missouri on Sept. 2, 1945—Russian military spokesmen from Defense Minister Sergei Sokolov on down, took to the pages of the Soviet dailies and gave nationally televised speeches declaring that modern-day Japan is rapidly repeating the 1930s process that led to its wars of conquest in the Pacific. With a straight face, the Soviets are going so far as to declare that Japan is preparing a nuclear attack on the U.S.S.R.!

The reality, of course, is that the Soviet Union in the past 6-7 years has built up an unprecedented offensive capability in the Far East, and targeted that capability mainly against Japan. For that reason, it is especially ironic that the most outrageous accusations leveled against Japan were made in a Sept. 1 article in the Defense Ministry daily, *Krasnaya Zvezda* (*Red Star*), by the man who perhaps bears more immediate personal responsibility for the Soviet Far East build-up than any other, Marshal Vasilii Petrov.

Petrov is the former commander of the Soviet Ground Forces and was promoted to the post of First Deputy Defense Minister at the beginning of this year. But his actual responsibility is the Soviet Far East.

After a 20-year career there, rising through a series of field commands to four-star general commanding the Far Eastern Military District, Petrov was chosen in early 1979 to re-establish and head the High Command Far East—a step which marked the launching of the Soviet drive for definitive supremacy in the region.

The setting up of such a high command was an ominous move. It had previously only existed during wartime—the

Second World War and the Korean War.

Under Petrov's supervision—first directly on the scene, and later indirectly—Moscow has put in place a missile installations, a force of 55 divisions (well over half a million men), and nearly 2,500 combat aircraft, plus another 500 helicopters.

In his *Krasnaya Zvezda* article, Petrov dispenses quickly with an account of the Soviet fighting against Japan in World War II (the pretext for the article) and proceeds to his real topic: a series of threats and warnings to Tokyo today: "One of the most important lessons and results of the war was that the Far Eastern aggressor suffered not merely a military and political, but also an economic defeat. . . . As the history of the Japanese military seizures convincingly confirmed, Japan has neither the territory nor the resources to wage war against a powerful adversary."

Having thus defined the futility of any efforts on the part of modern-day Japan to defend itself against the most likely "powerful adversary" in the area, Petrov goes on to explain why the Soviet Union is nevertheless "threatened" by Japan.

"The forces of militarism and revanchism" are growing again, and they have "set themselves the goal of revising the outcome of the war and bringing about 'the rebirth of Greater Japan.'" The marshal continues: "Right now, there is a great deal in Japan that reminds one of a repetition of the past. There is an intensification of the same economic, social, and political processes that once led Japan to militarize the entire life of the country. Building up its military and economic potential, Japan has now become . . . one of the main centers of world imperialism."

Sounds frightening, except, of course, for the fact that this "main center of world imperialism," "militarist" Japan, devotes as much of its resources to military as do such world powers as Iceland, Luxemburg, Barbados, and Lesotho. Clearly a level of "militarism" to make a nuclear global superpower tremble.

According to Marshal Petrov, these "militarists" in Tokyo are working hand-in-hand with the United States to transform Japan into an "American nuclear base" and to integrate it into "a new NATO-like military bloc structure in the Asian-Pacific region, the kernel of which would be an American-Japanese-South Korean aggressive alliance. All this runs counter to the vital interests of the peoples of Asia and the Japanese people itself."

Could they be regarded as mere propaganda, the absurd allegations of Marshal Petrov regarding Japanese military potential and intentions could be ignored. However, they are accompanied by the kind of threat that no nation can ignore. In his characteristically brutal style, Petrov—a man known to be more arrogant and imperious in his manner than even Nikolai Ogarkov—concludes that because certain people in Japan are in favor of more defense spending, "it is obvious that not everyone has drawn the proper conclusions from the lessons of the Second World War and the atomic bombings of Hiroshima and Nagasaki."

A short history of the Cyprus issue

by Phocion

The U.S. Acheson Plan, which envisioned the union of Cyprus with Greece and the end of any British role in the area, was proposed in 1964, when George Papandreou was Greece's Prime Minister. The Acheson Plan and two of its variants were on the verge of being agreed to by Greece and Turkey throughout the 1964-68 period. This was prevented by the joint efforts of British and Soviet diplomacy, which deployed both Archbishop Makarios, then President of Cyprus, and Andreas Papandreou, then a parliamentary deputy.

The sequence of events

George Papandreou was elected prime minister on Nov. 8, 1963. The new government's defense minister, Petros Garoufalias, in cooperation with General Grivas, sent one full combat division to Cyprus, a force which was to become the instrument of Cyprus' unification with Greece. Great consternation followed both in London and Moscow, but only minor concern in Turkey. Greece and Turkey were discussing how to force the British military force out of the Dhekeleia base, and its transfer to Turkey.

At that point, a small group of officers of the Greek contingent in Cyprus constituted themselves a conspiracy committed to preventing the union of Cyprus with Greece, controlled from London by Sir Hugh Foot, later Lord Carradon. The political leader of the conspiracy was Parliamentary Deputy Andreas Papandreou, the son of the Greek prime minister. In July of 1965, Prime Minister George Papandreou fired Defense Minister Garoufalias to prevent an investigation and exposure of Andreas's role in the conspiracy. King Constantine, in turn, "accepted" the elder Papandreou's resignation (which had never been submitted), and proceeded to name a new government. From July 1965 to April 21, 1967, Greece was engulfed in growing political chaos, until the army decided to take power in its name.

During this period, the Greek-Turkish negotiations continued, both countries committed to unifying Cyprus with Greece, kicking out the British, and establishing a Turkish military base at Dhekeleia. The effort was frustrated as follows:

During the June 1966 ministerial meeting of NATO, Greek Foreign Minister Adm. John Toumbas met with his Turkish counterpart, and the two agreed on the outlines of the deal. Cypriot President Archbishop Makarios was already moving

to sabotage the agreement. Makarios had been acting as an agent of the British Foreign Office since 1957, as a result of a heavy-handed blackmail involving his family's good name.

On Aug. 20, 1966, Makarios secretly signed an arms deal with Czechoslovakia, for a weapons shipment valued at 178,620 pounds sterling. The shipment was to be kept secret and was to be accompanied by Czech "advisers." It included rifles, light and heavy machine-guns, mortars, anti-tank missiles, tanks, etc., with ample ammunition.

The Greek-Turkish meeting to pin down the agreement between the two countries had been set for Dec. 17, 1966. The Czechoslovak arms arrived in Cyprus on Nov. 30, 1966, in total secrecy. Both the Turkish and Greek governments applied pressure on Makarios to not distribute the new weapons. Both governments drew the conclusion that Makarios was committed to both preserving the British-inspired status of Cyprus, and torpedoing—with help from the East bloc—improving Greek-Turkish relations. Yet, despite Makarios' and the Foreign Office's efforts, on Dec. 17, 1966, Greece and Turkey signed the Toumbas-Tsaglagiankil Protocol.

In the course of these negotiations, the Turkish foreign ministry informed the Greek government that they feared the agreement would not succeed because "Archbishop Makarios is opposed to union with Greece." Later, in an extraordinary Greek Crown Council meeting on Feb. 19, 1967, Makarios himself, for the first time, ended the deception and informed the Greek government: "I am against the dialogue with Turkey and it must be terminated." At the same time, Makarios entered a secret agreement with his purported arch-enemy, the leader of the Turkish Cypriot minority, Raouf Denktash, for the common objective of removing from Cyprus both General Grivas and the Greek division deployed there. Makarios succeeded in this objective with considerable help from Moscow and from Cyrus Vance in the following way:

On April 21, 1967, the Greek armed forces, under Col. George Papadopoulos, carried out a coup d'état and established a military government, to end two years of unmitigated chaos. The military government continued its predecessors' foreign policy and Cyprus policy. Greek-Turkish negotiations reached an apex in a Sept. 9-10, 1967 meeting between the prime ministers of the two countries. At the last minute, the Turkish government, without any explanation, reneged on all that had been previously agreed. The then Greek foreign minister gave the following explanation, as quoted by Ambassador Constantine P. Panagiotakos, then director of personnel at the foreign ministry: "Turkey reneged from earlier agreements at the last moment, as a result of intense Soviet representations at Ankara and London. This Soviet action was caused by Archbishop Makarios with the mediation of the Russian ambassador at Nicosia, of whom Makarios had demanded urgent intervention from Moscow for the purpose of preventing any solution which would threaten Cyprus' territorial integrity and would facilitate the establishment of a NATO base there. This is the explanation for

[Turkish Prime Minister Suleyman] Demirel's sudden reversal, shortly before his scheduled visit to the U.S.S.R."

Three months later, Cyrus Vance, then Deputy Secretary of Defense under Lyndon Johnson, went to Greece and Cyprus and told the Greek foreign minister in no uncertain terms that "NATO would not protect Greece's northern borders from possible Bulgarian attack" unless Greece withdrew its combat division from Cyprus. Greece was forced to withdraw from Cyprus during December 1967.

Ending the colonels' government

During the years of the military government in Greece, Makarios, reigning unchecked over a divided Cyprus, earned the reputation of the "Castro of the Mediterranean." During 1974, Makarios played a pivotal role in helping Henry Kissinger to topple the Greek military government, as follows:

In May 1974, Cyrus Sulzberger of the *New York Times* arranged a secret meeting in Paris involving Makarios, Kissinger, Turkish Prime Minister Bulent Ecevit, exiled Greek political leader Constantine Caramanlis, and others. They

In May 1974, Cyrus Sulzberger of the New York Times arranged a secret meeting in Paris involving Makarios, Kissinger, Ecevit, Caramanlis, and others. They agreed to a Turkish military invasion of Cyprus.

agreed to a Turkish military invasion of Cyprus in order to cause a political crisis that would topple the Greek military government. Makarios launched an international campaign asking for help against the hypothetical threat of an imminent Greek invasion. On July 19, 1974, Makarios, in a speech at the United Nations in New York, virtually asked for Turkish military intervention against the "imminent threat from Greece."

On July 20, 1974, a Turkish military invasion of Cyprus began, code-named *Attila I*, with air bombardments and amphibious landings under the protection of the British aircraft carrier *Hermes* (of 1982 Malvinas fame), then deployed in the waters between Cyprus and Turkey. The invasion had the full support of the Soviet Union, which placed its regional forces on alert as a warning to Greece. Kissinger ordered NATO to carry out electronic counter-measures against the Greek armed forces' communications network. The Greek colonels, with all possibilities of military response cut off, were instantly convulsed in a crisis and resigned. Caramanlis was asked to return and assume the responsibility of government. A few weeks later, Turkey launched *Attila II*, which

partitioned Cyprus into a northern, Turkish-controlled half, and a southern, Makarios-controlled half.

From 1974 to 1981, the years during which Caramanlis was successively prime minister and President of Greece, Turkey, taking advantage of the fact that the premier Greek political leader had conspired with the Turkish military against his own nation, and was thus hopelessly compromised, pressed on with numerous further demands involving maritime rights in the Aegean, jurisdictional issues of the air space over the Aegean, the status of Greece's Aegean islands, etc. The Greek leadership, progressively sinking into degeneracy and disintegration, failed to develop any constructive responses.

When Andreas Papandreou came to power in 1981, with encouragement from the State Department, he began reversing Greece's military alliances. He announced that U.S. military bases in Greece will be closed down by 1988. He transformed the country's defense doctrine to declare that the "potential military threat" is no longer the neighboring Warsaw Pact, but NATO-member Turkey. He concluded secret military agreements envisaging joint Greek-Bulgarian-Syrian military action against Turkey, under guidance from officials of the Soviet Navy.

Papandreou's government has refused any negotiations with Turkey, preferring theatrics and confrontation. He argues that Greek-Turkish negotiations will be possible only after Turkey evacuates northern Cyprus.

Cyprus herself remains divided and occupied. In the northern half, Turkish Cypriots have proclaimed the Turkish Republic of Northern Cyprus, a state recognized only by Turkey. In the southern half, President Kyprianou governs at the sufferance of the powerful Cypriot Communist Party, the AKEL. The Soviet Union, for the first time this year, is throwing its diplomatic support squarely on the side of the Greek Cypriots and denouncing the Turkish military presence on the island—the same military presence they helped establish in 1974. The only fragile thread of negotiations is the "Waldheim Plan," which was authored in Vienna, submitted to Moscow for approval, approved in 1984, and then handed over to U.N. General Secretary Xavier Pérez de Cuéllar for follow-up.

This plan envisages nothing more than a rehashed compromise constitution along the lines of the 1959 British-authored constitution which collapsed within two years. It appears that the only difference between the 1959 settlement and now is that while the former was supervised by Britain, the latter is to be supervised by the Soviet Union.

Current U.S. policy respecting the Cyprus issue, unless changed drastically, will only guarantee a transfer to Moscow of all the levers by which Turkey may be manipulated by Russian policy. We are at the threshold of a change of guard from British to Russian control over the Greek-Turkish-Cypriot tangle.

An alternative exists, however, which would be concordant with American interests and Western interests in general. We shall outline it in our next installment.

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988

What the director of the CIA does not know . . .
What the President's National Security Adviser is incapable
of understanding . . .
What many conservatives lack the guts to read . . .

The only comprehensive documentation of the current Soviet strategic threat available publicly in any language. This 368-page Special Report has been compiled by an international team of EIR experts. Includes 34 maps, plus tables, graphs, index, and extensive documentation.

Contents

Part 1:

The Soviets Have Already Declared War on the U.S.A.

- 1.1 The Two Qualitative Facets Of Soviet Strategic Mobilization Under the Operational Ogarkov Plan
- 1.2 Soviet Doctrine on the War-Economy
- 1.3 Soviet Conclusions from World War II
- 1.4 The 'Maximum Option' of the Ogarkov Plan: Winning Thermonuclear War
- 1.5 The Soviet Military Command for World War III

Part 2:

Soviet Imperial Motives

- 2.1 Soviet Imperial World-Domination by the 1990s?
- 2.2 The History of the Soviet Imperial Tradition
- 2.3 Imperial Soviet Russia, and the Chaldean-Byzantine Model of Empire
- 2.4 The Andropov Dynasty: 'Stalin's Children'

Part 3:

Soviet Imperial Objectives

- 3.1 Redrawing the Political Map of the World
- 3.2 The Northern Flank
- 3.3 The Imminent Knockout of NATO's Southern Flank
- 3.4 Germany—the Key to Europe
- 3.5 The Socialist International-Comintern 'Popular Front'
- 3.6 Syria and Israel Within the Soviet Strategic Sphere
- 3.7 China vs. Japan and Vietnam, Under Soviet Strategic Hegemony
- 3.8 The Anglo-American Liberal Establishment and Its Penetration by Soviet Intelligence

Part 4:

The Build-Up of Soviet Absolute Superiority

- 4.1 The Soviet Military Build-Up's Two-Fold Role
- 4.2 Active Defense: The Soviet 'Star Wars' Program
- 4.3 Passive Defense: Survival After War
- 4.4 The Build-Up of the Soviet War Economy
- 4.5 The U.S. and Soviet Economies Since MAD
- 4.6 What Are 'Acceptable Losses' for the Russian Command in a Global Nuclear War?'
- 4.7 The Religious Factor: Call to Arms for 'Holy War'

Part 5:

Soviet Strategic Sabotage and Assassination Programs

- 5.1 Andropov's Rise in the KGB: Warsaw Pact Enters International Drugs-and-Terrorism Business
- 5.2 Soviet Surrogates Provide 48 Months of Prewar Assassination and Sabotage

Part 6:

The Soviet Plan of Attack

Part 7:

Keys to U.S.A. and NATO Counter-Strategy



Order from: EIR News Service, P.O. Box 17390 Washington, D.C. 20041-0390
Order #85006

Price: \$250

The British colonial legacy in S. Africa

by Criton Zoakos

Until the year 1960, there existed no Republic of South Africa. Instead, there was a British colony called the Union of South Africa, populated by approximately 16 millions of persons of racial composition approximately the same as today. Racial relations under British colonial administration were the kind of shameful mess that British colonialism managed to spread everywhere in the world it went. World opinion, however, never gave it a thought. No passionate, liberal riproaring speeches against apartheid, no sanctions, no international outcry. All this started in March 1961, when the anti-British Afrikaner majority within the white portion of the population declared themselves an independent republic after a referendum.

The British Foreign and Commonwealth Office, from that point on, launched a propagandistic war of revenge, protesting piously against the racist apartheid system which Britain itself had created over approximately two centuries of colonial occupation. Even after the 1960 proclamation of the Republic, British colonial interests maintained a powerful stranglehold over the South African economy, controlling most banking and mining.

South Africa started being populated in the mid-17th century when the first Dutch immigrants arrived in the area of the Cape of Good Hope in the southwest, and, at approximately the same time, the predecessors of the Zulu and Swazi nations started migrating southward from the direction of Mozambique. During the years of the American Revolution, the pro-American patriotic movement of the Netherlands spread among the Dutch settlers of the Cape, inspiring republican activism which was not quelled until a British expeditionary force invaded in 1795, to claim the Cape area in the name of the Prince of Orange who had escaped Napoleon by seeking political refuge in England during the Napoleonic Wars.

Britain began shipping colonists in order to tip the scales against the Afrikaner/Dutch settlers. Many of the Afrikaners began emigrating to the north and west to avoid British rule, and in the process they began establishing contact with black tribes and nations. These contacts were sometimes peaceful, sometimes violent. More often than not, the British, ever in pursuit of the fleeing Afrikaners, moved to create conflicts or manipulate conflicts between blacks and Afrikaners which,

in the passage of time over 200 years of British administration, crystallized in the apartheid system.

The British were also the ones who, in the 1860s, introduced slavery in the form of indentured labor.

The spectacular discoveries of diamond and gold fields in the 1860s and 1870s gave a new impetus to British imperialism as it moved aggressively against both Boers and blacks, rapaciously stealing, annexing, and otherwise conquering every bit of mineral wealth discovered by others. Toward the end of the century, British imperial rapacity was organized into a philosophical outlook around Cecil Rhodes, Lord Salisbury, and Alfred Milner, who unleashed one of the most barbaric wars ever, the Anglo-Boer War of 1899-1902, for control of the Transvaal goldfields.

