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as a crime against humanity**



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telephone (06121) 44-90-31. Executive Director:
Michael Liebig.

Founder and Contributing Editor:

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EIR

From the Editor

Finally—a head of state who is willing to *fight!* President Alan García stood up at the United Nations on Sept. 23 and announced that Peru will pull out of the International Monetary Fund if “decisions on reform of the monetary system” are not taken during the IMF’s meeting in Seoul the first week of October. Newspapers worldwide headlined that “García threatens to leave the IMF,” but *EIR* is the only English-language journal to publish in full the Peruvian President’s powerful speech, together with a round-up of reactions at the United Nations and around the globe.

Needless to say, *EIR* is not passively reporting this fight. President García told a delegation from the Schiller Institute Trade Union Commission on Sept. 17 in Lima that he expected “a bitter siege in times soon to come.” *EIR*’s correspondents were on hand at the Lima meetings and at the mass rally for García at U.N. Plaza in New York Sept. 23, and we intend to make sure that the outpouring of support for García keeps growing at an ever-faster pace.

In that connection, note that the interview with Congressman McCain of Arizona on page 12 shows that some U.S. policy-making circles with a strong pro-defense profile, are finding IMF policies morally intolerable. The next step for such patriots will be to realize that there is no such thing as the U.S. recovery—precisely because the Don Regan-James Baker crowd in the Executive Branch, which is peddling the recovery myth, has given up our economic sovereignty to the IMF. Curing that blind-spot is the reason many of our subscribers have decided to purchase *EIR*’s *Quarterly Economic Report* for their congressmen and senators as well as for themselves.

The fall *Quarterly* will feature what is, tragically, the looming development on the U.S. economic horizon—the AIDS epidemic. We draw your attention to the dramatic Senate testimony of Dr. Haseltine of Harvard Medical School, excerpted on pp. 6-7. All essential details of this testimony have been blacked out of the national media. It must be read together with the picture on Africa’s debt and the IMF’s genocide-causing conditionalities (p. 8).

Dr. Alan García is right; the time to act against the IMF is now.

Nora Hamerman

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NSIPS/Tony Van Zwaren

Peruvian President García arrives in New York, on his way to address the United Nations on Sept. 23. García was welcomed by a spirited rally organized by the Schiller Institute, with banners that read, "Ni Kissinger, ni Castro! Viva García!"

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Medical experts warn of a 'breakout' of AIDS disease

by Dr. Jonathan Tennenbaum

While the Atlanta Center for Disease Control (CDC) and officials of the U.S. administration continue to cover up the truth about the global epidemic of Acquired Immune Deficiency Syndrome (AIDS), experts from around the world are sounding the alarm: AIDS is breaking out of the supposed regional and minority "limits" and threatens to attack entire populations.

In an interview the third week in September with Swedish television, Belgian experts, including the world famous specialist in tropical diseases, Dr. Clymeck of the Hospital Saint Pierre in Brussels, estimated the number of AIDS-infected persons in the central region of Africa at 30 million. In Rwanda alone, this includes an estimated 1 out of every 5 persons, in Zaire 1 out of 6. Of these, the experts warned, a large percentage, if not the majority, will probably die within a few years.

The present AIDS epidemic in central Africa, Dr. Clymeck reported, is potentially so large that he would tend to consider the entire population of Africa as the "risk population."

Other scientists are reportedly intensively working on the hypothesis that AIDS in Africa cannot be explained merely on the basis of transmission by sexual contact, blood transfusions, or drug misuse alone (uncleaned hyperdermic needles). Some have pointed to insects as possibly a major carrier of the disease, together with other, "not yet identified" mechanisms.

The findings of Dr. Clymeck and Belgian doctors interviewed on site in Rwanda, directly contradict the assurances of the Atlanta CDC and the World Health Organization

(WHO) and other official agencies, that the AIDS epidemic will be confined to the so-called "risk groups"—homosexuals, drug users, hemophiliacs and other recipients of AIDS-infected blood transfusions.

The World Health Organization and Atlanta CDC are scrambling to try and "shut out" all evidence and hypotheses that there may be a relationship between the economic breakdown in Africa and the widespread outbreak of AIDS among its heterosexual population. For instance, Dr. Assad, an expert on AIDS at WHO in Geneva, emphatically stated to a direct inquiry on this question: "If we can account for 90% of the transmission in this way [sexual and direct blood transmission], why should we dissipate our efforts on other causes! We should concentrate on the main ones."

WHO has just completed a seminar chaired by Prof. Friedrich Deinhardt of Munich, West Germany. In material which will not be released until it has undergone a several week review, the seminar will strongly propagate the view that the general public is "mistakenly" comparing AIDS to Middle Age pestilence. Despite this assertion, the actual seminar proceedings contained an assessment that the finding of a vaccine to AIDS will be "a long term project in view of the multiple strains of the virus."

Other researchers from Europe report that in laboratories at this moment the question of possible mosquito and other insect transmission is being hotly debated. If AIDS can be communicated by insects and other factors rampant in economically depressed areas, then the disease can be expected to break loose throughout the rat- and insect-infested U.S. inner cities, in depressed farming regions and areas with

inadequate sanitation *as well as* homosexual centers such as San Francisco, where an estimated 15% of the population already carry the disease. Once a threshold density of infected population is reached, AIDS will spread to the remainder of the country. In other words, *the "risk population" is the entire population.*

The Belgian reports on spread of AIDS in Central Africa corroborate the findings of Dr. Mark Whiteside, of the Institute of Tropical Medicine in Miami, Florida (see *EIR*, Vol. 12 No. 38, Sept. 27, 1985). Whiteside reports compelling evidence of "other factors" of transmission of the disease, including most probably insects, in the town of Belle Glade, Florida.