After the war, Rhodes, Salisbury, and Milner went on to launch their Round Table organization which gave us the present day international network of International Institutes of Strategic Studies and Councils on Foreign Relations. Within that which after the war was named British South Africa and later the Union of South Africa, the British retained virtually total economic control. To this day, British economic giants such as Anglo-American Corporation, de Beers, and Barclay's Bank are the principal causes of the racist policy of apartheid.

Apartheid, more than a policy guiding race relations, has been an instrument for British economic policy. In the early decades of struggle over irrigated lands and later over control over areas with mineral wealth, the colonial authorities would alternately use whites to wrest control from blacks and blacks to defeat white rivals. Today, the British economic giants are pursuing a global economic policy of world population reduction which has condemned the world's darker races to actual genocide. This year alone, the banking coalition of which Barclay's Bank, Anglo-American, et al. are partners, executed an economic and credit policy which has directly led to the death of over 30 million Africans by famine.

This Anglo-American financial grouping, the spearhead of policies of economic shrinkage, austerity, and disinvestment, is in an alliance with Soviet intelligence services to stir a race war intended to leave in its wake only smoking ruins, not only in South Africa, but in the entire subcontinent south of the Sahel. On Sept. 13, a meeting took place in Zambia between the Communist leadership of the so-called African National Congress, and a group of persons billing themselves as "South African businessmen," to discuss common action against the Pretoria government. The so-called "South African businessmen" were: Gavin Relly, chairman of the board of Anglo-American Corp., Zac de Beer, executive director of Anglo-American and chairman of Southern Life Assurance Corp., Chris Ball of Barclay's Bank, Tony Bloom of Premier Milling Group, Mike Rosholt of Barlow Rand, and Hugh Murray, publisher of the business quarterly *Leadership, S.A.*

As a famous Zulu proverb goes, "The British are something which was brought in by pigs."

IMF vampires descend on Italy

No wonder the Venetians are pushing belief in vampires: The IMF measures the government has adopted, will kill.

On Sept. 5, during its first cabinet meeting after the summer vacation, the Italian government discussed a disastrous austerity package, which has already provoked a wave of protests that might soon lead to a government crisis. The package satisfies the loan conditionalities put forward by an International Monetary Fund (IMF) delegation, which came to Rome last March to demand heavy cuts in the health and pension system in order to balance the Italian budget.

Treasury Minister Giovanni Goria announced at the cabinet meeting the privatization of all social benefits, declaring that from now on "the state will have to give up its mediating role in sectors which could be taken over by private enterprise." In order to reduce domestic expenditures by 2 trillion liras (\$1 billion), Goria proposed, in a 10-page document submitted for discussion and approval by the parliament, that the level of expenditures for health, pensions, transportation, and other services should not rise above the level of inflation, which he projected at 6%.

Goria was immediately supported by Giovanni Spadolini, the head of the Republican Party. This tiny party, heavily dominated by bankers, plays a key role in the five-party coalition government headed by Socialist Party Prime Minister Bettino Craxi, but Spadolini acted like a man who is determined to bring down the government if the heavy dose of austerity is not approved. In a letter to Craxi, Spadolini invited him to give the nation a

signal of "austerity and rigor" and "to immediately do something in order to reduce the domestic deficit, cutting expenses and distributing sacrifices."

To avoid a government crisis, Craxi, who had previously resisted IMF pressures to cut health and pension expenditures, gave in and spoke at the cabinet meeting of "new budget rules to eliminate waste." He added that "among expenditures, priority will be given to such sectors as justice, cultural goods and ecology, which answer to a new demand from society."

The elderly and workers who will have to give up their health insurance and pensions can console themselves with the thought that "their" funds will now be applied to realizing the post-industrial dreams of the Greens, who have a growing movement in Italy.

The Goria plan has already provoked a wave of protests, even if officially both the Christian Democrats, still the largest party in the country, and the Republicans have fully endorsed it.

The chairman of the Christian Democratic Party, Flaminio Piccoli, opened the revolt by declaring, "It is not possible to pretend that all citizens will be able to pay social benefits by themselves. We cannot abruptly go back to total privatization. We should also watch out, since most of the cuts will be in the health sector, and this will greatly favor private insurance firms" like the Assicurazioni Generali of Venice, one of the world's largest insurance companies, which demanded two years ago that health services

be privatized.

The trade unions have also announced a battle against the austerity package, and asked for an urgent meeting with Craxi on this issue. The general secretary of the Catholic trade union CISL, Marini, declared that "such a brutal policy of expense cuts cannot be accepted" and a colleague of his, Fausto Vigevan, characterized Goria's plan as "ridiculous."

However, neither Piccoli nor the trade unions ever mentioned that it was the IMF which had demanded the specified budget cuts.

People will die if these cuts are implemented, particularly in southern Italy, where health conditions are identical to those of a Third-World country. Pandemic diseases will follow, fully realizing the dreams of the population controllers behind the IMF, of cutting population worldwide by 2 billion people.

It is definitely not accidental that the acceptance of the IMF vampire program has coincided with an upsurge of death-cultism and revivals of the Dark Ages. In Padua, a city dominated by the nefarious influence of Venetian monetarism for centuries, the great "Festival of Horror" began on Aug. 24 at the ancient Benedictine abbey of Santa Giustina in Prato della Valle. Vampires, blood cocktails, exhibits on Dracula, anti-vampire crosses, portraits of the goddess Kali with scenes of cannibalism, are some of the things on display until Oct. 13. The festival has received massive media publicity, including ABC-TV in America. The most prominent book on display, *Dissertation on the appearances of spirits and on vampires of Hungary*, written by a Benedictine monk and first published in Venice in 1756, argues that the existence of vampires must be studied with an open mind.

New blueprint for disarming W. Germany

by Rainer Apel

The autumn offensive of the decouplers has definitely begun. On Sunday, Sept. 8, the deputy chairman of the West German Social Democratic Party (SPD), Johannes Rau, left Bonn for a three-day visit to Moscow, where he conferred with Soviet leaders, including Gorbachov, on the SPD's ideas for "new detente and disarmament policy initiatives." The Moscow media fawned over Rau as the new chancellor candidate of his party, who will probably topple the conservative Chancellor Helmut Kohl in the February 1987 national elections.

Well-timed with Rau's Moscow trip, leaks about the existence of a secret new SPD defense-policy blueprint made their way into the media. The blueprint, which originated in the SPD's defense policy commission, was written by the commission's chairman, Andreas von Bülow, and represents the most far reaching call for military-strategic decoupling of West Germany from the United States ever issued outside of Moscow itself. Von Bülow, undersecretary of defense in the government of Helmut Schmidt from 1978 to 1980, called for a full withdrawal of all American nuclear missiles from German soil, the dissolving of NATO's regular armed forces in Central Europe in favor of a lightly-armed militia, and the "step-by-step withdrawal of all American troops from Germany, except for a symbolic troop contingent to remain in West Berlin."

He called for the establishment of a "zone free of all chemical and nuclear weapons in Central Europe," the reduction of the mandatory draft in West Germany from its current 15 to 7-8 months by the 1990s, and the ditching of all so-called "aggressive weapon systems" in the armed forces, including all tanks, aircraft and short-range missiles.

The press spokesman of the Bonn Defense Ministry, Captain Hundt, reacted promptly, terming the blueprint "an outright invitation to the Soviet Union to launch aggression against Germany." Lothar Ruehl, under-secretary of defense of the current Bonn government, rejected the blueprint as "rendering Germany a mere victim of Soviet blackmail and threat."

Andreas von Bülow openly admits that the Soviets had a hand in his draft. He told the weekly *Die Zeit* on Sept. 12: "In private discussions between the SPD and Soviet politi-

cians, hints were given that one could discuss a withdrawal of 50% of the Soviet troops in Eastern Europe—a great chance for the Soviet Union to demonstrate that she does contribute to detente on her own initiative." The "private discussions" referred to took place between May 26-29, when SPD chairman Willy Brandt had talks with the Kremlin leadership and signed a kind of "popular front" pact between his own Socialist International and Gorbachov's international Communist movement. Von Bülow and Egon Bahr, the SPD's "little Kissinger," accompanied Brandt on this trip.

Thus, after years of agitation, the SPD's pro-Soviet wheel has now come full circle. In the spring of 1969, Egon Bahr and Henry Kissinger (in his new function as Nixon's NSC director) had discussed a five-year plan for U.S. troop withdrawal from Germany and Central Europe, and a kind of "security system in Europe" which would largely neutralize Germany. This plan was put into action with the "Ostpolitik" of Chancellor Willy Brandt, who was installed in September 1969. Bahr served Brandt as national security advisor, and also negotiated most of the treaties signed between the Brandt government and the Eastern European and Soviet governments.

In January 1984, Horst Ehmke, one of the SPD's foreign policy spokesmen, presented his blueprint "The Self-Assertion of Europe," which called for an end to "the vassal status" of German and West European relations to the United States. Ehmke's paper included the demand that "all weapon systems which could be interpreted by Moscow as offensive, shall be abandoned"—i.e., all modern weapon systems NATO has in Western Europe right now. On March 5, 1984, Kissinger's scandalous piece on "Reashaping NATO" appeared in *Time* magazine, which envisioned partial U.S. troop withdrawal from Europe, and declared this as "compatible with Europe's self-respect." In May 1984, Andreas von Bülow called for the replacement of NATO's regular troops at the German-German border by lightly-armed militia, and the SPD's parliamentary fraction chairman Hans-Jochen Vogel added the call for a "tank-free zone in Central Europe." In July 1984, the SPD established a joint commission with East Germany's Socialist Union Party (SED) on chemical weapons in Central Europe.

As the SPD's diplomatic activities into the East intensified into 1985, so did their polemics against President Reagan's defense policies. Brandt's May 26-29 Moscow trip set the stage for the unveiling in Bonn on June 19 of the first joint declaration by the SPD and the East German SED, for a "chemical-free zone in Central Europe."

Where will all this end? Karsten Voigt, the SPD's arms-control spokesman (and a frequent visitor to the European Affairs section at the U.S. Department of State) said on Sept. 11: "NATO membership has never been an end in itself; it makes sense only as long as Europe cannot be defended by its own means." According to Voigt's argumentation, full German membership in the Warsaw Pact would "make sense" at some time in the near future.

Indian support for Operation Juárez

Message for the Non-Aligned: The third-largest English daily boosts LaRouche's plan for the Ibero-American debt.

Operation Juárez has been launched. The British, American, Swiss, and Venetian bankers and the IMF have begun to spend sleepless nights at Dr. García's declaration." In a major 2,000-word op-ed in the Indian daily the *Hindustan Times* on Sept. 3, journalist Keshav Dev Sharma comes out in full support for Lyndon LaRouche's Operation Juárez, the plan for transforming the foreign debt burden of Ibero-America into an instrument for political unity and an economic recovery based on great infrastructural projects.

The article in the *Hindustan Times*, India's third largest English-language paper, marks an important step in a nation where Ibero-America seems very far away and seldom receives attention in the press. The late Prime Minister Indira Gandhi made major efforts to bridge the gap between the Indian subcontinent and the Spanish-speaking countries of the Western hemisphere. She invited José López Portillo, then the President of Mexico, for a state visit to India in 1982.

Bringing the issue of the Ibero-American debt fight to the fore in India has another significance, because India is the leader of the Non-Aligned Movement. At the early September meeting of the Non-Aligned in Luan-da, Angola, the foreign ministers called for "a revision of IMF conditions," and for the first time described Third World debt as a political and not merely economic problem. According to the British *Guardian*, Peru

"emerged as extremely influential with its formula of limiting debt service to a proportion of exports."

Sharma begins his op-ed, "The Third World in general and the Ibero-American nations in particular are currently reeling under the yoke of foreign debt. Ibero-America's foreign debt at the end of 1984 was a staggering \$355 billion, an amount which under the present arrangements with the U.S. Federal Reserve Bank, the World Bank and the IMF simply cannot be paid. The result: The Ibero-American nations face virtual loss of sovereignty and their people condemned to an unending pall of misery perpetrated by the conditionalities of these creditor supranational institutions.

"The tragedy, however, is not that the debt is unbearable or unpayable or uncollectable, but that the Ibero-American nations are becoming a pawn in the hands of the two superpowers and the nongovernmental oligarchic institutions like the IMF. What the British East India Company did to India in the 19th century, the IMF is engaged in doing to the Ibero-American nations today. The nutritional levels of the Peruvians are falling every year, Brazil's industrial and scientific programs are collapsing, the Argentine nuclear power program has already fallen behind, and most of these nations are actually being taken over by narcotics-growers, traffickers and bankers."

He then describes the three proposals to solve the debt crisis, Fidel

Castro's, Henry Kissinger's, and LaRouche's.

"It has to be recognized that Castro says some correct things, and his analysis of debt is very good. The reason: He stole it from the most famous proposal 'Operation Juárez' by Lyndon LaRouche, a U.S. economist and one of the greatest living intellectual giants of this century." Sharma describes Castro as "nothing but Kissinger dressed up with a socialist ruffle!"

Sharma goes through Operation Juárez in detail. LaRouche says to "reorganize the foreign debt of Ibero-America through collective negotiations. This would require the declaration of a moratorium on the existing debt, issuing new Ibero-American long-term bonds at 2% interest, and 'burying' the IMF and the World Bank. Secondly, LaRouche says, form an Ibero-American Common Market."

Thirdly, "Operation Juárez proposes launching great projects of economic development in Ibero-America so that the whole continent could be physically integrated through infrastructure projects, emphasizing advanced industrial technology, especially nuclear energy and lasers, and sincere modernization of agriculture."

Sharma concludes, "It is only Operation Juárez which has the greatest chance of success because a beginning has already been made in its implementation." He describes the meeting of trade union leaders and the efforts of Dr. Alan García, the new President of Peru, "to reorder the Peruvian economy in the interests of the Peruvians—not the IMF."

"The fabulous support that Dr. García has received from all over the world is historical in proportions. Thousands of supporting telegrams are pouring in at the Lima presidential palace. Operation Juárez has been launched."

Norway, NATO's northern vulnerability

The re-election of the pro-NATO Willoch coalition is a Pyrrhic victory for the alliance at best.

Incumbent Prime Minister Kaare Willoch and his pro-NATO governing coalition narrowly won a parliamentary majority in the Sept. 9 Norwegian elections, but the circumstances actually expose devastating flaws in the security of the Western Alliance.

Willoch, head of the second largest party in the Norwegian parliament, the Right Party, will form a coalition government with the Center and Christian People's parties. Combined they carry a tenuous one-seat majority over the three-party left opposition, led by the treasonous Labour Party.

No sooner were the results official, than the controversial vice-chairman of the Labour Party, Einar Foerde, called a press conference to announce that the opposition will force key votes on the U.S. Strategic Defense Initiative and NATO designed to split the governing coalition.

The opposition can press such matters now because of the composition of the majority coalition. The Center Party is on record opposing the SDI, and is otherwise "soft" on NATO generally. The Christian People's Party chairman has already announced: "The election makes clear that the coalition parties need to leave room for compromise on important issues." He did not say which—but his party and the Center Party prevented a clear Norwegian vote to participate in the SDI this past spring.

Until two weeks before the vote, Willoch was so sure of re-election that he campaigned from the prime minister's office—in other words, did not

campaign. With ten days to go, polls began showing that a Labour victory was possible. Willoch began campaigning—challenging the Labour record on national security, which keeps pace with the pro-Soviet policies of the Social-Democrats in Germany and Sweden. It was Einar Foerde whom Willoch singled out.

But his attack was limp. He declined to emphasize the Soviet buildup in the Baltic and Norwegian Sea from the nuclear submarine base in Murmansk on the Kola Peninsula.

In consequence, although the people of Norway are perhaps the most decidedly pro-Western in NATO, Labour gained more than 3.5% over its previous vote totals—41%, against 30% for Willoch's party.

As with the Reagan administration in the United States, and thus, the West as whole, in Norway, military commitments are contradicted in practice by blind adherence to economic policies that both undermine defense efforts and erode popular support. Labour chairman Gro Harlem Brundtland campaigned on this one issue—the government's conservative austerity policies and the lower living standards brought in their wake. Government economic policy has been shaped by a clique of Freedmanite "free market" zealots associated with the Mt. Pelerin Society—one of the most effective Soviet assets in the West today.

This past June, a certain Norwegian Labour Party official's trial ended with his sentencing to 20 years in prison for espionage on behalf of the

Soviet Union. This was Arne Treholt, a former high-level government official. But, because of a very dirty and stupid pre-election deal, the government coalition parties agreed not to make this an issue! Einaar Foerde himself boasted privately after the Treholt affair: "I thought my entire political career had ended when Arne was arrested. You know, I was his closest friend. [Greek Premier] Papandreu thought the same—but, I spoke with Barbara [Papandreu] and she said that nothing had happened."

In fact, pressure to downplay the matter came straight from the European Affairs section of the U.S. State Department, which warned the government that open debate on treason inside the Labour Party would "embarrass" certain unspecified efforts by Washington to improve relations with Greece. Present U.S. Ambassador to West Germany Richard Burt then headed that section of the State Department.

If the Willoch government is to survive now, it must take off the gloves on the traitors in the opposition. Then, it must review and improve a military situation which finds Norway, for example, with 68 F-16 fighter jets, but only 45 pilots—and non-Norwegian military personnel are forbidden on Norwegian soil in peacetime.

The NATO commander for the "Striking Fleet Atlantic," Vice-Adm. Hank Mustin, recently denounced the irrationality of a "military strategy based purely on defense," and called for targeting of Soviet missile installations and the submarine base at Murmansk. After the recent naval maneuvers proved Soviet ability to break through NATO defense lines into the North Atlantic, NATO officialdom is beginning to wake up to Mustin's proposal—and the consequent importance of Norway, the Western territory closest to Murmansk.

'Greenpeace affair' boosts Barre

On the eve of Gorbachov's visit to Paris, Trilateralist Raymond Barre is angling for power.

On the eve of Soviet boss Gorbachov's visit to Paris, France is facing two potential major destabilizing crises, both fostered by the Trilateral Commission: first, the institutional destabilization triggered by the ongoing "Greenpeace affair," and second, a potentially explosive wave of social protest and strikes, expected in September-October, caused by the alarming domestic economic situation and exploited by the Communist Party and their trade union, the CGT.

When on Aug. 29 Trilateral Commission member and Washington lawyer Lloyd Cutler emerged as the free-of-charge attorney for Greenpeace against the French government, the so-called "Greenpeace affair" shifted from a local French embroglio into an international strategic security issue that vitally concerns the strategic interests of the United States.

It should be recalled that the Greenpeace affair was sparked by the sinking of the Greenpeace *Rainbow Warrior* ship on July 10, in the port of Auckland in New Zealand. According to British and New Zealand intelligence services, the deed was done by the French intelligence service, the DGSE—which does not mean that is necessarily true.

The significance of Cutler's impending arrival in Paris is not totally lost on the French media. The Sept. 5-11 weekly *V.S.D.* commented, "By his network of informants, Lloyd Cutler has the means, beyond his task as lawyer, to play the role of a veritable private inquisitor." In fact, Cutler's

interference into France's affairs is part of a major offensive by the "new Yalta" faction in the West, operating through the Trilateral Commission, against President Reagan's Strategic Defense Initiative and the Western Alliance, on behalf of the Soviet Union.

For France, this offensive involves in concrete terms: 1) the destruction of General de Gaulle's heritage, and hence of the Fifth Republic's institutions which still guarantee France's national sovereignty; 2) France's withdrawal from all of its overseas territories, such as New Caledonia and French Polynesia, where the neutron bomb is being tested in Mururoa; and 3) ensuring that another Trilateral Commission member, Raymond Barre, will become the next President of France.

Indeed, Raymond Barre, who belongs to the Union pour la Démocratie Française (UDF), is the political figure who would surely benefit most from a crisis in France. For one thing, he could trap his direct rival in the opposition, Gaullist party (RPR) President Jacques Chirac, into a "government of cohabitation" stretching from 1986-88. In that case, he could then increasingly appear to Frenchmen as sole alternative to guarantee the stability of the state institutions.

Barre likes to cultivate his image as a new political heir to de Gaulle. In fact, nothing could be more untrue. General Charles de Gaulle hated and opposed precisely the very same "American financial interests" which are now backing Raymond Barre's

Trilateral Commission, such as the Bundys and the McNamaras, who here in France are known as the "Kennedy team."

From a strategic standpoint, Barre is directly tied in with the Greenpeace destabilization. He publicly opposes President Reagan's Strategic Defense Initiative, favoring instead Kissinger's old ABM treaty. He supports IMF conditionalities for Ibero-America in Venezuela, and in the Sept. 6-19 weekly *L'Expansion*, he praised not Reagan's, but Paul Volcker's economic policies, pointing out that the Fed chief had been nominated by another Trilateral creature, Jimmy Carter.

The Trilateral Commission is also linked into the second potential danger to France's stability. The Communist trade union CGT has announced a very hot autumn for every troubled firm in France, but especially at the top auto firm Renault, where 20,000 workers are slated to be laid off.

On Sept. 9 in Paris, Philippe Herzog, the official economist of the French Communist party, held a press conference at which he accused Chase Manhattan bank of being responsible for the dismantling of Renault, with the blessings of the Mitterrand government. After having originally lured Renault into a foray into the U.S. auto market, Chase is now allegedly blackmailing Renault into keeping its investments in the United States, while forcing it to dismantle its European branches.

And according to *Le Canard Enchaîné*, none other than Raymond Barre has now made "fruitful contacts" with the CGT, claiming that he, too, opposes the dismantling of Renault. As it turns out, Philippe Herzog was a former student of Barre, and even wrote a preface to one of his books.

International Intelligence

Belgium may lessen role in NATO

Belgian Defense Minister Freddy Vreven has stated that his country might seek a further reduction in its NATO defense role. At a news conference to present the first white paper on defense since 1977, Vreven said he intended in the long term to repatriate as many as possible of the 30,000 Belgian troops stationed in West Germany and to reduce the number of warplanes committed to NATO, at present 144.

Vreven stressed that any changes would take place in negotiation with the alliance and he called a socialist opposition election promise to withdraw all Belgian troops from the West Germany "not credible at present."

Belgium has already reduced its contribution to NATO's integrated air defense network in Germany, by scrapping two of its six Nike ground-to-air missile units and refusing to buy the U.S. Patriot missile system to replace the remaining batteries.

Pope in strong new attack on abortion

Pope John Paul II delivered one of his strongest attacks against abortion to date, calling it a "repulsive crime" during a visit to Liechtenstein. The government of the Alpine principality is considering liberalizing anti-abortion laws.

The Pontiff gave a series of speeches during his 9½-hour visit, also pledging that the Roman Catholic Church would never relax its opposition to abortion, extramarital sex, or divorce. "The unborn human being's right to live is one of the inalienable human rights," said the Pope.

He also advised the people of Liechtenstein, who enjoy the highest per-capita income in the world, of the dangers of material wealth, which "demands a high moral maturity and responsibility. Otherwise, it only too easily leads to indolence, to satisfying egoistic desires, and to lack of consideration for one's fellow beings."

Greenpeace group works with Aga Khan

The Greenpeace anti-nuclear group, which has proven links to Soviet KGB officials, including top "U.S. handler" Georgii Arbatov, has also been working closely with the "Bellerive Group" of the Prince Sadrudin Aga Khan in Geneva, Switzerland, *EIR* has learned.

An associate of the prince said recently that Greenpeace had helped the Bellerive Group put together its international conference on "nuclear non-proliferation" in Geneva, June 27-29.

Aga Khan, who coordinates the "Is-maili" cult globally, is one of the world's richest men, and funds projects of such genocide-lobby organizations as the Club of Rome, and of the pro-Soviet Pugwash Movement in Geneva. He is also a good friend of Henry Kissinger and of Robert McNamara.

Fifteen Greenpeace activists are now in Geneva, organizing among governments and delegations at the Non-Proliferation Review meeting taking place there. Greenpeace hit the headlines when a ship it was sailing into the South Pacific to protest French nuclear testing was bombed and sank, and French intelligence was accused of responsibility.

Mitterrand visits Pacific test-site

French President Francois Mitterrand signalled his determination to defend France's strategic position in the Pacific by traveling to the Mururoa atoll in Polynesia, the site of upcoming nuclear tests which have been made highly controversial by the bomb-sinking of a ship belonging to the Greenpeace anti-nuclear protest group.

A French President, Charles de Gaulle, last visited the remote atoll 800 miles from Tahiti in 1966.

Various South Pacific nations have demanded an end to French underground test-

ing there. But in a surprise announcement from the presidential palace on Sept. 10, Mitterrand's office declared that the French President would go to Mururoa to preside over meetings of a heretofore-defunct group known as the Committee of Coordination for the South Pacific, comprising all the ambassadors of France in that area. He will also witness the shooting of the French Ariane rocket, in Kuru, in French Guyana.

Mitterrand will be accompanied by Defense Minister Charles Hernu; Minister of Research and Technology Hubert Curien; several French military officers; and directors of the French nuclear program.

The announcement has met with across-the-board political approval in France, the main opposition parties welcoming his action. French Chief of Staff General Lacaze earlier this year declared that the nuclear-testing site in Mururoa, and the French space center of Kuru in Guyana, were "absolutely essential to the maintenance of our technological capability and to the coherence of our defense disposition."

Riots erupt in Birmingham, kill two

Record high 60% unemployment rates in the Asian/Caribbean Handsworth ghetto section of Birmingham, England has led to daily rioting, arson, and assaults on police beginning Sept. 9. Several police have been set on fire by gasoline bombs hurled by rioting youths.

The rioting Sept. 9 and 10 was the worst inner-city violence to hit Britain since the summer of 1981, when there was widespread disorder in 20 major towns. Home Secretary Douglas Hurd dismissed claims by community leaders that the area's high unemployment (55-60% against a national average of 13.5%) was to blame for the violence. "It is above all a crime situation and we are treating it as such. Being unemployed doesn't justify burning and looting other people's property," he said at a news conference.

More than 91 arrests have been made in over 150 incidents of violence, including 23 injuries and at least two dead.

The ghetto is a center of "lawlessness and drug-peddling," charged the Labour MP for the city, Robin Corbett, after the first wave of rioting there Sept. 9. He attacked police for allowing this ghetto to become a center of heroin, cocaine, and marijuana dealing.

Only one night earlier, the Handworth section was the site of a colourful carnival in which 10,000 people danced, including police—as per a concept first invented by Lord Scarman after the 1981 riots, who said the cause of the disorders was that the police were too aggressive. Thereafter, police were subjected to "social behavior" training, endless tea-parties, weekend trips, etc. But now, most agree with the policeman who said: "It is better to solve the unemployment problem than to continue with tea-parties."

Burt keynotes IISS meeting

Richard R. Burt was the plenary session keynote speaker at the concluding session of the 27th annual membership meeting of the International Institute for Strategic Studies, the British intelligence think-tank which specializes in disinformation operations. The conference session took place Sept. 12, at the Intercontinental Hotel in West Berlin.

Burt, now U.S. ambassador to West Germany, in the mid-1970s became the first American-passported individual ever to hold the post of IISS assistant research director. It was his first policy speech as ambassador to West Germany; the topic: "Strategic Choices and NATO Alliance Cohesion."

The conference was closed-door, by-invitation-only, and press representatives were excluded. But, while the contents of his speech are not known, Burt is known to favor U.S. military desertion of Europe, called "decoupling" by its proponents, whose "New Yalta" policy prescribes that Europe become a Soviet satrapy.

The conference chairman was Theo Sommer, political editor of Hamburg's *Die Zeit* weekly. Overall conference keynote speaker was Manfred Wörner, West German Defense Minister. Other speakers included German Social-Democratic Party leader Karsten Voigt, an advocate of "decoupling," on, "Strategic Policy Options and Implications for Arms Control and East-West Relations"; NATO Supreme Commander for Europe Gen. Bernard Rogers, on "NATO Doctrine"; and Washington, D.C.-area policy consultant, Dr. Fritz Ermarth, on "The Evolution of Soviet Doctrine."

East Germans involved in 1963 killing?

Did East Germans kill a leading politician of West Germany's Free Democratic Party (FDP) in 1963? According to a book soon to be published, the East German or Soviet secret services killed Wolfgang Döring, the deputy chairman of the Free Democrats, in July of that year.

The accusation has been raised by Erich Mende, the former national chairman of the FDP, who investigated the death of Döring and discovered that hours before his sudden death, Döring had met for dinner with a prominent journalist from East Germany. Mende says the East German most likely poisoned Döring, who died of a heart failure some hours later.

Mende reveals that Döring worked for the BND, West Germany's foreign intelligence service, and would have been a prime target for the Eastern services—not only because of his intelligence position, but his position in his party as well.

It was after Döring's sudden death that the pro-Soviet current in the FDP, around Walter Scheel, Wolfgang Mischnick, current Foreign Minister Hans-Dietrich Genscher, and former Interior Minister Gerhard Baum, moved up the ladder in the party. Their ultra-liberal policies are now blamed for opening the government to high-level penetration by East bloc spies.

Briefly

● **ANIMAL SACRIFICES** and pagan cults, not Christianity and the Renaissance, represent the true culture of the Mediterranean region, the concluding segment of a 12-part series on France's FR3 television contended Sept. 10. Historian Fernand Braudel, associated for years with the Paris-based *Critique* magazine, which has published feature material praising the cult of Mithra, put the series together.

● **THE BODY** of a U.S. airman has been found by railroad tracks near the southern German town of Lahr, near the location where another airman's body was found three weeks earlier. A statement issued by U.S. Air Force headquarters said the airman, who has not yet been identified, was found Sept. 10. Pathologists estimated he had been hit by a train and killed a day earlier. In mid-August, another U.S. airman, Staff Sgt. Jerry Hockmann, was also killed by a train while crossing tracks just outside Lahr.

● **THE ADL**, the Anti-Defamation League of B'nai B'rith, a political arm of the highest level drug traffickers, is "expanding its activities massively in France," a Paris source reports.

● **LIBYA** is targeting Zairean President Mobutu for assassination, according to reports from knowledgeable European intelligence sources.

● **SAUDI CROWN PRINCE** Abdullah arrived in Syria for a series of meetings Sept. 10. No explanation or statement of purpose was given for the visit. The Prince is a supporter of Soviet-controlled Islamic fundamentalists.

● **THE RETURN OF GOD**, is the headline of the latest cover story of the Italian weekly *Panorama*, which features a picture of Soviet leader Mikhail Gorbachov along side English cult-poet William Blake's famous etching of God-the-creator.

The actual causes of the Libyan-Tunisian crisis

by Philip Golub and Thierry Lalevée

A group of eight Western journalists has just concluded a five-day fact-finding mission to Tunisia, invited by the Tunisian authorities to investigate the ongoing military and political crisis in the Maghreb (northern Africa). The following articles are by two members of that delegation: Philip Golub, EIR bureau chief in Wiesbaden, West Germany; and EIR Mideast Editor Thierry Lalevée. They point to the need for increased Western support for Tunisia, which is facing both a military challenge from Libya, as well as the same economic problems now facing all developing sector nations.

On Aug. 5, 1985, the Libyan regime began a "Nacht und Nebel" action to round up thousands of Tunisian immigrant workers and expel them from Libya, *manu militari*. As in the "Nacht und Nebel" police sweeps of Nazi-occupied Europe during World War II, whereby persons considered a threat to the Nazi authorities were snatched from their homes in the secrecy of night and arrested without legal recourse, hundreds of Tunisian immigrant engineers, laborers, artisans, and shopkeepers were seized by youths wielding Soviet-built Kalashnikov machine guns, and were ordered into buses which then transported them, sometimes over many hundreds of kilometers, to the Libyan-Tunisian border. The Libyan youths conducting the sweeps belonged to the "Revolutionary Committees," which act as Col. Muammar Qaddafi's repressive secret police force.

Militarized Revolutionary Committee escorts accompanied the buses to their destination at Ras Jedir, the Tunisian border post on the Mediterranean coast. All of the immigrants' belongings were seized; bank accounts were frozen, and their gold and jewels stolen along with their household

goods. Those who came across the border arrived penniless, sometimes after having worked for years or decades in Libya. Some had been working in Libya long before Qaddafi's coup d'état in 1969.

Nine hundred and forty-seven Tunisians were expelled on the 5th day of August; 1,420 on the 6th; 1,262 on the 7th; 1,403 on the 9th; 753 on the 10th; 801 on the 11th; 906 on the 12th; 733 on the 13th; 677 on the 14th; 1,652 on the 15th; 2,237 on the 16th; 783 on the 17th; 1,895 on the 18th. By Sept. 3, the total had reached 30,000. Some had left their families behind, and many reported having been beaten, while others, anger and shock still in their eyes, declared they had been witnesses to the rape of Tunisian women by Libyan Revolutionary Committee members.

Across the border at Ras Jedir on the Libyan side, one sees slogans and posters of Qaddafi while the Libyans blare propaganda from the *Green Book* from loudspeakers. An old marker with the Italian inscription "Tripolitania" notes the distance to the Libyan capital: Tripoli 169 km. The troops cannot be seen from the ground; however, they are deployed only a few kilometers from the frontier. The expulsions are continuing daily, and the crisis is far from over.

Since early August, the armed forces of both Libya and Tunisia have been in a state of maximum alert. On Aug. 21, at the height of the expulsions—20,000 had already been forcibly deported—the Libyan regime massed troops along the Tunisian-Libyan border. Two days later, the Libyan Air Force violated Tunisian air space and engaged in naval maneuvers. The Tunisian army counter-mobilized and discreetly warned its allies of the danger of an upcoming invasion. Algeria, the United States, and France were consulted. On Aug. 29, the Libyan government withdrew all Libyan civil-

ians living within 50 km of the 255-kilometer stretch between the border at Ras Jedir and the south. Renewed violation of Tunisian airspace occurred on Sept. 1 over the island of Djerba.

It is estimated that the Libyans have over 50,000 troops covering the Tunisian-Libyan border, while the rest are deployed to cover the permanently tense Libyan-Egyptian front. While the Tunisian army is considerably smaller than that of Libya, it is well trained and has been regularly modernizing its arms since the attack on Gafsa by Libyan commandos in 1981. The United States as well as France has been called upon to upgrade the technical level of Tunisian forces.

While a Libyan invasion is not probable, it cannot be altogether ruled out. More likely, however, is a middle- to long-term Libyan effort to destabilize Tunisia economically and politically. Tunisian government authorities informed us that with the mass expulsions, Libya is seeking to exacerbate the already difficult economic situation of Tunisia. Over \$25 million worth of savings and goods were stolen from the Tunisians already deported. At the same time, through terrorism and sabotage, Libyan intelligence has sought and is seeking to create chaos and disorganization.

Last week, Tunisian police and security organizations arrested three Libyan intelligence operatives who had been coordinating a plan to sabotage electricity generators, oil installations and public buildings. Tunisia also expelled 23 Libyan "diplomats" who were coordinating the campaign with these three, along with 213 other agents who had infiltrated the country posing as immigrant workers. Tunisia's foreign Minister, Mr. Caid Essebsi, informed us they have nipped the first operations in the bud, and are prepared for further actions.