'We don't know enough': Pasteur Institute

EIR representatives discussed the AIDS situation and the findings of Drs. Whiteside and Clymeck with Dr. Sonigo, a researcher with the Yves Montagnier group at the Pasteur Institute in Paris. This group was first to identify the AIDS-virus LAV back in 1983. Dr. Sonigo commented that the spread of AIDS by "other mechanisms" beyond the limits of the supposed risk groups is "entirely conceivable," especially under conditions of poor hygiene.

He underlined the fact that standard epidemiological definitions of risk groups always presuppose a certain standard of living. While a high living standard tends to strongly limit the range of modes of transmission of a given disease, breakdown of hygiene and life styles may "change the epidemiological configuration," and lead to a multiplication of possible paths of infection.

"Most of what you hear about AIDS is at most working hypothesis, not proven fact," Sonigo stated, emphasizing the rudimentary state of biomedical knowledge concerning even the most basic properties of retroviruses—the virus group to which the AIDS-virus, or viruses, belong. Among the crucial, unanswered biomedical questions concerning AIDS, Dr. Sonigo pointed to the following:

1) **How variable is the AIDS virus?** Up to now, only a handful of AIDS viruses have been cloned and studied in detail, but it is suspected that there are at least 10-14 varieties in existence. If the AIDS viruses are able to mutate as rapidly as common cold viruses, constantly generating new varieties with changing immunological properties, big trouble.

2) **How many people have fallen ill with AIDS?** Nobody knows for sure, said Dr. Sonigo. Official figures, such as the figure of 14,000 cases in the U.S., include only *identified and reported cases*. Many cases are not identified as AIDS, others not reported. (In West Germany, for example, doctors are not obligated by law to report AIDS cases.) The real figures could be much higher. Sonigo cited estimates that approximately 45% of all homosexuals in large cities of the West have been infected by the virus.

3) **What proportion of persons infected with the virus, will actually fall ill?** Dr. Sonigo stated that the commonly

cited figure of "between 1 and 10%" is really only a guess, and is not based on solid knowledge. On the basis of present knowledge, he said, we have no choice but to assume that the *majority* of infected persons will actually come down with the disease.

Pasteur Institute researchers believe that the AIDS virus belongs to the sub-group of retroviruses known as "slow viruses," which have extremely long incubation times. In other words, the virus can infect a cell, inserting its genetic material into the controlling genes of the cell. This "Trojan Horse" genetic material can remain dormant for a long time, or perhaps indefinitely, until some unknown stimulus or stimuli cause the disease to break out: The cell starts producing enormous numbers of copies of the original virus, and eventually dies. Dr. Sonigo pointed to the probable role of hitherto unidentified "cofactors"—other diseases which, through nonlinear interaction with AIDS, may cause dormant cases to "break out" and assist the spread of AIDS infection in a population.

A Belgian specialist reports that the present AIDS epidemic in central Africa is potentially so large that he would tend to consider the entire population of the continent as the "risk population."

4) **How can AIDS be cured?** At present, no treatment or drug has proven its efficacy. There are indications that Interferon and related substances may be of use in certain cases. There appear to be no cases of a complete cure.

5) **Is it possible to induce immunity to AIDS by known methods of inoculation?** At present, nobody knows. Four different working groups, in Europe and the United States, have succeeded in cloning the LAV/HTLV-III virus believed responsible for AIDS, and have obtained a complete genetic map of the RNA in the virus. On this basis, researchers are now engaged in synthesizing the protein coat of the virus, by methods of genetic engineering.

It may be possible to use this protein as a vaccine against AIDS, Dr. Sonigo indicated, as was done in the case of Hepatitis B. He emphasized, however, that in the state of present knowledge it is impossible to predict whether or not such a vaccine would work. One thing is for certain, he added: If the international campaign mounted by environmentalist groups against genetic engineering had succeeded, we would today be nearly powerless to defend ourselves against AIDS and future viral diseases which may threaten mankind.

Doctor tells Congress: Ten million Africans are infected with AIDS

Dr. William A. Haseltine delivered the explosive testimony which we excerpt here, at a Special Hearing on Funding for AIDS chaired by Sen. Lowell Weicker (R-Conn.), before the Labor, Health and Human Services, Education Subcommittee of the U.S. Congress, on Sept. 26. Dr. Haseltine heads the Laboratory of Biochemical Pharmacology at the Dana-Farber Cancer Institute, Harvard Medical School.

... From our current vantage point, it seems as if this disease appeared in our midst as some unwanted guest, suddenly and without warning. In this country alone, well over 1 million people are now carriers of this virus, and to the best of our knowledge, most of these people will remain carriers for life. About 100,000 of those people infected with the virus in the United States are women. The prospect in some areas of the world is bleaker still. Infection in many European countries is almost on a par with that of the United States. In Central Africa, within the so-called AIDS belt—over 10 million people are now infected, accounting for almost one-tenth of the entire population. These people also are likely to life-long carriers of the disease as well.

... How did this unwanted specter appear so rapidly? We now know that a spread of the disease in the United States and Europe was preceded by a massive spread of disease in Central Africa. As best as we can tell, the disease began about 20 years ago. By now, one-tenth of the adult population of Central Africa is infected—half of them being women. We also know that a virus, very similar to the virus that causes AIDS in humans, is found in wild colonies of green monkeys inhabiting Central Africa. In the green monkey, the virus does not seem to cause serious illness, or if it does, the symptoms come on so slowly that the monkey dies of natural causes before the virus works its damage. However, as is often the case with viruses that jump the species barrier, this virus is much more damaging to the new host species, in this case humans, than to the species of origin. The virus seeks out different types of immune cells in humans as compared to monkeys. Humans also live much longer than do monkeys and for this reason what in a monkey population might be a tolerable rate of progressive brain disease is intolerable to us.

As best as we can peer into the past, it appears that sometime within the past 20 to 30 years, a monkey virus crossed the species barrier into humankind. Thereafter, it has spread with alarming speed throughout the African and now the world population.

Drug use and AIDS

... Transmission of the virus by the sharing of needles by persons who use intravenous drugs, most notably cocaine and heroin, is increasing, and is one of the most troubling aspects of the epidemic. Needle sharing is a common practice amongst drug abusers. The virus is readily transmitted by use of shared needles. The spread of the virus through the drug abuse population, estimated to be more than one million people in the United States, is occurring with extraordinary rapidity. Recent surveys show that within the Manhattan/Newark area, between 60% and 80% of all drug abusers are now infected with the AIDS virus. The fraction of the population infected decreases with increasing distance from a metropolitan center. Thus, in Jersey City, the rate of infection is between 40% and 50% and in Atlantic City, between 5% and 15%. The rate of infection varies around the country, from 12%-20% in Boston, 15% in San Francisco, and less than 5% in Phoenix. Infection of drug abuse populations is rampant in many European cities as well.

The spread of the disease

... In retrospect, we know from studies of preserved blood samples that the very first infections occurred no earlier than 1976. Significant increase in the number of infected people within the United States did not begin until about 1978. The first cases of this disease were recognized by 1980. The latent period for this disease is typically longer than two years. The rapid recognition of this disease is testimony to the high quality of our health care delivery system. Early diagnosis and detection of the disease in the United States is in sharp contrast to the situation as it occurred in Central Africa. The first indication that the disease was present in Africa came from physicians in Brussels and Paris who reported that wealthy people with full-blown symptoms of AIDS

were appearing in their hospitals for treatment. In late 1983, an international team of physicians traveled to Central Africa to investigate whether AIDS was present in that region. In early 1984, they reported the startling finding that within a single week they had diagnoses 35 new cases of AIDS at a single hospital in Kinshasa—the first 35 cases of AIDS ever diagnosed in Africa. Evidently, the disease had been raging in Central Africa for up to 10 years before the first African diagnoses were made. To be sure of a diagnosis of AIDS in a country of high infectious disease is not straightforward. People who have AIDS were evidently diagnosed as dying from infections characteristic of weakened immunity. Nonetheless, the lesson is clear. A major new disease that now threatens the health of the entire world, raged uncontrolled and unchecked in Africa for at least 10 years. It is only prudent to consider the establishment of modern well-equipped, well-staffed scientific sentinel post in Africa to monitor future disease outbreaks, particularly as I shall argue later that AIDS is but one of a series of diseases that we can expect to spring from this continent in the future. . . .

Budget cuts hamper research

. . . Scarcity of funding is another reason our best scientists have been reluctant to enter this arena. The broad base of support for the biomedical research has been perceived by most scientists to be eroding in recent years. We are fresh from the recent devastating attacks of the Office of Management and Budget that sought this year to reduce by one-quarter the total number of research grants in biomedicine. The total number of these grants was only partially restored after a long, debilitating, and bruising battle with the executive branch. Funding in biomedicine is now seen to be uncertain. Our very best scientists have had grants rejected for the first time in many years. In this climate, those scientists think it best to stick to those areas in which they have a proven track record. It is viewed as dangerous and unwise to move into what might be new and difficult scientific turf.

There exist more specific funding problems for the AIDS research as well. Despite the assertion by the administration that AIDS is the number-one health problem priority in the United States, support for AIDS research has been woefully inadequate, with the notable exceptions for epidemiological studies at the Center for Disease Control. The Administration claims to be spending \$96 million this year on AIDS research and proposes to spend \$120 million in the coming financial year, 1986. This would seem to be a lot of money, but closer inspection of these figures reveals that a good deal of what is called AIDS research money is really the same money given to these institutions as before AIDS was ever recognized as a problem. The exception to this has been a greatly increased funding of projects at the Center for Disease Control. Even this year, the proposed budget is not achieved by addition of new money to the budget, but rather by shuffling of already allocated monies. In some cases, particularly for the National

Cancer Institute, this new money is nothing more than taking the money from one pocket and putting it into another, a choice the director of the National Cancer Institute is free to make on his own. . . .

Why AIDS?

. . . An always we may ask the age-old question, why are we visited with this pestilence? One answer offers itself as we look back into the origin of our species, an answer anticipated by William McNeill in his classic work of the effect of disease on our species and our history, *Plagues and Peoples*. It is thought that mankind evolved over a period of several million years in Africa. Along with our species evolved our parasites, parasites that are adapted not only to us but to our primate relatives. Much of humankind has now left its historic home in the wet tropics of Africa. In our migrations, we have separated ourselves not only from our ancestral parasites, which remain for the most part bound irrevocably to the tropics, but also from our primate cousins. These parasites still flourish in the rich brew of tropical climate and primate speciation. We who have been separated from these parasites for tens of thousands of years are no longer resistant to the ravages of the diseases they may cause. Such has been the case for thousands of years. Recently the shape of the world has altered. Dakar in West Africa is now a six-hour plane ride from New York City. We are once again knit to our African heritage, once again in touch with those parasites that evolved with us, parasites that are still present in the primates of Africa. We peoples who have separated from Africa are now in a position of the American Indians when they first encountered the Europeans. We are no longer resistant to diseases widespread in the old world. To compound this problem, the African continent is itself in turmoil. The past 40 years have seen massive population migrations to urban centers, rerouting of waterways, and in some cases deterioration of health care systems as the result of political upheaval. The health status of many parts of Africa appears to be worse now than it was before World War II.

From this perspective, it is no coincidence that this latest scourge is of African origin. I count four major diseases that have emerged over the past 25 years from Africa: Marburg agent, Lassa Valley Fever, Ebola Fever, and now AIDS. This pattern of thought is not new to us who have been working with the human leukemia retroviruses. Here we see evidence for that; these leukemia viruses emerged from Africa along with the slave trade and European exploration. The lesson on African origins is one we should all heed. It reminds us in the words of John Donne that "No man is an island entire unto himself." These diseases remind us that the definition of others as "them" is folly. This may the worst epidemic to emerge from our ancestral past for many generations, but it is unlikely, given current conditions world wide, that it will be the last one. AIDS and the epidemics to come, demand our full attention. . . .