Tunisian Prime Minister Mzali, addressing a meeting of the cadres of the Destour Party, the government, the chiefs of staff, and the international press at the "Maison du Parti" in Tunis on Sept. 4, warned Libya that were Libya to engage in terrorism, Tunisia would "strike back." "We thought cooperation with Libya was possible," said Mzali. "In December 1984, we negotiated an agreement with Libya which specifically stressed the need to give priority to the treatment of Tunisia workers in Libya. Libya violated those agreements, just as they broke the commercial agreements of '84. . . . They think they will create problems for our economy and want to create an economic collapse. . . . The enemy says that we are pro-American and that he will cut off the hand of those who shake Ronald Reagan's hand. . . . [W]e are free. We want cooperation with all nations. . . why did the President [Bourguiba] go to the United States? He is free and had something to tell the United States," declared Mzali, who called for national unity in face of the crisis with Libya. Mzali furthermore announced that Tunisia had decided to withdraw *all of its workers and technicians* from Libya rather than face the prospect of permanent blackmail.

Tunisian government and party officials are confident that they can repel a military or terrorist adventure. The director

of the Destour Party and minister delegated to the prime minister, Mr. Hedi Bakkoush, noted that Libya should not underestimate Tunisia's capacity for retaliation in all domains. He and others noted that Qaddafi's assault on Tunisia had solidified national unity within the country. At the same time, he said, it has demonstrated the scope of international support for Tunisia, in contrast with Qaddafi's increasing isolation. "Qaddafi is weakening his own economy," declared Bakkoush. "Many of those expelled are technicians with know how, who are part of cooperation programs. Others played vital functions in the Libyan economy."

Independent investigation corroborates this. While Qaddafi sought to aggravate a difficult economic situation, he only succeeded in consolidating the authority of the Tunisian government. At the same time, he has further isolated Libya in the region and internationally. On Sept. 2, Algerian President Bendjedid Chadli arrived in Tunis to express his nation's total support for Tunisia in the ongoing crisis. While Egypt was not consulted by Tunis in the course of the past weeks, President Mubarak warned Qaddafi on Sept. 3 that his assault upon Tunisia would backfire. On the afternoon of Sept. 4 it was made known that the chief of staff of the American Navy, Admiral James D. Watkins, had met with President Bourguiba and the heads of the Tunisian armed forces. In a strong expression of American support, Admiral Watkins declared: "This is my first visit in Tunisia and I consider this visit as one of the most important that I have done in foreign countries. I was very honored to meet Tunisia's very courageous President this morning and to express to him our admiration, our sympathy, and our continuing support in this critical moment. Our meeting was very cordial. I will remember it for the rest of my life." A destroyer from the French Mediterranean fleet could be seen in Tunis harbor on that same day.

Yet, in spite of this international support, intelligence sources note that American and European economic interests in Libya are such, that although Tunisia can expect support in the case of an outright invasion, the West will take no action against Qaddafi. It is with an ironic smile that these sources note that while the Soviets and their surrogates have over 15,000 spies, technicians, and military personnel stationed in Libya, the United States continues to trade with them, while many Libyan companies headquartered in Switzerland are headed by Americans or Europeans.

Tunisian government and party officials summarize their situation in the following way: "We are facing the problem of relocating, housing, feeding, and eventually finding jobs for 100,000 people. It will not be easy. But we are not barbarians. We stand for civilization, for Western civilization and rationality. We are a democracy and have inherited a civilization which has existed for millennia and which is now part of modern civilization." The President of the Parliament, Mr. Messadi, concluded our interview by softly saying: "It is perhaps for that very reason that Qaddafi is trying to destroy us now."

The Mediterranean crisis and Tunisia

The Libyan-Tunisian crisis is merely the latest major incident in the continuously deteriorating geostrategic situation in the Mediterranean area. The steady decline of Western influence is most dramatically demonstrated in the now completed process of Syria's takeover of Lebanon. The state sovereignty of Lebanon has been destroyed; this once prosperous and moderate nation has become a war-torn, divided appendix of Syria's regional imperial aims.

The growth of millenarian Shi'ite fundamentalism has spread from Iran to the shores of the Mediterranean, seriously affecting Egypt and, to a lesser extent, Tunisia, Algeria, and Morocco.

Egypt and Sudan

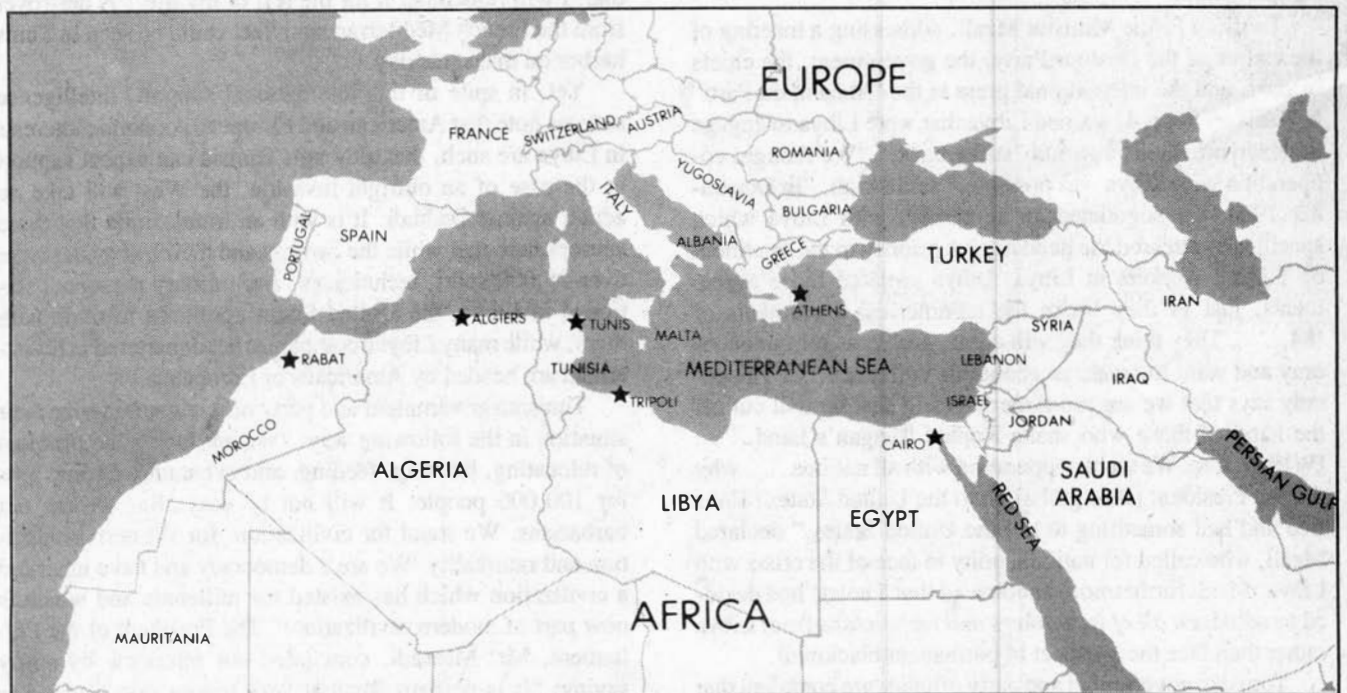
Sudan, once Egypt's major regional ally and buffer against Libyan-Soviet extremism, is in the process of reversing alliances under the dual pressure of a deadly economic crisis which has been dramatically worsened by International Monetary Fund's "conditionalities," and the growth of subversive influences which feed upon economic disorder.

Greece and Malta

What is commonly called the Southern Flank of NATO mirrors this evolution. On June 2, 1985, Andreas Papandreu, the ultra-left leader of the Socialist Party, Pasok, was re-elected prime minister of Greece, effectively pulling Greece out of NATO. Soon after, Papandreu also announced a complete shift in Greek military commitments, away from the Greek-Bulgarian border and toward preparedness for conflict with Turkey, a NATO member.

Athens, under Pasok rule, has become a major international crossroads for Libyan, Syrian, Popular Front for the Liberation of Palestine (PFLP), and Islamic Jihad operations. It is therefore understood that Libyan-Greek relations are excellent and are cemented by ideological bonds and not mere mercantile interests.

Since Dom Mintoff's radical turn some years ago, Malta has signed military and economic cooperation treaties with Libya, Syria, and North Korea. Mintoff, until recently the long-time premier of the island-state, took it upon himself to introduce North Korean advisers into Malta.



Spain, France, and Italy

At the same time, Pasok-dominated Greece initialed accords with Syria, Malta, and, most recently, Bulgaria, the Soviet satellite state most tightly ruled by the Soviet KGB. Of the major Mediterranean powers of Western Europe, socialist Spain and socialist France both maintain an ambiguous "third force" policy which is also supported by Italian Foreign Minister Giulio Andreotti.

Former Chancellor of Austria Bruno Kreisky, a dean of the Socialist International, told the Spanish newspaper *El Pais* on Aug. 16 that he was negotiating a "Mediterranean pact" between the European socialists, Libya and Malta, to make the Mediterranean a "neutral zone." In sum, Western political influence, and U.S. influence in particular, have clearly declined over the past five years.

Syria, Lebanon, and Libya

Conversely, Soviet military and political power has significantly grown. The Mediterranean Squadron of the Soviet Black Sea fleet fulfills continuous duties in the Mediterranean and has been regularly modernized over the past decade. The U.S.S.R. has also created major air-strips for Soviet forces in northern and southern Libya as well as enormous, underground tank and armor depots near Damascus (Syria) and Tripoli (Lebanon). An entire tank division could be rapidly put on war footing with the equipment available near Damascus. Yet, more than a military theater, the area serves as an arena of political and subversive warfare in which the Soviet design is to destroy Western influence. The strategic significance of the United States and European military withdrawal from Lebanon cannot be underestimated.

Tripoli and Benghazi (both in Libya) are used as staging centers for the East German secret service, the Staatssicherheitsdienst (Stasi), and the Soviet KGB for all of Africa. Thousands of East German agents are processed through Libya. European intelligence reports indicated that between one and two thousand special operatives of the Stasi were deployed into Libya in July and August of 1985. East Germany maintains diplomatic relations with some 13 African nations and has commercial and representative offices in some dozen others.

Tunisia

Tunisia remains a key to the stability of the entire region. Were radical pro-Libyan elements around the UGTT trade union to succeed in their destabilization campaign against the present government, not only would the West lose a precious ally and the Islamic world a center of moderation, science, culture, and reason, but the entirety of northern Africa would enter into a spiral breakdown: Algeria and Morocco would soon follow under the joint pressures of economic crisis and growing religious irrationalism. In turn, such a radicalization would inevitably hurt the social and economic stability of all West European countries.

The mobilization to defend Tunisia

by Thierry Lalevée and Philip Golub

The visit of Algerian President Chadli Benjedid on Sept. 2 to Tunisia, followed on Sept. 4 by a courtesy visit of the chief of U.S. naval forces, Admiral Watkins, underscored the international mobilization which has rapidly gathered support for Tunisia against the threat of Libyan aggression. As the mobilization gathered momentum day by day, it sent a strong signal to Libya's ruler, Muammar Qaddafi, that not only was Libya's isolation growing, but that any attempt to carry out the Libyan threats would mean, with certainty, the end of the Qaddafi regime.

The effect of the mobilization has been seen in Libya's sudden change of behavior. On Sept. 1, Libya celebrated the anniversary of Qaddafi's "revolution" by sending one of its jetfighters to violate Tunisian airspace close to the Mediterranean island of Jerba. On Sept. 2, a few hours after the departure of Algerian President Chadli, Qaddafi broadcast over Libyan radio his new "admiration" for Tunisian culture, harping on how he had always wanted cooperation between the two countries. Qaddafi's speech misled no one in Tunisia, since only a few hours later, Libyan radio resumed its hate propaganda campaign, warning Tunis that should the Tunisian media continue attacking Libya, "Libya will have to react."

The strengthening of ties between Algeria and Tunisia, along the lines of the May 1983 treaty of friendship between the two countries, has done much to consolidate Tunisia's regional position. President Chadli's visit to Monastir, where President Bourguiba was taking his summer holidays, and his several hours of discussion with the President as well as Prime Minister Mohammed Mzali, were the outcome of several weeks of close cooperation between the two countries since the beginning of the crisis with Libya in early August.

Chadli came with several proposals which were revealed on Sept. 4 in a mass meeting of "national solidarity" chaired by Prime Minister Mzali. This included several badly needed economic measures, such as the creation of a special "solidarity fund" to finance the resettlement of the Tunisian workers expelled from Libya; the donation to Tunisia of one day of Algerian workers' wages; Algiers' decision to buy those

Tunisian products which used to be sold to Libya; and Algiers' increased contribution to the Arab Maghreb Development Bank. In addition, decisions were taken concerning the development and expansion of joint economic projects in the southern regions of both countries.

The military side of this cooperation was made very visible. On Sept. 4, a Tunisian military delegation led by Defense Minister Salaheddin Baly was received in Algiers. The following day, an Algerian military delegation was received by the Tunisian chief of staff, General Youssef Baraket.

The same strong message was sent on Sept. 4 when Chief of U.S. Naval Operations Adm. James D. Watkins personally traveled to Monastir to meet with President Bourguiba, Prime Minister Mzali, Defense Minister Salaheddin Baly, Chief of Staff Youssef Baraket, and the chief of the Tunisian Navy, Captain Habib Fadhila. Offering President Bourguiba a sword as a "symbol of the continuous support between the United States and Tunisia, and of the deep friendship between the two countries," Admiral Watkins stressed that he was "very honored to meet your very courageous President to express our admiration, our sympathy, and our continual support in this critical moment."

At the very same moment, units of the U.S. Sixth Fleet along with one vessel from the French fleet were being deployed around Tunisia's international waters, in a display of support.

The varying degrees of support Tunisia continues to receive, underscores the fact that the defense of Tunisia has become more than a local problem, and is now assuming international strategic proportions. Tunisia has so far received firm commitments of total support from such countries as Jordan, Iraq, and the United Arab Emirates. The PLO organization of Yasser Arafat held a press conference on Sept. 4 in Tunis to denounce the expulsion of Tunisian workers. On Sept. 5, Abdel Hamid Bakkoush, head of the Libyan Liberation Organization based in Cairo, also sent a telegram of support to the Tunisian government against Libya.

On the same day as Admiral Watkins' visit, the Tunisian weekly *Ashourouk* wrote that the United States was ready to attack Libya if Tunisia's borders were violated in any way. The weekly reported that the Schiller Institute of Helga Zepp-LaRouche "has indicated that President Reagan has received hundred of telegrams from within the United States and abroad, urging him to adopt a firm position toward the Libyan threats of aggression against Tunisia. . . . These telegrams have confirmed that the United States will, in no way, accept an aggression against such a friendly country as Tunisia!"

There is little chance that Qaddafi's dream of invading Tunisia will ever be realized. However, as the Tunisian prime minister revealed on Sept. 4, the danger of sabotage and terrorism is still very much at hand. On Sept. 6, the Tunisian government presented to the press three Libyan terrorists, arrested with their weapons, who planned to bomb some of the industries around Tunis, including oil depots.

Bourguiba receives

by Thierry Lalevée

As most Tunisians will tell you, the present crisis can be summarized in a nutshell: "Libya began massively expelling Tunisian workers on Aug. 5, the very same day that the Union Générale des Travailleurs Tunisiens (UGTT) called for a general strike against the government." Mere coincidence, or convergence, or internationally organized plot? No one within the government has yet come forward with a definitive answer. Pending additional elements, officials are sticking to a denunciation of this "convergence," as did Prime Minister Mohammed Mzali on Sept. 4, before of a several-thousand-strong gathering of militants of the ruling Destour party during a "national solidarity" conference.

However, while the immediate military threat from Libya has been contained, Tunisian officials are gearing up to face the second phase of what they consider a plot to destabilize their country: Libyan-sponsored commando operations and renewed social agitation instigated by UGTT chairman Habib Achour. As a warning, Mzali reminded his audience on Sept. 4 of the proven plots which the government has foiled in recent years: the January 1978 wave of riots which, with full financing from Libya, aimed at destabilizing the Tunisian economy; the January 1980 Libyan commando operation in the city of Gafsa in central Tunisia, which aimed at creating a "liberated" zone for unleashing a full-fledged Libyan-type revolution in the country; and the January 1984 food riots which were manipulated by then-Interior Minister Driss Guiga, who attempted to overthrow the government before fleeing into exile in Paris and London.

Ever since Tunisia's independence, Habib Achour's UGTT, the main trade union associated with the Neo-Destour party of President Habib Bourguiba, has played an essential role in most of these crises. After the January 1978 riots, Achour himself spent a few years in jail before being reinstated as the trade union's chairman. The government, as a good-will gesture, did not oppose this decision, but instead began to build up rival trade union federations. In the same spirit, while Mzali fiercely denounced Achour's policies on Sept. 4, he was careful to draw a line between the UGTT leader, the rest of the leadership, and its membership, who consist of industrial workers from the north of Tunisia who,

popular support

if they are not members of the Destour party, are at least supporters of President Bourguiba.

In fact, during August, at the peak of the crisis with Libya, while Achour continued to call for general strikes in several sectors of the economy, such as transportation, the strikes received very little support. The spirit of national reconciliation or "solidarity" against the external threat, was more widespread in the population than Achour had expected. In warning, the Tunisian government decided on Aug. 30 to cancel the 1% tax which, since independence, had been taken from all wages as a state-imposed contribution to the UGTT. Achour, who should have known better, denounced this move as "criminal."

There are several political calculations behind what is expected to be a head-on confrontation in coming weeks between Achour and the government. Uppermost in Achour's mind is the fight for the succession to President Habib Bourguiba. It is an open secret that Achour covets that position. And if that cannot be achieved, Achour wants another member of his political faction to be nominated. Heading the list is former Foreign Minister Mohammed Masmoudi, who in September 1983 declared Achour his favored candidate for the presidency.

Mohammed Masmoudi, who lives in exile in Paris, was the architect of the ill-fated union between Tunisia and Libya in September 1974, a union which ended in his dismissal, but only after he had received a 2% commission on the first Franco-Libyan military deal in the mid-1970s, which included the sale of 200 Mirage jetfighters. Like Achour, over the years Masmoudi has become a close friend of Muammar Qaddafi. For years Masmoudi has served as Qaddafi's personal adviser, and Achour allowed the Libyan representative of his UGTT to be involved in planning the Gafsa unrest.