IMF under attack in African debt fight

by Mary Lalevée

At a meeting of the United Nations Conference on Trade and Development in Geneva, starting Sept. 30, the situation of the Least Developed Countries (LDCs) will be discussed. The two-week meeting, called to "review the implementation of the substantial new program of action for the 1980s for the Least Developed Countries," will have as one of its main foci the question of debt in Africa. Out of the 36 LDCs which have a Gross Domestic Product of \$200 per capita (2% of that in the developed countries), 25 are African.

While Africa's foreign debt, estimated at about \$170 billion, seems insignificant compared to Ibero-America's, the burden on the individual countries is massive. Some examples from the list of the LDCs: Benin's debt grew from \$484 million in 1980 to 603 million in 1983, which means that debt as a percentage of Benin's Gross Domestic Product grew from 43% to 60%, and debt service as a percentage of exports grew from 44% to 124%. Somalia's debt grew from \$749 million in 1980 to \$1269 million in 1983, so debt as a percentage of the country's GDP grew from 56% to 83%. Uganda needed 27% of its export revenue to pay debt service. Lesotho's debt increased from 18% of its GDP to 44% in 1983, with debt service increasing from 10% of exports to 60% in 1983.

"Many Africans are now protesting against being strangled by the IMF," said one high-level African source. "Some countries are now using 80% of their export revenue to pay debt service."

The debate on the advisability of submitting to IMF demands came into the open in Africa at the Organization of African Unity summit meeting in Addis Abeba in July, where Tanzanian President Julius Nyerere said, "Should we let our children starve to pay our debts?" In August, Kenya's President Arap Moi, addressing a meeting of the governors of Africa's 33 central banks, called for more flexible IMF policies, more appropriate for each nation. He warned that if this did not happen, many African countries were threatened with "complete economic bankruptcy."

In Sierra Leone, according to the weekly *Le Journal de l'Economie Africaine*, President Siaka Stevens recently convoked all foreign ambassadors in the capital to explain to them his conflict with the IMF. "I really am sorry," he said,

"that the leaders [of the IMF] refuse all negotiation. They arrive from their distant offices with instructions that they want at all cost to make us swallow, without caring about our economic problems." He pointed out that if Sierra Leone removed the subsidy on rice, as demanded by the IMF, the price would rise between 200% and 300%.

Nigeria's case

In Nigeria, where the overthrow of the strongly-IMF government of Buhari seemed to presage Nigeria's submission to IMF demands, General Babangida's new government may not be quite as submissive as first hoped by international bankers. The government has announced that a "national debate" will occur on whether Nigeria should accept IMF conditions or not, with articles in the press, public debates, and seminars on the subject. One view came from the Nigerian magazine *Concord*, where an article on Nigeria and the IMF made a case for "a self-reliant solution to national and sub-regional development." The writer, Fidel Odum, called on President Babangida to be guided by Brazil's experience. "Brazil owes a record \$103 billion in foreign debt, thanks mainly to the IMF's courtesy. But only a fortnight ago . . . President José Sarney accepted the abrupt resignation of his key monetarist/IMF apostle, Finance Minister Dornelles, and Central Bank Governor Lemgruber. They were replaced with non-monetarists, patriotic-type thinkers who are expected to usher in a new era away from the IMF and foreign creditors.

"Africa can, with Nigeria's leadership, attempt to marshal its forces in order to grapple with issues of debt and trade. . . . Within the nation, it would appear that emphasis must fall on growth and social spending. This means that as much emphasis must be placed on agriculture and such crucial projects as the liquified natural gas, the petrochemical and the iron and steel industries, as on education and good health." He concludes that "the key to the future lies solely in the stipulations of the Lagos plan of Action for the twin principles of national and collective self-reliance for Africa's development. It is a master plan which has its own dynamic distinct from the goal set for Africa by the World Bank and the IMF. President Babangida must therefore give the utmost attention to the ECOWAS as the first building block in the context of the Lagos plan, the only guaranteed alternative to the vicious circle of IMF loans."

The executive secretary of the Economic Commission for Africa, Dr. Adebayo Adedeji, in a recent interview also criticized the IMF, and called for implementing the Lagos Plan of Action for the industrial and agricultural development of the continent. He stressed that, while this might seem a "miracle," the economic situation of most African countries "is so serious that there is a risk of political destabilization. Even more than in the past, leaders are forced to act. . . . Our states have no alternative if they want to escape the grips of the IMF, and if they want to feed their people. It is a question of determination."

Holding together the system that can no longer be held together

by Christopher White

Commerce Secretary Malcolm Baldrige—repeating hints from Treasury Secretary James Baker III six weeks ago—said Sept. 24 that the dollar would have to come down 25% from its Sept. 20 value against other major currencies to have any substantial impact on the trade deficit. That leaves another 20% to go, following Sept. 23's sharp drop on the market in the wake of the Group of Five's effort to talk the dollar down.

The plunge of the dollar, from a boosted level of about 2.90 deutschemarks prior to the snap meeting, to under DM2.70 in its aftermath, fed the impression, cultivated by most of the international press, that the overvalued dollar was the subject of the meeting. That was not the case.

The most important subject of the G-5 meeting, was the exploding Third World debt crisis. This had been leaked to the *Washington Post* by the State Department on the Friday (Sept. 18) the meeting was apparently convened. In such coverage, the fate of Donald Regan's bloated dollar was linked to two proposals, one directed against Africa, the other against primarily the nations of Ibero-America, to transform the World Bank into the institution which would manage the debt crisis.

More than this, according to the State Department leakers, the G-5 officials met under conditions of spreading panic engendered by the knowledge that they now face a spreading international revolt against the "System" of International Monetary Fund conditionalities, spearheaded by Peruvian President Alan García. This revolt was expected to surface during the United Nations General Assembly, as it in fact did.

The foolish finance ministers and central bankers met, in their capacity as guardians of the "System," to elaborate a counter-strategy to the revolt. Such a counter-strategy would include the kind of blood-bath-type prescriptions, such as assassinations, coups, and so forth, generally set into motion by the friends of Henry Kissinger under such circumstances.

The perhaps irredeemable folly of the meeting's participants is shown by the following. The "System" they are trying, bloodily, to hold together, cannot be held together. It is bankrupt, as *EIR* has repeatedly demonstrated. This unfolding bankruptcy is the principal weapon deployed on behalf of Russian imperial domination by the late 1980s. In

now opposing García, and his allies, the finance ministers and central bankers are acting to ensure Soviet advantage under crisis conditions.

Since all of Ibero-America pegs its currencies to the dollar (and has devalued them to 40-60% of their market-basket value), no drop in the dollar's value against the European currencies or the Japanese yen will help the debt situation. Instead, a dollar devaluation will only force existing governments to the wall, creating the political conditions internationally for Soviet takeover. Only a catastrophic and irregular decline of the dollar would raise the debtor nations' commodity prices, given the shrinkage of world consumption of these commodities. But in this case, the financial consequences of the dollar decline would make commodity prices a trivial issue. Either way, the keepers of the "System" are presiding over its destruction.

Therefore, it would not be unfair to say, that the finance ministers of the top five industrial nations staged a grandstand show of "unity" Sept. 21, anticipating a blowout of the world financial system during this year's last financial quarter.

Bankers' "panic" over the debt crisis prompted the meeting at New York's Plaza Hotel, the London *Financial Times* reported Sept. 23. If the meeting were not called in a panic, the Treasury went to enormous lengths to give that impression: It publicized the event at a moment when European finance ministers pleaded ignorance of its existence. Gerhard Stoltenberg of West Germany expressed amazement that he was invited. British and French officials knew nothing of the meeting.

Although Treasury Secretary Baker admitted, in response to a question from *EIR*, that he and his colleagues from Germany, Britain, France, and Japan had discussed the debt crisis, the meeting's public statement is one of the most insipid documents in world economic history. The "G-5" claimed that "significant progress has been made in their efforts to promote a convergence of favorable economic performance among their countries on a path of steady noninflationary growth."

But the imminent collapse of the world banking system, not an "economic recovery," persuaded the G-5 to abandon its usual secrecy and pose for photographers.

Officially, the main subject of the meeting was the wild

overvaluation of the U.S. dollar, now worth 70% more in terms of the European currencies than at its 1980 low-point. America's \$150 billion per year trade deficit now amounts to about 15% of all goods it consumes.

The five nations announced that "some further orderly appreciation of the main non-dollar currencies against the dollar is desirable. They stand ready to cooperate more closely to encourage this. . . ." The dollar fell 5% on international markets the next morning, although Commerce Secretary Baldrige warned that a 25% drop would be needed to make a dent in the deficit.

On Sept. 23, President Reagan announced a program supposedly aimed at reducing the trade deficit, but designed, in fact, to cool off congressional proposals for trade war on Japan and other nations. The President's plan, including a \$300 million "war-chest," does not measure well against a deficit of \$150 billion.

Officials of the 'Group of Five' met under conditions of spreading panic, engendered by the knowledge that they now face an international revolt against the "System" of International Monetary Fund conditionalities, a revolt spearheaded by Peruvian President Alan García.

Some cynics, including Britain's chancellor of the exchequer, Nigel Lawson, hinted after the G-5 meeting that the whole affair was an American publicity stunt, aimed against the President's protectionist opponents. That is both true and not true. Admittedly, the G-5 came up with the emptiest program since the World Financial Conference of 1934 broke up, without results, at the worst of the Great Depression. But at the same time, the potential for a protectionist binge like the Smoot-Hawley tariff of the last depression, was evident in President Reagan's own threats of trade war against Japan.

Whether the finance ministers are as stupid as they seem will become clear in early October, at the IMF's Annual Meeting in Seoul, Korea, where Peru, and perhaps others, may walk out unless the Western industrial nations exhibit some signs of mental balance in debt negotiations.

World Bank alternative?

Following Alan García's powerful denunciation of the IMF Sept. 23, and its echo in the United Nations speech of the Brazilian president, Kissinger and his friends are not

convinced that thuggery alone will work. Fed chairman Paul Volcker, with Baker's backing, now wants to set up an emergency bailout fund at the World Bank—the sister institution of the IMF.

According to State Department leakers, there are two elements of this plan afloat. One is designed especially for the African continent. There, commercial banks are no longer significantly involved in the continent's \$80 billion debt. A fund would be put together from the proceeds of IMF gold sales to be deployed through the World Bank to secure Africa's debt. The conditions for such "aid" were laid out by George Shultz during his speech to the General Assembly, when he attributed Africa's current crisis to the continued existence of "command economies," i.e., nation states.

The second tier would create a \$40 billion fund, again under the World Bank, a pittance to move from one column of the accounting sheet to another for roll-over and bail-out schemes, under conditions that so-called debt-for-equity schemes are implemented. These kinds of policies are simply a recipe for strategic disaster.

Volcker's plans for the World Bank represent only a nominal political retreat from the open brutality of the IMF against debtor nations—culminating in its cut-off of funds to Mexico on the same day that an earthquake struck Mexico City. By offering pitiful amounts to prostrate debtor nations in return for brutal economic "conditionalities," the IMF has already thrown most developing nations into chaos. This plan will, at best, continue the same brutal policy, under a different name.

Faced with an international revolt by the debtors, Volcker and Baker are now talking about softer terms for World Bank loans. The World Bank would still impose "conditionalities," according to reports of the scheme, but with a somewhat longer duration. Behind such "sweet talk," the friends of Kissinger are planning their bloody-handed rampage, knowing, that by so doing, they will be turning the developing sector as a whole over to the Soviet Union.