Working from his luxurious exile, Masmoudi, whom Qaddafi also appointed as Libyan ambassador to the United Nations last year, is at the center of the international Middle Eastern mafia which backed the failed coup attempt by Interior Minister Driss Guiga. His network includes the likes of Saudi Arabian Prince Sheikh al Fassi and his brother-in-law Prince Turki Bin Abdelaziz, a former deputy defense minis-

ter. This mafia has made millions of dollars on illegal military deals with Ibero-American countries, as well as through the sale of hundreds of captured official Tunisian documents. Both princes were spectacularly expelled from Tunisia in the summer of 1984, for having staged repeated provocations in some of Tunisia's resorts.

Achour is also receiving the dubious support of the Geneva-based International Labor Organization (ILO). In early November, the ILO convened a meeting to discuss the an official complaint against the Tunisian government on behalf of the UGTT and the Soviet-influenced International Confederation of Free Trade Unions (ICFTU). The ILO dismissed the International Monetary Fund's pressures on Tunisia as "irrelevant," and insisted that "the government alone is responsible for refusing to negotiate with the trade unions." The ICFTU went on to praise the IMF, and advised that Tunisia should meet all of the IMF's demands—in full knowledge that this would lead to a social crisis, which could benefit only Achour and his friends.

With this international backing, Achour has called for a general strike on Sept. 26, a move which was characterized on Sept. 6 in the Tunisian parliament as a call for the "establishment of a pre-revolutionary state before a Communist takeover." The strike will target the steel industry, the postal and communications system, and the banking system. The significance of this was not lost on Mzali, who compared Achour's call to a mid-1970s book by Gerard Chaliand, *Les Utopies révolutionnaires du Tiers-Monde* (The Third World's Revolutionary Utopias), which described how a revolution can be organized by "destroying the steel sector, a symbol of capitalism, . . . disorganizing the communication system between the government, the outside, and its police and military forces, and creating a financial panic by freezing all financial operations."

Whether such a strike will ever take place, remains to be seen. It has become obvious in the meantime, that the activities of Habib Achour are creating a climate which will be used by more sinister elements. These include the Islamicists of the "Islamic Trend Movement," whose Paris representative, Habib Mokhni, has been shown to be in the pay of the Iranian embassy at the Vatican, a terrorist deployment center headed by Hojatessalam Hadi Kosrowshahi.

Direct Libyan underground activities are also under way. On Sept. 6, the Tunisian authorities introduced the press to three Libyan terrorists, led by Libyan police officer Sabri Mohammed Mahmoud Najeh, who were intending to plant bombs at tourist resorts on the island of Jerba and in Zarzis, as well as to attack industrial installations in the suburbs of the capital. Next, the commando group was to fly to Athens, whence it would have flown to Cairo to launch a new assassination operation against Abdel Hamid Bakkoush, leader of the the exile Libyan Liberation Organization. Bakkoush narrowly escaped a Libyan-authored assassination attempt in November 1984.

Libya heading for economic breakdown

When the radical pan-Arabist Hibadite (Yemeni tribe) Col. Muammar Qaddafi deposed King Idriss in a colonels' putsch in 1969, he inherited the vast petroleum wealth of an otherwise barren land. While in 1962, Libya's oil revenues were a mere \$38 million, by the end of 1974, after the first major

oil price rise, they rose to \$2 billion. By 1980, after the second oil shock, Libyan oil revenues totaled \$23 billion, falling to \$10 billion in 1984, and to an estimated \$7 billion in 1985.

Although Libyan oil revenues have declined since 1980 as a result of the latest ratchet-step in the world depression, Qaddafi and his revolutionary councils have had a very large available surplus of cash to finance enormous armaments expenditures. Libya's national budget was estimated at 2.1 billion dinars (0.27 dinars = \$1) in 1984 and 1.7 billion dinars in 1985. The regime spent \$3.175 billion on arms imports in 1980 and has not slackened the pace of arms investments since then.

These expenditures do not take into account the "investments" of the Libyan regime into international terrorism, "friendly" regimes, and "liberation movements," nor their

Civilized forces vs. forces of barbarism

"Beyond the immediate appearances, the real problem of the crisis between Tunisia and Libya, is the issue of a choice of society, a battle of civilization." So began our one-hour long meeting with Mr. Mahmoud Messaadi, chairman of the Tunisian National Assembly who, in constitutional terms, comes third after President Habib Bourguiba and Prime Minister Mohammed Mzali.

Now in his early 70s, Mahmoud Messaadi is a long-time associate of Bourguiba since the very early days of the struggle for independence, when he rallied the main trade unions to the leadership of the Neo-Destour party. He has held ministerial posts several times since independence, and in his earlier days, he was the teacher of many who are now today's politicians. He taught for years at the famous Sadiki college, established in the 1880s by the Bey of Tunis as a Western-oriented school, and staffed with French and Italian collaborators of the French Ecole Polytechnique, as a rival to the more traditional religious establishment, the Zitouna. Most, if not all, of Tunisia's leaders of Habib Bourguiba's generation were educated at Sadiki. Mahmoud Messaadi is also an accomplished writer and philosopher and is known for his wit, which he has been using deftly since he became chairman of the parliament in 1981.

No one could better underline the fundamental issue at stake in a crisis which threatens the national sovereignty of the most Western nation of the Middle East and North Africa. Indeed, as Tunisians rightly stress, Tunisia is the only country in the entire region, to have had a democratic system ever since independence and to have never been threatened by a military putsch. Granted, a choice was made from the beginning not to develop an armed forces which would be out of proportion to its 7-8 million inhabitants. This was not out of fear of a military threat, but to concentrate the maximum of its meager economic resources on internal economic development. However, the decades of democracy have had much to do with the personalities of Tunisia's leaders, as well as the cultural environment they have created.

Augustine and Ibn Khaldoun

As Mahmoud Messaadi told us: "We have made our choice. Tunisia has had many civilizations," from Carthage, the colony of Phoenicia, to Rome, Byzantium, and finally Islamic civilization. Tunisia has also had many leading thinkers such as the 15th century Ibn Khaldoun. But, Tunisians are also proud of one very early thinker of theirs: Saint Augustine. The current minister of education is a scholar of Saint Augustine.

"We belong to Western civilization, based on progress in science and technology," the chairman of the parliament said, adding that Tunisia could never deny the importance of the values and principles he had learned from the West during colonial times. Bourguiba himself concretized the theme when, weeks after the declaration of independence, he told the Tunisians that the fight with the

raising and funding of mercenary armies throughout the Sahel region. The staggering nature of the expenditure is made vivid when compared to Tunisia's arms bill: \$77 million in 1974, \$235 million in 1982, \$250 million in 1984 (in constant 1980 dollars). Since the mid-1970s, the Soviet Union has, of course, been the major supplier of arms to the Qaddafi regime, occupying over 80% of Libya's arms market, with Italy, France, and West Germany holding the rest.

During the middle and late 1970s, Qaddafi and what he called then his "popular committees" utilized the country's large foreign exchange reserves for large scale commitments into international terrorism (for example, harboring the "Carlos" organization, and financing the radical Palestinian PFLP and PdFLP) and financing of subversive operations, military or covert, into neighboring countries. The pace of these operations did not abate, but rather increased in the early 1980s,

colonial power was over and the time of cooperation had now arrived. No other country which has Islam as the dominant religion, has made such a radical choice.

Islam is not the State religion of Tunisia. Bourguiba made a point, shortly after independence, of stressing that Islamic customs such as Ramadan (fast) are to be based on private beliefs. Christianity and Judaism have similar freedoms, with large churches and an imposing synagogue in the middle of the capital. Such religious tolerance was in recent months a target of Muammar Qaddafi, who created his "Radio of Holy Hatred" in which he called on Muslims to massacre Jews. This did more to provoke anti-Qaddafi outrage than anything else, even though a few Islamic fanatics were prepared to follow Libya's orders. In the same vein, and indicative of the level of moral development of Tunisian society, was Bourguiba's very early decision on an independent status for Tunisian women, who are well represented in the country's leadership.

Mahmoud Messaadi stressed the fundamental, qualitative difference between Tunisia and Libya: Tunisia is a nation-state based on democratic and republican institutions. A few months after independence, Habib Bourguiba made an offer to the ruling monarch: quietly resign and welcome a Tunisian republic, or be overthrown. Wisely, the monarch agreed to step down, and since then his numerous family members have been integrated within the republic.

Contrasting the Libya of Qaddafi, Messaadi cited an example where he had been offered the chance to chair a joint session of the Tunisian and Libyan parliaments. However, as he pointed out, Libya has no parliament, but only local people's congresses. "How could we meet, I

even though the Libyan regime was and is increasingly faced by explosive economic and political problems. Since 1980, Libya's foreign exchange reserves more than halved.

Given that neither military expenditures nor foreign subversive commitments diminished in the intervening period, the regime has compensated for its loss of revenue through a very harsh and irrational austerity program imposed on its population and on the community of foreign workers in Libya. In 1982 the regime instituted new regulations which allocated a large proportion of employees' salaries to special funds and to the armed forces. Soon afterwards, the regime announced major curbs in imports, including food imports, although Libya is largely dependent upon the latter to feed its own population.

To brutalize the population into passive acceptance of these measures, the regime has forbidden the use of musical



EIR correspondents Thierry Lalevée and Philip Golub, at left, meeting Mahmoud Messaadi, the chairman of the Parliament of Tunisia. This photo appeared in Tunisia's *Al Amal* newspaper.

told the Libyans. You have no parliament. . . . Send me the address of the people. . . ." Such a system, he continued, rejects all the principles on which nations are built. "It is outside the logic of nationalism."

While talking more on Tunisia's culture, he went on asserting that for this very reason, "Tunisia cannot compromise" with Libya and a leader who "threatens to cut off the hands of whoever met with Reagan." "Maybe we cannot change them, but we know how to defend ourselves," Messaadi continued, as he elaborated on the measures announced the previous day by the prime minister, concluding that these very Western values were the ones for which the Tunisian people as a whole would fight.

instruments, and, in 1984, dissolved all schools on the grounds that "mothers and not schools should educate children." Measures also include increasingly arbitrary and brutal regulations, such as the most recently announced policy of eliminating the use of money and replacing it with coupons, thereby creating a veritable coupon system for all Libyans: coupons for food, for household goods, for gas, and so forth. Internally the country is facing increasing economic anarchy.

Deported Tunisian workers, engineers, and artisans all report that the average Libyan cannot feed himself or his family adequately. There is not enough bread, no fresh fruits, few vegetables. Meat is consumed perhaps once every two weeks, or once a week if a family is lucky. The per-capita Gross National Product of the country belies the real situation of the population which, if it is not starving, is not satisfactorily fed.

Yet, the population can do next to nothing about this state of affairs. Libya is run as a police state. "Libya is verging upon what Pol Pot did in Cambodia," a Tunisian intellectual told us. The police state is run by the revolutionary committees, who police the country along with the armed forces, though the latter are considered highly unreliable by Qaddafi and his immediate circle of advisers. The Libyan security services headed by Said and Ahmed Khedafaddam are ubiquitous, and are themselves controlled and serviced by the highly professional Staatssicherheitsdienst (Stasi) of the German Democratic Republic (East Germany), special units of the North Korean secret services, as well as by KGB instructors. One must add to this the Cuban intelligence and military personnel who provide additional screening for Qaddafi.

Qaddafi's own security is organized by an inner ring of Stasi agents (among them Khalifa el-Hanesh) and North Koreans. With an estimated 14,000 Russians in Libya, plus a couple of thousand East German, Cuban, North Korean and other Soviet bloc agents, Libya represents one of Moscow's major non-Warsaw Pact outposts. The port of Tobruk serves as a Soviet naval repair and refueling base. Soviet and East German military advisers are to be seen everywhere in Libyan uniforms: at Gadames, a Libyan military base on the Tunisian-Algerian-Libyan border, at Zawi near the coast, etc.

The city of Tripoli, ex-capital of the former Italian colony Tripolitania, serves as an international mercenary and terrorist arms market. Mercenaries are bought and sold in Tripoli and from there are deployed into dozens of other countries. The infamous "Islamic Legion" of Qaddafi is merely an organized mercenary force. Immigrant workers who had the misfortune of working in Libya, sometimes found themselves impressed into the Legion and sent to war. Over the past few years, Tunisian and other immigrant workers have been found fighting in Chad, on the front in the Iran-Iraq war (on the Iranian side), and in Lebanon. In many cases, Qaddafi had lured young immigrants into signing up, by offering them a spurious "Arab nationality," rather than Libyan citizenship.

Qaddafi is not mad. There is method in his apparent folly.

It is one of the most curious chapters of recent history, that a palpably terrorist and pro-Soviet regime has maintained a very wide net of commercial, diplomatic, and political relations in the West, with Europe as well as the United States. According to North African officials, the U.S. State Department has regularly discouraged political or military maneuvers against Qaddafi. Hundreds of millions of dollars, billions have been invested by the West, and new investments are still flowing in. Three major projects are now under way in Libya run by large American corporations.

This Western ambiguity never fails to astonish the regional allies of the West in North Africa, be it the Algerians, the Egyptians, or the Tunisians. There are tens of thousands of Western technicians working in the country, among them some 15,000 Italians.

Yet, in spite of this, Qaddafi's hold on power is weakening. Over the past year there have been a number of serious coup attempts originating in the officer corps. The most recent one, on Aug. 31, was organized by two colonels, Col. Bargash and Col. Kheder, who, when it failed, were both executed. Both, like many Libyans, had been educated in Tunisia. The armed forces have been showing strains, serious strains, since 1983.

The invasion of Chad in the summer of 1983 cost Libya a fortune, and rumblings were heard in the officer corps. Poorly organized, Libya's army nonetheless disposes over very modern hardware. Recently they have acquired MiG-27s from the U.S.S.R. But the hardware alone does not make Libya's army into an effective fighting force. Experts estimate that, had Egypt been given the required international guarantees and political support in 1977, they could have readily crushed Libya. Similarly, had France acted as some senior French officers suggested in 1983 and bombed the Libyan columns driving down towards Faya Largeau in northern Chad, there would have been major revolts in the Libyan army.

Because of the repeated coup attempts, Qaddafi and his inner circle have sent the armed forces to faraway outposts, border duties, foreign operations and, when at home, confined them to their barracks. With the economic and food situation deteriorating, this conflict with the army can only worsen. Renewed fighting has just broken out in Chad, and Qaddafi has dispatched one of his most trusted operatives, Colonel Messaoud, back into Chad.

As a result of this double crisis and its increasing isolation in the Maghreb, the wild adventurism of Qaddafi is expected to increase. As far as his neighbors are concerned, there is no longer any possibility to negotiate with the present regime. While they intend to make no move which would provide Qaddafi with a pretext to consolidate his hold over Libya and keep his armed forces busy away from home, they will certainly do their utmost to subtly hasten the demise of a regime which is, in the words of one Tunisian government official, "enslaving its own people."

EIR

Quarterly Economic Report

The Looming Bankruptcy of the United States

June 15, 1985

Are the U.S. government's "free enterprise" policies bringing on the "final collapse of capitalism"?

How the Russians must be laughing. With an overvalued dollar, the United States is collapsing internal production capabilities at a rate which must soon reach the point of no return, while ruining the economies of its allies. An estimated \$1.3 trillion is being looted annually out of U.S. productive capabilities.

Did you know that . . .

- Out of the U.S. banking system's some \$3 trillion in loan assets, at least \$2 trillion is worthless? The S&L panic is only the beginning.
- Since the 1950s, America's living standard has been cut by 50%. The American population has a deficit of 20% to 70% in basic goods needed for its survival.

- AIDS is on its way to becoming the Black Death of the 20th century. If IMF global austerity policies are permitted to continue, the present eruption of this and other pandemic diseases in Africa will subject the United States and other formerly industrialized nations to a biological holocaust worse than nuclear war.

Since the fall of 1979 LaRouche's forecasts have established a record unparalleled in accuracy by any other economic forecasting service in the nation. Data Resources International and Chase Econometrics proved unable, in the fall of 1979, to correctly forecast the consequences of the credit policy then being initiated from the Federal Reserve by Paul Volcker. LaRouche did. Those agencies, and their co-thinkers, have been repeatedly exposed as incompetent bunglers, while the LaRouche record has been maintained.

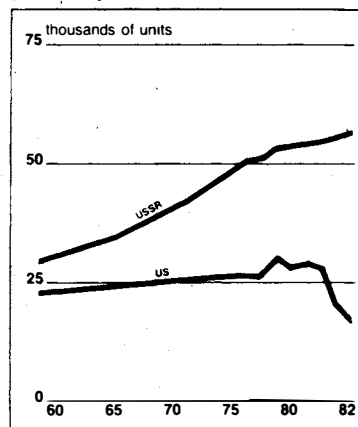
Full year subscription: **\$1,000**

Single issue (second quarter 1985): **\$250**

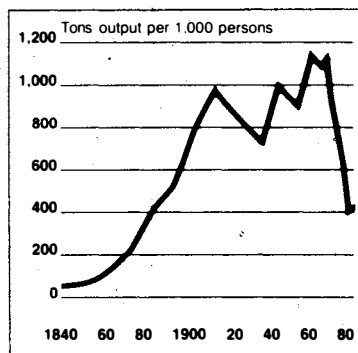
Order from:

EIR News Service P.O. Box 17390, Washington, D.C. 20041-0390

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



U.S. iron output per member of the labor force



Reagan gives in to pressure from the Palace Guard

by Nicholas Benton

"Today's moves once again underscored what has been apparent for some time—the willingness of Mr. Reagan to modify or reverse a policy when faced with strong public opposition." So crowed the *New York Times* on Sept. 10 following President Reagan's announcement that he was exercising executive authority to impose sanctions on the South African regime.