From an economic standpoint, the World Bank plan is ridiculous: The largest figure Volcker has circulated for World Bank lending is \$40 billion over five years, or a mere \$8 billion a year. Even before the earthquake, Mexico alone was known to require more to get through the next year alone. The "plan" clearly has nothing to do with economics. Its simply rhetoric to buy time.

More than anything else, the bankers' scheme to put the IMF into the background reflects simple political reality: The balance of forces has turned against them. Unless they can overthrow the Peruvian and some other governments, the Kissinger group among U.S. and British bankers stand to lose everything. And if they do overthrow such governments, they will still lose everything.

Any concession to the debtors' revolt, however miserable, will strengthen the forces associated with President García.

Egypt and the IMF: Is a break coming?

by Thierry Lalevée

While the recent summit of the Organization of African Unity (OAU) in Addis Ababa, Ethiopia, and the preliminary Non-Aligned gathering in Luanda, Angola, heard multiple denunciations of the International Monetary Fund, Egypt, greatly suffering under the IMF, has remained strangely silent. In effect, it has missed a chance to assert the kind of continental leadership which Foreign Minister Butros Ghali defined several years ago as Egypt's foreign policy goal.

President Hosni Mubarak did mention the question of the foreign debt during his speech at the United Nations General Assembly, and is expected to have a fruitful meeting with Peruvian President Alan García there; however, Egypt is allowing others to man the front lines in this fight—even though the nation's very survival depends on the outcome. Either the IMF is destroyed, or Egypt, like so many others, surely will be.

At the roots of this lack of initiative has been a purge of many of the leading members of the government in Cairo over the past 18 months—a purge conducted under pressures from the international banking community and the IMF itself. In late August, Prime Minister Gen. Hassan Ali resigned along with the entire cabinet. At the initiative of President Mubarak, a new government led by the Swiss-trained Dr. Ali Lufti was formed, with the express purpose of dealing with Egypt's economic problems as a national priority.

However, that is easier said than done. Ali Lufti's government is not homogeneous, but a compromise government in which varying political factions have achieved equal status. Ali Lufti himself speaks for the IMF, and was an economics minister during the heydays of the *Infitah* ("Open Door") policy of President Anwar Sadat, which opened the country to speculative capital inflows and basically promoted all sorts of illicit and black-market activities.

But several new deputy prime minister posts have been created. Defense Minister Abu Ghazala is now a deputy prime minister, as is Foreign Minister Abdel Meguid, while the new economic minister, Sultan Abu Ali, of the same economic school as Ali Lufti, was not the recipient of such an upgraded post; the ministers of planning and agriculture, Dr. Kamal al Ganzouri and Dr. Yusif Wally, were also named deputy prime ministers, a recognition of their achievements

in their respective fields. Such achievements are quite the opposite of the *Infitah* policy and those of the IMF.

Will Egypt break with the IMF, or capitulate and die? The institutions of usury to the north are not certain. Therefore, their warnings have grown harsher. The Sept. 9 *Financial Times* of London spoke for them: "Unlike 1977 [the period of food riots—ed.], Mr. Mubarak cannot be confident that this time the Gulf states will provide an emergency \$2 billion, and it is to the United States that he will look for a significant increase in . . . aid. The response of President Reagan and other Western governments will be influenced by the speed and determination with which the new government appears to be contributing to a solution, the broad lines of which are contained in all IMF studies of the past decades!" Failure to comply with the IMF demands for lowering or elimination of food-price subsidies and similar government expenditures, an experiment which produced the 1977 riots, will mean worse economic conditions "certain to be exploited by Islamic extremists . . . and by external enemies such as Col. Qaddafi."

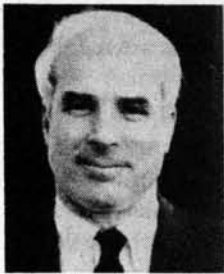
In short, a warning from the City of London that bankers will not hesitate to implement a little political destabilization to bring Cairo to its knees!

Such an ultimatum would be rejected outright were it not based on some solid means of blackmail. One such means, besides the policy of the Reagan administration of blindly following the IMF genocidalists, has been the betrayal of the Gulf countries. Countries like Saudi Arabia and other members of the Gulf Cooperation Council, which had secretly pleaded to Cairo for help in the first years of the threatening Iranian revolution, have begun laying off Egyptian workers and technicians in their countries en masse. They apparently think it cheaper to appease the Iranian fanatics, depriving the Egyptian economy of several billion dollars in remittances.

The Saudis have also done their best to undermine Egypt-Sudan relations, and took an outrageous position at the Non-Aligned meeting in Luanda, urging the other countries to "pay all their debts." As a leading contributor to the IMF, Ryahd has once again put its own misperception of its interests before those of all others. Thus, the Saudis, whose investments in Egypt have been restricted to real estate—and those distractions the princes cannot obtain at home—have become a problem for Egypt.

Facing such Arab hostility, not to mention the Libyan threat, Cairo had little choice in its dealings with the IMF but to choose compromise to gain time.

Egypt will not take the point, but at least it will follow the leadership of the Ibero-Americans, or better, the Peruvians, at the U.N. and the IMF's October meeting in Seoul, Korea. A recent tour of Ibero-America by Butros Ghali, and his signing of a bilateral agreement with Peru, indicates that the Egyptian authorities have first-hand information on García's intention of breaking with the IMF, and prompting others to do likewise. In this, lies Egypt's hope.



Interview: Rep. John McCain

Mexican earthquake stirs opposition to IMF 'conditionalities'

Representative John McCain, a conservative Republican from Arizona who sits on the House Foreign Affairs Committee, made some caustic remarks about the International Monetary Fund for cutting off credit to Mexico on the day of the earthquake. The IMF's action, he said on Sept. 20, "reminds one of the banker who waits until it's snowing before evicting the man, the wife, and the children from their home." The former Navy captain, who spent six years in a North Vietnam prisoner-of-war camp, elaborated his views on IMF policy in an interview with EIR's Kathleen Klenetsky Sept. 25.

EIR: Congressman McCain, you issued a rather withering attack on the IMF's cutoff of credit to Mexico on the day of the Mexican earthquake. Could you elaborate?

McCain: In fairness to the IMF, they had cut off on the day of the earthquake, and I believe that as soon as it happened, they probably should have either not issued their press release, or if they had already—I don't think they had—they should immediately have said they would reconsider, in light of the tragic events that took place, at least reevaluate the whole situation. They did not do so until some time later.

EIR: Do you think that the IMF should offer Mexico some kind of debt relief?

McCain: I think in light of the present circumstances, they certainly need more time. That begs the question as to whether the IMF's conditions, which are laid on the Mexican government and other debtor nations, are appropriate or not. I don't happen to believe they are. But the fact that [Mexico] is in the situation they are in, I think must dictate that some relaxation or further funding is necessary at this time.

EIR: There have been some reports that President Reagan was furious about the IMF's cutoff of aid to Mexico, and attacked the IMF in private conversations last week.

McCain: If he did that, that would be good news.

EIR: Could you comment on what you think the overall effect of IMF conditionalities is on the economic life of debtor countries?

McCain: I believe IMF conditionalities are such that they are not conducive to economic growth. It appears to me that the IMF conditions have increased unemployment; they have

not generated the economy necessary for many of them to be able to pay any interest on their debt, much less the principal; and have been largely unproductive overall. It's interesting to me that this nation, which is enjoying the longest economic recovery in years, has pursued policies almost directly opposite to those that the IMF has imposed on debtor nations. It's also interesting to me that the U.S. should be devoting such large amounts of money to an organization whose policies and philosophy towards economic recovery seems to me is the direct opposite of the Reagan administration.

EIR: Some critics of the IMF contend that its austerity policies are actually pushing certain debtor countries that would normally be pro-American, into the hands of the Soviets. Would you agree?

McCain: . . . I don't believe that the IMF is deliberately trying to play into the Soviets' hands, but unfortunately the results of some of their policies has been to do so.

EIR: President García of Peru has been attacking the IMF and calling for a "10% solution" to Peru's debt problem. What do think you of what he's doing?

McCain: It is easy for me to understand why President García's proposal has such support in Latin America, and why, on the other hand, Castro's proposals lack credibility, since Cuba has such a large debt to the Soviet Union. It's not difficult to see why President García's proposal would be extremely attractive to South American and Latin American nations. These countries feel that they are on an endless treadmill. It's not motivating to economic activity to have to pour all your resources into paying off your debt.

Let me stress that the problem with the IMF has been that it deals strictly with dollars and cents—in other words, the bottom line that drives the bankers. That's why I think the U.S. should work out bilateral arrangements with these debtor nations that take into account the unique economic, political, and, in some cases, military situations in these countries. The U.S. could be more flexible than the IMF in these cases. Such arrangements would also enhance our chances of getting repaid. There is no doubt that most of these countries are worse off now than on the day they assumed these debts.

EIR: Would you endorse President García's 10% solution?

McCain: I reluctantly wouldn't endorse this approach, because it would cause a severe dislocation in the international financial markets, but I would hope that the IMF would take García's proposals as a signal of things to come, and dramatically revise the way they do business. If the IMF doesn't do that, there will be many more García proposals throughout Latin America and elsewhere. . . .

EIR: Some Congressmen have said that the debt burden incurred by Latin American countries has prevented them from devoting the necessary resources into dealing with their drug problem. What do you think?

McCain: There are two levels to this question. First, we stand ready to provide assistance to these countries to root out drugs. The larger problem is the dependence these countries have on the drug trade for revenues. I think Americans would prefer that this debt be rescheduled or canceled, rather than have these countries repay it with drug money, given the enormous toll that takes on our own country.

EIR: Are you aware that some people associated with the IMF have in fact suggested that these countries legalize drugs, in order to collect taxes with which to repay their debt?

McCain: No, I wasn't aware of that. But if it's true, that would be another reason I condemn the activities of the IMF.

EIR: According to a State Department spokesman, Secretary of State George Shultz was quite critical of García's attacks on the IMF when the two men met at the U.N. Sept. 24. Do you think that was an appropriate way for a representative of the U.S. government to treat the Peruvian President?

McCain: It certainly won't improve the chances of García abandoning his 10% solution. . . .

EIR: There are efforts now to put the U.S. under IMF surveillance. The recent IMF Interim Committee meeting formally announced that the U.S. and other advanced economies would be subject to IMF monitoring, with the full concurrence of Treasury Secretary James Baker. If that is implemented, would you consider it an affront to U.S. national sovereignty?

McCain: Not only would it be an affront to U.S. national sovereignty, but it would be rejected out of hand by this country. I wouldn't want anybody but our leadership to decide what's best for ourselves. It's not clear to me why Secretary Baker would recommend such measures. . . .

IMF bankers say Mexico was 'helped' by earthquake

The attitude of the International Monetary Fund and the world financial oligarchy toward nations of the Third World was starkly conveyed in a Sept. 24 commentary from the British wire service Reuters. The article excerpted here, "Mexican Quake Seen Having Possible Advantages for Economy," was written by Stephen Addison.

The quakes which killed thousands last week may have done Mexico's debt-ridden economy more good than harm in the long term, bankers and economists say.

Although damage was severe, it was concentrated mostly in a small area of residences and government office buildings in the capital of 18 million. Mexico's productive capacity, and in particular its all-important oil industry, were virtually untouched. "If anything, it's a golden opportunity to get rid of a few hundred bureaucrats and a lot of dead wood by simply not rebuilding their offices," one European banker said.