The Eastern Establishment press was aglow with pride over the ability, once again, of the Trilateral Commission faction in the administration to prevail on the President for a major shift in policy. They were not reluctant to report that it was through the yeoman efforts of Chief of Staff Don Regan and Secretary of State George Schultz, in particular, that the shift occurred. "Mr. Schultz energetically urged the President to take that course," a spokesman for the State Department confirmed.

What pleases these forces about their ability to bend the President on the South Africa question concerns what this portends for the much bigger fish coming up in November, when they will be putting the pressure on even more to get Reagan to capitulate to Gorbachov and back down from his commitment to the Strategic Defense Initiative.

Lest there should be any confusion about who is behind these machinations to sway the President—no sooner were the limited sanctions announced by Reagan than the Bank for International Settlements meeting in Basel, Switzerland, revealed its disposition for the same policy, moving to close off credit to South Africa because, as one spokesman said, "We think there is a need for major political reforms in South Africa before we get into any talk of a rescue package."

Meanwhile, the President, talked into preempting congressional action on anti-South Africa sanctions with his executive order, began discovering that his move did not cool down the situation, as promised, but has only escalated the joint Swiss-Venetian-Trilateral and Soviet efforts to reduce

South Africa to an ungovernable bloodbath.

Following on the heels of the Reagan announcement, new rounds of violence were unleashed in South Africa, and 11 Western European countries meeting in Luxembourg reached agreement on a common but limited package of sanctions of their own. Reagan's announcement also prompted U.S. Ambassador to South Africa Herman Nickel to launch vituperative attacks on the South African regime via state-run national television in Johannesburg, where he returned for the first time in three months after withdrawing in protest.

In the United States, while Republicans in the Senate hollered about "closing ranks behind the President" as the congressional fight degenerated into a partisan battle over the level of severity of sanctions, arch-liberal Rep. Stephen Solarz (D-N.Y.) prophesied that Reagan's capitulation has opened Pandora's Box and will lead irreversibly to more and more severe sanctions against the Pretoria regime.

The battle for more restrictive sanctions against South Africa than Reagan was willing to impose continued through the week. The Republicans were barely able to sustain a filibuster to prevent passage of a stiff sanctions bill—similar to one already passed in the House—that would force the President to veto the bill.

"Radical" stooges for the Trilateral plan to destroy South Africa—such as Randall Robinson of the TransAfrica Institute, who has led many of the demonstrations leading to over 3,000 arrests at the South African embassy in Washington, D.C. so far—attacked Reagan's moves, and said that the South African government's condemnation of Reagan's measures "is part of the theatre . . . the *de facto* alliance between them and this administration still exists."

All of these developments served to prove the point made by the *Executive Intelligence Review*, that without a comprehensive economic solution to the devastated conditions facing the continent of Africa as a whole—beginning with dis-

mantling the International Monetary Fund—there will be no peace in South Africa. This is the pathway that Reagan has so far avoided in capitulating to the Trilateral faction.

Reagan's executive order, announced before a national television audience Sept. 9, included these provisions:

- A ban on loans to South Africa, with the exception of "certain loans which improve economic opportunities, or educational, housing and health facilities that are open and accessible to South Africans of all races." The prohibition is effective on Nov. 11.

- A halt to the importation of the Krugerrand in the United States, subject to consultations with this country's major trading partners.

- A ban on all computer exports to military, police, and security forces and agencies "involved in the enforcement of apartheid."

- A prohibition of all exports of nuclear technology until South Africa agrees to the terms of international agreements on the spread of nuclear arms.

Reagan did not specify how long the measures would remain in effect. He said the feasibility of the United States minting a gold coin as an alternative to the Krugerrand for American collectors would also be examined.

He mandated Shultz to set up a commission of "distinguished Americans" to report in 12 months on "measures to encourage peaceful change in South Africa."

Reagan said that his move was designed to shift his policy toward South Africa slightly from one he had repeatedly referred to as "constructive engagement" to what he now called "active constructive engagement."

Botha's reaction was swift. He said, "President Reagan's move will diminish the ability of the United States to influence events in South Africa. We see no understanding of the fact that even limited sanctions destroy jobs and progress. Punitive actions, no matter how selective, do not select their victims. The welfare of blacks and whites is indivisible." He insisted, "Despite outside pressure, the South African government will continue its program of reform."

A spokesman for the Pretoria regime insisted that Reagan's sanctions had nothing to do with Botha's announcement two days later that he would grant citizenship to all blacks in South Africa. "We made that decision weeks ago," said ambassador-designate to the U.S. Herbert Beukes. "We in South Africa," he added, "realize that we must move away from the status quo." In light of this, he added, Reagan's sanctions "are likely to prove counterproductive because they will make white South Africans angry and defensive, while having little practical effect on their lives." Beukes said, "Historical U.S. cooperation and sympathy for Pretoria's position, on the other hand, in its disputes with neighboring black African states had provided a feeling of stability that allowed us to move ahead with reforms which otherwise might have met greater resistance from our white electorate."

Botha's move to grant citizenship to all South African blacks was followed by the release on Sept. 13 of a 231-page

report from a committee of the 60-member South African President's Council, a statutory body that makes formal recommendations to Parliament, calling for the abolition of "pass books" in that country which restrict travel of blacks into the cities. This recommendation, striking at the heart of the apartheid system by breaking down restrictions on blacks on movement and the right to live in cities, was expected to pass the South African Parliament quickly. Again, South African officials insisted this development had nothing to do with Reagan's announcement, remarking that the wheels of government simply do not move that fast in their country. However, these developments were proof, they said, that reforms were already under way before Reagan capitulated.

Crowing over the ability of the Trilateral advisors—like Regan and Shultz—to influence Reagan, the *Washington Post* commented that Reagan's departure from policy on South Africa proves him to be even more "flexible" than the ignominious Jimmy Carter, who did not budge on the "constructive engagement" formula worked out in the mid-1970s by none other than Henry Kissinger when he was deployed to that area. Zbigniew Brzezinski outlined U.S. policy toward South Africa in December 1977, and that policy has stuck for almost a decade, the *Post* noted. But now, "President Reagan, by imposing economic sanctions on South Africa and promising an 'active' pursuit of reform there, has effectively reversed the fundamental premise not only of his policy but of a decade of U.S. diplomacy throughout southern Africa," the *Post* adds.

If he is learning to follow Trilateral order so well, the chance of getting him to bargain away the Strategic Defense Initiative are excellent, the rag might have added.

Representative Solarz, a raving Reagan critic, said that "whether Reagan is aware of it or not, he's driven the final nail into the coffin of constructive engagement" by announcing his sanctions. Solarz said that from now on, it will be more difficult for Reagan to argue against attempts at the United Nations to impose further sanctions on South Africa. It will also provide, he said, prophetically, justification and momentum for those in Congress favoring stronger sanctions.

This mentality has thrown Congress into warring camps between those, such as Sen. Richard Lugar (R-Ind.) and Sen. Robert Dole (R-Kan.) who now can look good "closing ranks behind the President," and the hard-line severe-sanction faction, including Sen. Edward Kennedy (D-Mass.), who claimed, "The Republican Party is at a crossroads on this issue. It must decide if it is to be the party of Lincoln or the party of apartheid."

The irony is that both sides now support sanctions, and neither is looking at the underlying realities that threaten to destroy the continent of Africa as a whole, the nation of South Africa included, such as the ongoing policies of the International Monetary Fund, the international banks, and their allies in the Trilateral Commission who leaned so heavily on the President to force this latest capitulation.

The man who destroyed Iran, and may now destroy the Philippines

by Allen Douglas and Vin Berg

Among those gentlemen today who are now most concerned over the fate of the unstable Philippines is our former ambassador there, William H. Sullivan, the current president of New York's American Assembly policy think tank. Until the recent period, Mr. Sullivan was one of the top "Asia hands" in the U.S. foreign service, in which he had a long and distinguished career, including several ambassadorships, spanning the turbulent and war-ridden years from the 1940s to 1979. Americans, one would think, might be thankful that such an experienced and well-traveled individual is now devoting his attentions to such an important and troubled ally as the government of Ferdinand Marcos.

There is just one problem. William H. Sullivan is a traitor.

William H. Sullivan's purpose, his *stated* purpose, in all he currently does in regard to the Philippines, is to eliminate the United States from the Asian theater, to deliver the region into Soviet hands, and to do so by destroying the Marcos government and plunging the Philippines into ungovernable chaos. Along the way, the strategically irreplaceable American bases at Subic Bay and Clark Field will, of course, be lost. To these ends, Sullivan has been regularly traveling to the Philippines to plot strategies with various opposition elements, including the "We Belong" young-officers' group of would-be coup-makers.

The U.S. State Department, of course, is fully informed of his activity, at the very least.

There is no doubt that Mr. Sullivan can accomplish his goal if allowed. He is the career foreign service officer who was chosen to be U.S. ambassador to Iran, and who, in that assignment, performed the acts of treason that destroyed the regime of the Shah, plunged the Iranian nation and its people into bloody chaos and warfare under the dictatorship of an irrationalist theocracy, and began the process of expulsion of the United States from the Middle East in favor of Soviet imperial suzerainty.

He is also the foreign service officer chosen for several key assignments in the early 1960s that assured massive

American military involvement in Southeast Asia; he was then the foreign service officer who was chosen to help Gen. Maxwell Taylor work out the "military strategy" which assured America's humiliating and demoralizing defeat in the Vietnam War they had created.

Do not misunderstand: William H. Sullivan is not a communist, in any conventional sense of the term. Nor, we presume, is he in the pay of the KGB or some kindred agency. He is, however, part of a pro-Soviet conspiracy, by his own admission. By his own admission, throughout his life, William H. Sullivan, career foreign service officer, has been a member of a tightly-knit "cult," a "cult," he says, of at most several thousand foreign service officers, military officers, government officials, and members of think-tanks and the press, deeply penetrated into and dominating the American foreign policy establishment since World War II.

This "cult"—his own word—is characterized by an oligarchical hatred of the institutions of the sovereign nation-state and the economic development of peoples, as these principles are best exemplified by the United States of America.

The United States is constitutionally the exemplar and guarantor of the sovereignty of nation-states, as the ordering principle in world affairs. The United States could, therefore, never effectively serve as the seat of an empire administering satrapies. Therefore, the oligarchist "cult" of which Sullivan is part, since the Second World War, has worked for the rise of the only prospective new empire that might be established in this century, that of Russia. And, the "cult" has done so from the inside, by devoting itself to the exercise of America's own power abroad, to destroy that power, in favor of Soviet power.

William H. Sullivan's commitment to empire has made him an agent of Soviet influence.

But, let us have Mr. Sullivan speak for himself. Here is a brief excerpt from his autobiography, *Obligato: Notes on a Foreign Service Career*, in which he describes the long-term policy perspective which governed his career and the several

thousand other members of "our cult."

"As a people we have, through most of our history, been intoxicated by some rather jingoistic exaggerations of the international context in which our nation exists. . . . Most of the American public failed to understand that much of our postwar paramountcy was artificial and was due to the enormous destruction that other nations had suffered. *Our apparent hegemony in the world was destined to be of short duration, unless our leaders sought to perpetuate it unrealistically.* . . .

"The alliances we have fostered, the wars we have fought, and the international confrontations we have faced all contributed to the perception of the United States as an expanding empire. And yet, I would argue, from Truman through Nixon, the facts were just the opposite. *We were, as a nation, deliberately reducing our hegemony and shrinking our international responsibilities to a scope more commensurate with*

Mr. Sullivan has had a long and distinguished career including several ambassadorships. Americans, one would think, might be thankful that a man of his experience is now devoting his attentions to such an important and troubled ally as the government of Ferdinand Marcos. There is just one problem. William H. Sullivan is a traitor.

our national capabilities."

Sullivan writes of "finding and developing worthy heirs" to the retreating American power—under conditions, unstated, in which the only possible heir in each case, and on the whole, is imperial Russia.

Henry Kissinger, another member of Sullivan's "cult," was only more precise when he instructed a nodding George Shultz, our current Secretary of State: "Our policy is to reduce U.S. power and influence to 25% of its postwar extent"; the same Kissinger who recently wrote of "the temptation of unilateral disarmament," and during the Nixon years, declared: "Our job is to manage Soviet hegemony."

In concrete, the four-decade policy-perspective to which William Sullivan's life has been dedicated, together with Kissinger, Cyrus Vance, McGeorge Bundy, Philip Habib, Vernon Walters, and others, has meant deliberately demoralizing, destabilizing, and destroying America's friends and allies throughout the world, and thus twisting American power to America's own eventual destruction.

Thus, the traitor, William H. Sullivan, and his current activities in regard to the Philippines.

In the profile that follows, one will observe the frequency with which the name Averell Harriman arises, the same Harriman responsible for the career of General Walters, our current U.N. ambassador, and so many others in Sullivan's traitorous "cult."

A Harriman protégé

William H. Sullivan graduated *summa cum laude* from Brown University in 1942, and joined the navy in Boston. His first captain was described as "an old China hand." Upon discharge in 1947, he entered the foreign service and became third secretary and vice-consul at the U.S. embassy in Bangkok, Thailand.

In 1949, he was posted to Calcutta. He met there frequently with M. N. Roy, the India-born chief of Asian operations for Stalin's Communist International (Comintern) and founder, among others, of the Mexican Communist Party.

In 1950, Sullivan was assigned to be a "political adviser" to Gen. Douglas MacArthur in the occupation government in Tokyo. He helped to set up the Japanese foreign ministry and foreign service. It was in this period that Harriman and the "cult" were plotting the Korean war and General MacArthur's political demise.

In 1952, Sullivan was transferred to Italy, first as political adviser to the admiralty of the NATO Southern Command in Naples, then in Rome.

In 1955, Sullivan was sent to The Hague, still in a NATO capacity. Every month, he reports, he had lunch with the Soviet KGB station chief there.

From 1959 to 1963, Sullivan worked in Washington at the State Department's Southeast Asian Affairs desk. In this capacity, he became the personal deputy to Averell Harriman, war-time ambassador to the Soviet Union, whom President Kennedy had appointed to mediate between North and South Vietnam to ostensibly attempt a peaceful resolution of that conflict.

In the spring of 1963, Kennedy appointed Harriman a special plenipotentiary to Moscow. Harriman chose Sullivan as one of his two personal assistants. Earlier, Sullivan had been chosen by Harriman to assist him in the early-1960s negotiations in Geneva over Laos. Before going to Moscow, the pair flew to London for consultations.

In early 1963, the Joint Chiefs of Staff mandated a "war game" on Vietnam. Gen. Maxwell Taylor, then Kennedy's adviser on military affairs, headed up the "Red Team," North Vietnam, playing Ho Chi Minh. His assistant was William H. Sullivan, who played Gen. Vo Nguyen Giap, the hero of Dien Bien Phieu. In repeated plays of war-fighting scenarios in the region, they repeatedly, crushingly defeated the "Blue Team," the United States and South Vietnam.

Thus, with the strategy that they had worked out in the event of U.S. involvement in the Southeast Asian war, Taylor and Sullivan determined without question that the U.S./South

Sullivan coordinated efforts for Khomeini's rise to power in "a close working relationship with British Ambassador Parsons." It was all very blatant. At one point, the Shah asked him: "Had we and the Soviets reached some grand design in which we had expected to divide up Iran between ourselves as part of an overall division of power throughout the world?"

Vietnamese forces would be defeated. But, an AP wire of May 19, 1977, reported: "In the early 1960s, he [Sullivan] was a member of an Indochina policy task force which urged a strong U.S. military commitment to the South Vietnamese government."

Why did Sullivan want a strong U.S. military commitment for a war he knew in advance that under standing military strategy the United States would lose? Why, is appreciated to the degree one appreciates that the Vietnam War was in large degree intended to destroy the United States, the morale and patriotism of its military and its people.

In early November 1963, Henry Cabot Lodge, U.S. ambassador in Vietnam, organized the coup d'état and assassination of President Diem. Only three weeks later, shortly after the President of the United States had rejected the "cult's" recommendation of a strong U.S. military commitment in Southeast Asia, and on the very day, according to McGeorge Bundy, that the President was to deliver a speech in Dallas rejecting the Mutually Assured Destruction doctrine in favor of developing anti-missile defense, that President, John F. Kennedy, was assassinated.

The new U.S. President, Lyndon Johnson, followed the recommendations of the "cult's" Indochina task force to the letter.

In the spring of 1964, Johnson made Maxwell Taylor ambassador to Vietnam. In Taylor's pocket was a signed statement from the President designating him also commander-in-chief of all U.S. forces in Vietnam. As his assistant, Taylor chose William H. Sullivan.

The escalation of the Vietnam war was on.

At the close of the year, William H. Sullivan became ambassador to Laos, and personally directed the escalation of the fighting there. By his own testimony, "sometimes from my bedside," Sullivan ordered air strikes and so forth throughout the "secret war" in Laos.

In 1968, Averell Harriman was appointed to head the

U.S. "negotiating team" on the Vietnam war. Assisting him was Sullivan, along with Cyrus Vance, Philip Habib, et al. In 1969, Sullivan returned to Washington, remaining in the Southeast Asia section. In 1972, he became the top assistant to Henry Kissinger for the Vietnam peace negotiations.

In the spring of 1973, Sullivan was Kissinger's choice to become ambassador to the Philippines. Kissinger's plan was to have him simultaneously function from his base in Manila as ambassador to Vietnam.

Senate resistance to the nomination was strong. Kissinger enlisted the aid of the Chinese government to lobby with the members of the Senate Foreign Relations Committee to agree to Sullivan's ambassadorship. "It was a remarkable piece of assistance from the Chinese," wrote Sullivan in his autobiography.

Sullivan in Iran

In 1977, William H. Sullivan was appointed ambassador to Iran by Jimmy Carter and his Secretary of State, Cyrus Vance. Four years later, Sullivan authored a book reporting on his assignment, *Mission to Iran*. There is one thread throughout that makes his purposes and role in that assignment unmistakable: a fanatical hatred and fear of the Shah's industrialization policy.

The Shah's plan for his nation, Sullivan declares, was to make it into "the fifth-largest industrial entity on the face of the earth" by the year 2000. "He was particularly high on nuclear energy and had become something of an amateur exponent of fusion technology, which, in his judgment, would relieve the world of its dependence on oil for energy."

Sullivan went to work to destroy the Shah's development plans, even before arriving in Teheran. At a meeting with industrialists in New York, Sullivan denounced the Shah's program. "I wished seriously investigated . . . the future of the Shah's industrialization process in the context of the entire Iranian economy. The doubts that had first arisen in my mind when I talked with the American business executives in New York had become compounded as I looked further into the economic equations for Iran. I therefore wanted some studies in depth concerning the ability of the Iranian economy to cope with the enormous industrialization program that the Shah was pressing on the country. . . . It became an obsession with me."

At one point, Sullivan pulled together the Shah's entire cabinet, without the Shah, to rail at them over the industrialization program. In his account, every cabinet minister sooner or later came up to him privately and expressed agreement that Iran was to remain backward. Thereafter, Iran implemented "a program of austerity and sharp cutback of industrialization." Writes Sullivan: "I am sure that deep inside, he [the Shah] was asking himself with the usual Iranian morbid suspicion just why it was that the United States was seeking to frustrate his industrial independence." Indeed.

Of course, the plot to bring Khomeini to power was under way from the moment Sullivan became ambassador, or the

moment Jimmy Carter became President. Sullivan developed extensive contacts with Khomeini and his feudalistic, irrationalist opposition networks, as the embassy "began to extend its antenna into the network of political dissidence." He knew, he says, that the Shah was trying to carry out a "White Revolution" so that Iran would not miss its precious chance to develop. He coordinated efforts for Khomeini's return to Iran and rise to power in "a close working relationship with British Ambassador Parsons."

When Carter dispatched General Huyser to Iran to warn the Iranian army against crushing the Khomeini rebellion, the general stayed in Sullivan's home.

It was all very blatant. At one point, the Shah asked Sullivan: "Had we and the Soviets reached some grand design in which we had expected to divide up Iran between ourselves as part of an overall division of power throughout the world?"

With Iran lost to the bloody mullahs trained at Patrice Lumumba University in Moscow, Sullivan was recalled to Washington. When he departed, the Mujahedeen came to the airport to kiss his hand.

Immediately after the Iranian disaster, Sullivan resigned as ambassador, and was immediately given the job of president of the American Assembly at New York's Columbia University, a policy think-tank which includes Harriman, Bundy, Vance, et al. The Assembly holds most of its seminars at Arden House at the family estate in Harriman, New York. The Assembly is noted for its demand for the repeal of all laws against usury, and its proposal to "reform" the American republican system in favor of British-style parliamentary parties controlled by the oligarchy top down on the basis of "party lines" and "party loyalty."

It is from his post at the American Assembly that Sullivan is now operating to "Iranize" the Philippines by overthrowing the Marcos government, whose industrially oriented "Revolution from the Center" Sullivan hates with the same passion he directed at the Shah's "White Revolution."

The managing of U.S. 'devolution'

It is in his autobiography that William H. Sullivan, the traitor, says he is a traitor, describing the "cult" which has been responsible for twisting American foreign policy away from the good this nation might have used its power to accomplish, and deliberately sabotaging American influence worldwide since the end of World War II. We let him speak of his and his associates' accomplishments in retrospect:

"We know that, in the first few years of the 1940s, our nation was transported from the doubts and despair of the Great Depression to the self-confident euphoria of military victory, and the status of a superpower. Our leaders, who, in the 1930s, had been reluctant to engage in foreign affairs, soon found themselves making choices and decisions affecting the lives of every human being on earth. The United States was the great winner in World War II. We emerged from that conflict as the paramount nation in the world. We had a monopoly on the atomic weapon, the most powerful

conventional military forces, the most productive economy, and the most resilient political system. Harry Luce told us that we were entering the 'American Century'

"When an objective history of American international performance in the middle decades of this century is written from the perspectives of the next century, I believe that the pattern which will emerge will be more straightforward than the current record would suggest. It will be seen not as an effort to grasp for greater power, but rather as *a sustained attempt to devolve unwanted responsibilities on others*. . . .

"Our foreign policy during the four decades considered . . . will ultimately be seen not as a series of rearguard actions by cohorts defending against assaults upon a jealously guarded empire, but rather as *a constant struggle to find and develop worthy heirs to handle those elements of our hegemony we no longer wished to dominate*. The problem was always to try to do this in a responsible way, so that the devolution would be constructive rather than chaotic.

"Such a policy did not lend itself to great sweeping gestures or grandiloquent description. It was not a policy politically profitable for national leaders nor easily encompassed in the quick capsules of the television newscasters or the pundit columnists. It was messy and needed constant care and attention. It therefore did not especially attract the politically ambitious except when something went wrong and created a crisis. By and large, it was left to a collection of specialists and professionals to muddle through. These people became the centurions of a far different American Century than Harry Luce had envisaged.

"*At most there were never more than a few thousand in this cohort*. Most of us had been junior officers in World War II and chose to stay in government service out of some vague sense of responsibility for avoiding a repetition of that catastrophe. . . . We didn't see the world in sharp contrasting shades of black and white, but rather in the murky shades of grey that color most human endeavors.

"*We were deployed in the Cabinet and Congress, in the Armed Forces, in the Foreign Service, and occasionally in such private areas as the press; and we knew each other through mutual association or by reputation*. We had an unspoken assumption that we all shared the same civilized objectives and that the only questions at issue concerned means rather than ends. Although many of us had been educated at the Eastern universities, we were drawn from a broad geographic and social spectrum, and it would be inaccurate to suggest that we were an 'Eastern Establishment.' *But there is no doubt that we dominated the execution of our country's international affairs during those middle four decades of this century*.

"My purpose in writing about some of the events of that period is not to extoll our cadre of centurions or even to try to explain *our cult*. It is rather to provide some anecdotal terms of reference which may help to illuminate the atmosphere within which we lived and worked . . . [emphasis added]."

Venetian duplicity and the Second Coming

On the eve of Henry Kissinger's arrival in Frankfurt, on Friday, Sept. 13, for a forum with Kissinger associate Edward Heath of Great Britain, Jacques Delors of France, and Foreign Minister Hans-Dietrich Genscher of West Germany, a "smoke signal" was sent up by the newspaper *Die Welt*, to be read as a warning that some astute veterans on the European scene are on alert about Henry's current duplicity.

Columnist Wilfried Hertz-Eichenrode, reviewing the history of Socialist International figures in West Germany who have called for U.S. troop withdrawals from Europe, pointed out that the content of these proposals is, in fact, identical to Henry Kissinger's March 5, 1984 article in *Time* magazine!

Hertz-Eichenrode's observation coincided with a scandal in the Federal Republic, caused by the release of a policy paper by Social Democratic Party security chief Andreas von Bülow, which calls for Central Europe to be freed of the American military presence. The actual architect of this policy, SPD leader Horst Ehmke, is, like Kissinger, an executive member of the Trilateral Commission.

The *Welt* warning comes not a moment too soon. All over Europe, Henry Kissinger, the man who (according to a high-level Swiss personality in a unique position to know) nearly "choked on his food" when he first heard President Ronald Reagan enunciate his Strategic Defense Initiative on March 23, 1983, is now being portrayed across Europe as the chief champion, and salesman, for the SDI!

The issue of the *Stern* weekly that hit the streets just before Kissinger's

Frankfurt stopover, ran an interview with the compulsive liar, in which he warned that "a catastrophe will occur if we continue with this strategy" of mutual nuclear deterrence; he only neglected to tell his interviewers that he himself was the architect of that "deterrence" strategy.

From Sept. 8-9, many newspapers reprinted Kissinger's latest syndicated column, outlining a strategy for the Geneva arms talks—to "negotiate the scope and nature of strategic defense simultaneously and in relation to agreed levels of offensive forces"—that would supposedly outflank the advocates of "pacifism and unilateral disarmament" in the West susceptible to Soviet propaganda. The proposal itself, put forward as a typical Trilateral Commission "alternative option" in the international press, only undercuts the potency of the Reagan SDI program, by providing the Soviets with a way out from a potential U.S. crash program for SDI.

Learning the ropes in Venice

Such duplicity is never surprising with Kissinger; as a former close friend of his recently lamented, "When you lie as a foreign minister for a great power, that I can understand, but when you keep doing it as a private citizen, it is, frankly, embarrassing."

From Sept. 7 to Sept. 10, Dr. K received extra training in the art of lying, in the historical capital of duplicity—Venice. During Sept. 7 evening, Kissinger and "wife" were featured props at a gala dinner given by the director of the Montedison conglomerate, Mario Schimberni, also a Trilateraloid.

On Sept. 8, Kissinger and "wife" descended to the San Gregorio monastery in Venice, for a gala dinner giv-

en by Schimberni and James Harmon, director of the New York merchant bank, Wertheim, a bank notorious for underhanded financial dealings. Together with West German ex-Chancellor Helmut Schmidt and members of many of Italy's oldest "families"—Frescobaldi, Gritti, Sforza, Luzzatto, Buoncampagni, and more—the Kissingers fêted a newly released book, *African Esthetics*.

The next morning, Kissinger, Schmidt, Trilateral Commission cohorts Raymond Barre of France and Walter Heller of the U.S., and others, went to Venice's Cini Foundation for the International Advisory Board of the Banco Nazionale di Lavoro, head by Nerio Nesi, a petty Socialist International figure who made his banking career—he recently confessed publicly—through capital provided by the Compagnie Financière de Holding of France's Edmond de Rothschild. De Rothschild is a member of the Trilateral Commission. In mid-August, BNL announced that it had placed Kissinger on its advisory board.

According to available accounts, Kissinger's BNL speech was on the subject, "Italy and the SDI," in which Kissinger put himself forward as the man who could broker deals to bring Italy into the SDI.

Venetian networks in the United States are abuzz with the latest oracular statements about Henry. One prominent banker loyal to Venetian insurance interests, who served as a State Department higher-up in the 1960s, presented a gloomy strategic picture to an interlocutor, expressing fear that "Armageddon" loomed around the corner in the Middle East, and that World War III was increasingly likely. The hopeful sign, he said in a somewhat mystical air, was that, "In the second half of the second Reagan administration, we will see the Second Coming of Henry Kissinger."

Cocaine eradication herbicide readied

A new herbicide for destroying coca plants with aerial spraying is only a few of months away from being deployable, Jon R. Thomas, assistant secretary of state for international narcotics matters, told the House Select Committee on Narcotics Abuse and Control here on Sept. 12. Thomas said that this new herbicide promises to make nations as effective in fighting cocaine as they have been against marijuana using the herbicide paraquat.

In an exchange with Rep. Charles Rangel (D-N.Y.), chairman of the committee, Thomas took issue with Rangel's efforts to characterize the cocaine industry in Ibero-America as "uncontrollable."

Rangel was part of a seven-man congressional delegation that spent 17 days in Ibero-America studying the drug problem there, and came back spouting the dope-lobby line that the problem is simply too big to solve. Of course, Rangel did not openly attack the efforts of Peruvian President Alan García's war on cocaine; he made his point in a different way: "In coca growing areas of Columbia, Peru, Bolivia and Ecuador, governments are helpless in the face of sophisticated, well-financed narco-trafficking organizations."

Thomas took issue with this, saying that eradication of the drug problem is "directly related to measurable political commitment on the part of the government. Even a government

that may not be strong, or a government that may not have effective control over certain territories where narcotics are produced, if their political commitment is high, if it is sincere, then narcotics control programs become possible."

Thomas identified three effective narcotics control programs: 1) crop control, where the new coca herbicide offers great promise, 2) enforcement as close to the source as possible, and 3) going after corruption. He cited the developments in Peru on the latter two points, noting especially the large number of arrests of public officials involved in corruption.

Narco-dollars no help to 'quality of life'

The most interesting exchange involved Rangel's backhanded attempt to say that narcotics are impossible to eradicate because they represent a major economic benefit to the countries where they are grown:

Rangel: In South America did you walk away with the impression that the narcotic traffic is interrelated with the economic crisis, such as trade and . . . foreign policy objectives?

Thomas: No. I walked away with the feeling that the narcotics trafficking basically feeds off many of the problems of these countries. The fact that there is economic difficulty, the fact that the government often cannot muster enough resources to project adequate enforcement presence in the area, the fact that the governments, themselves, may be weak or unwilling to deal with contentious problems because they've got so many other severe problems to deal with really provides the breeding grounds for narcotics trafficking organizations, and allows them to breed corruption and influence in those societies. . . .

Rangel: Well, we've had Presidents to tell us that they felt that in cracking down against narcotic trafficking and being successful in certain areas, that they would not be able to tell what success they would be having in having economic stability, because that hard dollar is out there, and the removal of that dollar sometimes adversely affects advancements they are trying to make to improve their economic conditions. . . .

Thomas: We have looked at this problem in great depth. We believe that most of the so-called narco-dollars do not reside in producing or trafficking countries, but move into safer, perhaps more lucrative banking safe havens. . . . We have seen no indications that the narcotics dollar generated by the narcotics trade has any positive impact in any of these countries. The dollars that do remain often go into financing other criminal activities through corruption or influence peddling, and will often go into investments, such as Bogota, Colombia, into high-rise buildings that certainly the common citizen couldn't afford to live in, or into investment into other organized criminal activities that have very negative and sometimes inflationary impact.

Rangel did not relent, however, asking two more questions about the improvement in the "quality of life" for farmers growing the coca plants.

The day before, Attorney General Edwin Meese III rejected the idea of cutting economic aid to Ibero-American countries as a way to pressure them to do more to eradicate drugs in their nations. Testifying to the Senate Foreign Relations Committee, Meese said such measures should be taken "only as a last resort," adding "I think we have few if any situations in which we need to have to apply such drastic measures now."

New Senate attacks on Ibero-America

Senator Paula Hawkins (D-Fla.) renewed her call to use the "stick" against drug-producing countries during Sept. 11 hearings on "International Narcotics," before the Foreign Relations Committee. Hawkins, who is outspoken in her refusal to distinguish between the continent's drug mafias and its nation-states and peoples, was backed up by Joe Biden (D-Del.), Daniel Moynihan (D-N.Y.), and a host of others.

She has succeeded in forcing legislation through the Congress which cuts off aid to countries which are not waging a war against drugs serious enough to meet congressional approval. Recently, Lyndon LaRouche wondered aloud why she did not therefore cut off aid to such states as California and Florida.

Most members of the Senate and the House of Representatives, including the strange Mrs. Hawkins, have remained totally silent on the historic shooting war against drugs which has been inaugurated by the new Peruvian President, Alan García. No one has taken note of García's effort to jail the bankers and the politicians, affiliated with the IMF, who turned Peru into a cocaine economy.

Indeed, most of those members of Congress now involved in bashing Ibero-America have remained staunch supporters of the IMF. Peru is one of those countries targeted for an aid cut-off in the future.

Motivating tougher sanctions against Ibero-America, Hawkins pointed to the "success" of the U.S. policy of "retaliation" for the kidnapping of the DEA agent Camarena. "The U.S. virtually closed down the border with Mexico, searching every car that

passed. The Mexicans screamed, but shortly thereafter, there was a major break in the case." Hawkins does not acknowledge the estimate, circulating in informed circles, that the order to kill Camarena may have come from the United States itself.

But Hawkins' charges on, declaring, "What this all proved is something I have been saying for years; trade and aid. That is the key to stopping the flow of illegal drugs. Try the carrot. And if the carrot does not work, try the stick."

Efforts to stop ASAT test failed

Efforts by the Soviet Union's congressional lobby to stop the United States' first anti-satellite (ASAT) weapons test, which was completed successfully on Sept. 13, were defeated on the Senate floor and in a Washington, D.C. district court, allowing the test to proceed. Rep. George Brown (D-Calif.), Joe Moakley (D-Mass.), John Seiberling (D-Ohio) and Matthew McHugh (D-N.Y.) and the Union of Concerned Scientists filed suit in district court, on Sept. 10, in an effort to block the test on the grounds that the President had not complied with congressional certification procedures.

Simultaneous with the filing of the suit, Brown testified before a House Foreign Affairs subcommittee to argue that the President has lied to Congress, and that the Soviet Union is far behind the United States in ASAT technology, despite the fact that they have carried out numerous tests and have a workable system. Various KGB assets, such as Carol Rosin and Robert Bowman, were in attendance at the hearing to give aid and comfort to

Brown. Rosin was exposed on national television last year by presidential candidate Lyndon LaRouche, *EIR*'s founder, for having drafted anti-ASAT legislation in collaboration with Soviet embassy personnel in Washington, D.C., and then passing it on to Moakley for introduction.

On September 12, a district court judge threw the Brown-UCS case out of court. At that point, Sen. John Kerry (D-Mass.) brought up an amendment on the Senate floor, asking the President to delay the ASAT test until after the Reagan-Gorbachov summit. That amendment was defeated by a vote of 62 to 34. The next day, the test went forward.

'Decoupling' hearings begin in Senate

Senator Larry Pressler (R-S.D.) began an extensive series of hearing, on Sept. 12, entitled, "Is NATO the Still the Centerpiece of Our Strategy, and Should It Be?" Lead witness at the hearings was former Carter National Security Adviser Zbigniew Brzezinski, who announced that the Soviet Union's major strategic goal was the "decoupling" of Europe from the United States.

Brzezinski himself then called for the decoupling of Europe from the United States, arguing that the United States should foster a "strong, self-reliant Europe, which can stand on its own feet and can be somewhat distant from the U.S."

This means a "gradual change in the nature and level of the U.S. conventional commitment" to Europe. Brzezinski would like to see, in particular, a "reactivation of the Mutual Balanced Force Reduction talks in Vienna which have been stalled for 12

years. Brzezinski called for "greater flexibility on the U.S. side, in terms of taking a first step toward U.S. troop withdrawals."

The MBFR talks were the subject of a hearing earlier in the week, as a special arms-control panel of the House Armed Services Committee heard from newly appointed MBFR Ambassador Robert Blackwill. Blackwill, a former Carter administration official, is one of the closest allies of arch-decoupler and American Ambassador to West Germany, Richard Burt.

House backs down on defense cuts

The efforts of a group of liberals in the House of Representatives to reopen debate on the Defense Authorization bill were set back when the Pentagon promised to tear up the entire compromise. Pentagon spokesman Fred Hoffman warned: "If the House sends the defense budget bill back to conference, the 'compromise' is over, and we will push for full funding for all vital programs . . . restoring funds to the MX and the SDI."

The liberals had threatened to vote down the conference report on the FY 1986 Defense Authorization bill, because House negotiators had accepted the Senate funding ceiling of \$305 billion, instead of the House ceiling of \$295 billion. House Armed Services Committee chairman Les Aspin (D-Wisc.) had extracted a promise from Caspar Weinberger to accept a 50-missile limit on the MX in exchange for the \$305 billion figure, a trade-off which was unacceptable to the liberals.

But after the Pentagon threatened

to call off all bets on the defense budget, House liberals backed down. Now they have been promised an opportunity, by Speaker Tip O'Neill (D-Mass.) and Aspin, to emasculate the defense budget during the upcoming appropriations process, which allocates the actual funds for defense programs.

Sixty congressmen says "go slow" on SDI

Over 60 senators and congressmen have joined a new "Coalition for the Strategic Defense Initiative," ostensibly formed to "ensure strong public support" for President Reagan's SDI, launched on Sept. 13. The Coalition is chaired by High Frontiersman Gen. Daniel Graham and is co-chaired by Sens. Ernest Hollings (D-S.C.) and Malcolm Wallop (R-Wyo.) and Rep. Bill Chappell (D-Fla.).

The curious General Graham's presence as chairman of the Coalition leaves its ultimate usefulness in some doubt, given his previous efforts to push an outmoded, Rube Goldberg missile defense system. And, sure enough, at the opening press conference of the coalition, Graham endorsed, with some "technical" reservations, Henry Kissinger's recently unveiled scheme for a negotiated, "limited" deployment of the SDI.

The coalition intends to "counter the anti-defense and anti-SDI lobbies fighting to kill SDI on Capitol Hill." At the opening press conference, Rep. Jack Kemp (R-N.Y.) pointed out that the coalition's biggest job is countering disinformation on Capitol Hill, since "the public is already with us, all the polls show overwhelming support for the SDI." Democrat Hollings

argued forcefully that the SDI would both save money and enhance arms control, by reducing the need for offensive weapons. Both Kemp and Hollings pointed out that the Soviets are ahead of the United States in work on particle beam and x-ray lasers.

Senate Democrats set up Watergate apparatus

Senate Judiciary Committee Democrats, who have been in the middle of several attempts to "Watergate" the Reagan administration, announced plans on Sept. 10 to broaden their future investigations of Reagan administration nominees, for the more than 100 vacancies in the Federal judiciary.

Ranking committee Democrat Joe Biden (Del.) has named Paul Simon (Ill.) to head a special panel to carry out the investigations of new nominees. Simon, who is playing a major role in establishing a "green" or "populist" faction in the Democratic Party, said "There is a feeling that we have to be a little bit more careful." The Democrats took heart from the ability to block the nomination of William Bradford Reynolds to be associate attorney-general.

Two days later, the entire panel, at the urging of Sen. Howard Metzenbaum (D-Ohio), will examine the Justice Department's prosecutorial decisions in recent criminal cases. Metzenbaum charged that the administration is "soft" on prosecuting white-collar crime: "If you wear a white collar, you don't get prosecuted." Singled out for attention were Justice Department handling of the E. F. Hutton check-kiting case, and Teamster leader Jackie Presser's case.

National News

'Neo-conservatives' have new magazine

All of the big names among right-wing social-democrats and the 'neo-conservative' movement in the United States have coalesced around a new foreign-policy magazine, *The National Interest*, a quarterly. And so have such Trilateral Commission figures Henry Kissinger and Zbigniew Brzezinski, both agents of Soviet influence in U.S. political affairs, foreign policy in particular.

The advisory board of the new magazine includes former U.N. Ambassador Jeane Kirkpatrick, former head of the Council of Economic Advisers Martin Feldstein, Carter administration official Midge Decter, *New Republic* editor Charles Krauthammer, military critic Ed Luttwak—and Kissinger.

Published by long-time social-democrat Irving Kristol, the maiden issue will feature articles by former Carter National Security Adviser Zbigniew Brzezinski, and Assistant Secretary of Defense Richard Perle.

Meese rejects cut-off of aid to Ibero-America

Attorney-General Edwin Meese III has rejected the idea of cutting economic aid to Ibero-American drug-producing countries as a way to pressure those nations into eradicating drug production. He was responding to Sen. Joe Biden's (D-Del.) insistence that the only way to force nations to reduce production is "refusing to refinance their debts and repudiating foreign aid."

It would be appropriate to take such measures only "as a last resort," Meese said, but I think "we have few if any situations" in which we have to apply such drastic measures now.

The attorney general insisted on the need to intensify diplomatic and law-enforcement efforts. Meese made the statements

during testimony on Sept. 11 on international narcotics control before the Senate Foreign Relations Committee.

In his two-hour testimony, Meese optimistically reviewed the achievements of the war on drugs and praised the collaboration between Colombia, Peru, and the United States in Operation Condor, which has cut cocaine flow into the United States by more than one-third.

Meese took the opportunity to announce that in the next two months, a conference of attorneys-general of the Western Hemisphere will be taking place and that Nancy Reagan has decided to go ahead with a second "First Ladies" conference on drug abuse to take place in the context of the U.N. General Assembly.

'SDI' candidates win, so do Koch, Young

Three members of a "Save Detroit Industry" slate placed among the top 18 candidates in Detroit City Council election primaries on Sept. 10. They thereby qualified for positions on the ballot in the November general election. "SDI" candidates Dan Ostrowski, Edward Goretski, and Robert Bell named their slate "Save Detroit Industry" because the acronym (SDI) is also that of President Reagan's Strategic Defense Initiative, to which they gave strong support, for its industrial as well as military implications.

The three also campaigned for producing 1,000 MX missiles a year in the context of a defense mobilization like that proposed by Walter Reuther for World War II. MX-missile production would require the re-opening of the 292 auto plants in the Detroit area which are now shut down, they told voters.

The three, who polled among them 35,000 votes, will vie for 9 City Council seats, along with the 15 other candidates who survived the primaries. Their slate is backed by Lyndon LaRouche's National Democratic Policy Committee.

In both Detroit and New York, the "Sodom and Gomorrah" faction reigned supreme in the mayoral primaries. Incumbent Coleman Young won handily in Detroit, despite the fact that the day before the election, one of his key aides was arrested for embezzling. Young wants to leave the auto plants closed, and open the city to casino gambling.

In New York, Ed Koch will now begin a third term after an overwhelming election victory. Koch recently proposed that drug addicts be given "clean" hypodermic needles to prevent the spread of AIDS.

Mayoral candidate Judah Philip Rubinstein, who had repeatedly charged that Koch's fiscal policies were responsible for the conditions which have allowed the spread of AIDS, drug traffic, and collapse of urban infrastructure in New York, was credited with 1%—about 10,000 votes.

IPS conference makes Soviets 'ebullient'

An Institute for Policy Studies/Soviet Academy of Sciences conference which concluded Sept. 8 in San Francisco was chock-full of attacks on President Reagan's Strategic Defense Initiative and other matters of importance to the Russians.

Soviet delegation head Georgii Arbatov, the Russians' top "America handler" based at the U.S.A./Canada Institute in Moscow, repeatedly attacked the U.S. strategic defense and ASAT programs, claiming they were both provocative and useless. These would only cause the Soviets to redouble their own efforts in these areas, he claimed—as if Soviet efforts were not already on a crash-program basis, and independent of U.S. policy decisions.

The Soviet delegates were described by conference organizer Robert Borosage as "ebullient."

One proposal put forth by American delegate Orville Schell called for a Pacific Basin "non-intervention" scheme, to which the

Soviets reportedly responded positively.

One of IPS's founders, Richard Barnet, defended Soviet deployment of the SS-20s as "defensive," and called the U.S. Pershing and cruise missile deployments in European countries "disastrous."

The Institute for Policy Studies was founded in 1963 by Barnet and Marcus Raskin as a channel of British and Soviet intelligence influence into the "New Left" ferment being created through Socialist International channels in that period. IPS based itself on massive initial funding from the Warburg financial interests. *EIR* has repeatedly documented IPS links to international terrorism.

At an earlier conference co-sponsored by IPS and the Soviet Academy in Minneapolis in May 1983, Soviet delegates including Andropov colleague Fyodor Burlatskii of the KGB's *Literaturnaya Gazeta* magazine, and Soviet military intelligence (GRU) official Gen. Mikhail Milstein, gave "marching orders" to the Mondale machine and the "nuclear-freeze" movement to refocus their activities on sabotaging the SDI.

AIDs virus has 'no civil rights'

"The AIDs virus has no 'civil rights,'" wrote Washington, D.C.-based neurologist Richard Restak in a *Washington Post* op-ed on Sept. 8. Restak denounced the approach to AIDS that treats it as a homosexual "civil rights" issue, and insisted it be treated as a medical issue, with proper quarantine procedures to halt its spread.

AIDS sufferers should be treated "with the care and compassion due to anyone with an incurable, often fatal disease, but this shouldn't be confused with a refusal to make painful, sometimes anguishing, but nonetheless necessary distinctions in the interest of diminishing the likelihood that this awful disease will spread further."

Restak adds that "medically unsophisticated politicians and attorneys shouldn't try to dictate policy in regard to an illness which

has the potential for wreaking devastation on the planet such as has not been seen for hundreds of years."

He concluded by denouncing a recent bill passed in Los Angeles barring "discrimination" against AIDS victims in housing, jobs, and health care. "This is not a civil rights issue. This is a medical issue."

Guidelines recently issued by the Atlanta Center for Disease Control, and denounced as "incompetent and dangerous" by *EIR* Medicine columnist Dr. John Grauerholz, however, say that whether AIDS patients should be permitted to attend school, for example, should be decided on a "case by case" basis. This led to New York City, to permit an AIDS patient to attend public schools, and produced a boycott by parents of other youngsters.

Parents in a Queens school district urged people in their community to keep their children home from school—and at least 12,000 students were kept home—because of the Board of Education decision to allow the AIDS sufferer to attend regular classes. A school board elsewhere in Queens was meeting to decide whether to call a similar boycott or take legal action against New York City Schools Chancellor Quinones.

Drug agency busts Texas traffickers

The Drug Enforcement Administration (DEA) is making big cocaine busts in Texas. It found 85 pounds of cocaine in a pickup truck crossing from Mexico on Sept. 8, and 138 pounds a few weeks earlier at another border crossing.

The DEA's Art Rodriguez told the *San Antonio Express-News*, "Since the federal crackdown in Florida, the traffickers seem to be trying to change their routes."

U.S. Ambassador to Mexico John Gavin said the United States will put 10 more undercover DEA agents into Mexico by January to work closely with Mexican authorities and to make work of front-line DEA agents more secure.

Briefly

● **LEGALIZE DRUGS** was the message of an op-ed in the *New York Times*, entitled "10 Ways to Make New York City a Better Place to Live." The *Times* gave space to "journalist, lawyer, and author" Sydney Zion. Referring to drug addicts and their crimes, Zion writes: "What if we gave them the drugs and let the doctors administer the drugs for no money and no strings. Druggies on the nod are no danger to us."

● **THE REAGAN TAX** reform plan is likely to be passed this year in a modified version, says House Ways and Means chairman Dan Rostenkowski (D-Ill.). Rostenkowski, a critic of some of the bill's key measures, spent a weekend ensconced at a Virginia resort with Treasury Secretary James Baker III and other committee members to work out a compromise on the measure. Baker said that the bill has "a fair shot of getting through Congress this year."

● **HOUSTON MAYORAL** candidate Susan Director has called for the firing of the city's health director, Dr. James Haughton. Haughton rejected Director's proposal, modeled on that of *EIR*, for mandatory blood tests for AIDS for certain categories of employment. Haughton stated to Director that the AIDS test mandated by the U.S. military was a violation of human rights because it "stigmatizes persons with labels that we can't prove mean anything," he said. Said Director: "In view of the fact that Houston is the number-three city in the country in new AIDS cases, Dr. Haughton's response represents a public health menace."

● **REP. DAN LUNGREN** (R-Calif.) refused to sign a telegram of congratulations to Peruvian President Alan García for his successful war on drugs. The telegraph was circulated at the Republican Party convention in California. But 200 other delegates did sign.

Editorial

Kissinger versus LaRouche (again)

Henry Kissinger, who noticed a few months back that Ibero-America can't pay its debt, has now supposedly discovered that the Strategic Defense Initiative is a dandy thing. And he's waddling around Europe selling himself as the champion and ultimate dealmaker for the SDI. Given his record on the subject of strategic arms, he ought to be made—as the old Italian proverb goes—“as welcome as a dog in church.”

Henry's version of the SDI is as phony as his solution for the debt of our Spanish- and Portuguese-speaking neighbors in the Western hemisphere. We proved on these pages recently that the Kissinger debt proposal is not new. Neither is his strategic doctrine. The man who enforced MAD (Mutually Assured Destruction) as the military doctrine of the United States, and on that basis bargained away our anti-missile defense potential to the Soviets in a series of treasonous treaties, has not renounced MADness.

In fact, some Italians who witnessed Henry in action in Venice recently conjectured, “He's out to steal the SDI.” Along with his British stringpullers. The latter are demanding a “special relationship” with the United States in development of SDI technologies, which would freeze out the continental NATO allies and allow the U.K. to go on being the privileged leak point to Moscow of American technological advances.

The Thatcher government has demanded of Washington, with “vigorous insistence” (*Times* of London) “a guarantee of two-way technology flow as a condition for British participation” in SDI.

The actual key to the SDI is not the gadgetry involved, but the doctrine. This was provided by its intellectual author, *EIR* founder and contributing editor Lyndon H. LaRouche, Jr, who publicly advocated in Washington, in February of 1982, the shift in U.S. strategic doctrine adopted by President Reagan in his famous March 23, 1983 address. LaRouche called for a shift to Mutually Assured Survival, based on the adoption by both superpowers of new defensive weaponry, based on new physical principles, which would make nuclear missiles impotent and obsolete.

This, LaRouche stressed, would reverse the more than two decades of devastation of the Western industrial economies which had been enforced by the nuclear terror of MAD. Most importantly, this change in military doctrine would restore the “technological optimism” which Kissinger's masters in the British and Swiss oligarchy were determined to destroy by MAD.

Have Kissinger & associates had a change in heart, now that they are “pro-SDI”? Not on your life. On Sept. 7, Kissinger penned another of his syndicated columns, calling for limitation of the SDI to point defense. That means: Forget about protecting cities and populations as a primary goal, and therefore, forget about ending the reign of nuclear terror against technological progress.

On Sept. 13, Kissinger received the formal endorsement of Lt.-Gen. Daniel P. Graham, who on that date kicked off the formation of a misnamed “Coalition for the Strategic Defense Initiative.” The coalition is intended as a vehicle to subvert the SDI and the U.S. ASAT capability, as is made clear by the statement of its executive director, Richard Sellers (Graham is chairman). Announcing the formation of the committee, which boasts some 69 congressional sponsors, Sellers admitted that the outfit is ready to give up the SDI for a deal with the Soviets: “Our intelligence indicates that there is support in the administration for accepting Gorbachov's offer—a land-based Soviet missile reduction in exchange for our dropping any space-based project.”

What is needed is more of exactly the kind of decisive action that President Reagan took on Sept. 13, when he called the Soviets' bluff and went ahead with the scheduled test of the U.S. anti-satellite weapon (ASAT), demonstrating that the United States will not be cowed into submission by Soviet threats of retaliation. Now the administration needs to make it equally clear that it will not be intimidated by the British (or, Kissinger) version of the SDI, limited to “point defense” and ready to be bargained away at Geneva. The simple fact is that either the U.S. will adopt LaRouche's SDI—or none at all.

EIR Alert Alert Alert Alert

Our special service for the policymaker who needs the best intelligence EIR can provide—**immediately**.

World events are moving rapidly: The economy is teetering on the brink, and even the largest American banks are shaking at their foundations. Soviet-backed terrorists have launched a shooting war against the United States. In Washington, the opponents of the President's defense program are in a desperate fight to finish off the Strategic Defense Initiative, the only hope for averting Soviet world domination.

We alert you to the key developments to watch closely, and transmit 10-20 concise and to-the-point bulletins twice a week (or more often, when the situation is especially hot). The "Alert" reaches you by electronic mail service the next day.

Annual subscription: **\$3,500**

Contact your regional EIR representative or write:

EIR News Service P.O. Box 17390,
Washington, D.C. 20041-0390.

Executive Intelligence Review

U.S., Canada and Mexico only

3 months \$125
6 months \$225
1 year \$396

Foreign Rates

Central America, West Indies, Venezuela
and Columbia: 3 mo. \$135, 6 mo. \$245,
1 yr. \$450

Western Europe, South America,
Mediterranean, and North Africa: 3 mo. \$140,
6 mo. \$255, 1 yr. \$470

All other countries: 3 mo. \$145, 6 mo. \$265,
1 yr. \$490

I would like to subscribe to
Executive Intelligence Review for

3 months 6 months 1 year

I enclose \$_____ check or money order

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to Campaigner Publications,
Inc., P.O. Box 17726, Washington, D.C. 20041-
0726. In Europe: *EIR* Nachrichtenagentur GmbH,
Postfach 2308, Dotzheimerstrasse 166, 62
Wiesbaden, Federal Republic of Germany,
telephone (06121) 44-90-31. Executive Director:
Michael Liebig.