Independent economists, describing Mexico's bureaucracy as bloated and corrupt, say paying wages to people who do little or nothing is inflationary and diverts

badly needed funds from more productive areas like public investment.

Two months ago, some 23,000 civil servants were fired in a bid to cut wage bills and streamline government. Economists agreed it was a step toward curbing chronically excessive state spending, but most said it had not gone nearly far enough in trimming the budget deficit. Bankers dismissed suggestions that the earthquake damage, as yet unassessed but likely to amount to tens of millions of dollars, would affect Mexico's ability to continue paying the average \$11 billion a year interest on its \$97 billion debt. Neither did they think it would soften the attitude of foreign banks toward the country.

"There are no balance of payments or debt service repercussions in this," a British banker said. "To say that the banks are going to somehow feel sorry for Mexico is . . . rather unrealistic."

The earthquake destroyed or damaged up to 700 buildings, including important sections of the central bank and the headquarters of the foreign trade secretariat, but residents say the extent of the material damage had been exaggerated abroad. . . .

The only major industrial casualty was the partly built Lazaro Cardenas steel complex on the west coast. But one economist said the complex had long been a white elephant and the quake might give the government an excuse to scrap it.

Academy of Sciences won't tone down fusion power report

by Charles B. Stevens

The National Academy of Sciences has submitted an interim report on inertial confinement fusion (ICF) research, which criticizes the Reagan administration's 50% cut in the 1986 budget, and warns that ICF research is being unnecessarily hampered by "top secret" classifications.

The report was produced by a review committee set up last year, at the administration's request. Although the detailed conclusions of the study have not been released to the public, it praises the technical accomplishments, progress, and prospects for success of the inertial confinement fusion program, according to *Fusion Power Associates Executive Newsletter*.

The Academy study means that it is just a matter of investment, whether or not we can have fusion power on schedule as an industrial source of energy.

The report further determines that, contrary to prevalent opinion, the ICF program has made important contributions to the nation's defense. During the Carter administration, inertial confinement fusion was reclassified as a pure weapons-research program. The Reagan administration later concluded that inertial confinement fusion was not making a significant contribution to the Department of Energy (DOE) nuclear weapons program, and could therefore be cut back. The administration's current recommendation is \$70 million for 1986; the House Appropriations Committee is calling for \$155 million.

The Office of Science and Technology Policy (OSTP) received the Academy evaluation with an angry demand that the panel "tone down" its report. The DOE's Division of Classification, reviewing an earlier draft of the report, particularly objected to the panel's view that overclassification is

impeding progress in ICF.

At first it appeared that the panel would agree to tone down the report; but according to *Fusion Power Associates Executive Newsletter*, a member of the National Academy Committee then declared: "The Committee has not and will not change a word in its interim report. . . . We listened to the Office of Classification's views for two hours and, when the session ended, we were more convinced than ever that we were right in criticizing their policies."

Miffed by what a source called "nitpicking by an OSTP staff member," the Academy requested that OSTP "put its criticisms in writing. After receiving and discussing the written OSTP criticisms, the panel decided not to change its interim report in response to OSTP either."

Super Nova: the next step?

The Academy's review of inertial confinement fusion, sometimes known as laser fusion, has sparked efforts by fusion scientists and laser specialists, including especially at Lawrence Livermore National Laboratory in California, to show that the quickest and most economical path to the full scientific demonstration of laser fusion is by building a massive glass laser, which some have called Super Nova.

Livermore is currently carrying out successful experiments with its Nova glass laser system. The Nova is a 100-kilojoule, 100-trillion-watt glass laser, at a wavelength of 1.06 microns. KDP crystals are utilized to decrease this wavelength to .35 microns with a 70-kilojoule, 70-trillion-watt output. The shorter wavelength has been found to be most effective for inertial confinement fusion. But Nova does not have sufficient energy to attain high-gain fusion. The Nova is being utilized to experimentally explore crucial scientific questions, such as laser-matter interaction at high power irradiation and fundamental hydrodynamic processes.

While many scientists believe that a significant net fusion energy output can be attained with 20 to 30 times the energy output of Nova—about 2 to 3 megajoule output—many have suggested that an energy level of 5 to 10 megajoules would provide a margin of certainty. Livermore laser specialists, who have led the world in the development of high-power lasers, have, to the surprise of many, found ways of making such a massive system economical. It was previously thought that such a large glass laser would cost more than \$1 billion. But leading fusion authorities now report that Livermore has been able to show that it could be built for less than half a billion dollars.

Laser fusion energy

In laser fusion, intense pulses of light are focused onto minute pellets of hydrogen fusion fuel. The incident light is absorbed on the surface of the spherical pellets and thereby generates intense convergent shockwaves. The shock compression of the fusion fuel drives it to both high temperatures and densities at which nuclear fusion is ignited.

For net energy generation, the total energy invested in

running the laser, the laser pulse, etc., must be more than matched by the total fusion energy output. Generally this output is measured as laser fusion gain. That gain is the ratio of the fusion energy output to the laser energy input. Given the relatively low efficiency of high-energy lasers, it is thought that the gain must approach 100-fold, or more. This is referred to as high-gain fusion.

Research on President's Reagan's Strategic Defense Initiative has led to major advances in high-power lasers, particularly gas lasers. Gas lasers have been generally more efficient than solid state (glass) lasers. They can also operate with a much higher firing rate. Both of these are essential characteristics in determining the economics of a laser fusion plant. But the extremely high power levels needed for laser fusion are not needed for intercepting missiles. As a result, while the technological base for realizing high-power gas lasers for inertial confinement fusion is being developed, the actual prototypes needed for high-gain laser fusion are not.

Gas versus glass

The National Academy of Sciences conducted a full review of the status of lasers for fusion, and found that while gas lasers could be immediately built for laser fusion, the quickest path to realizing the energy levels needed for experimentally demonstrating high gain would use glass.

Glass lasers have hitherto been very inefficient; as the technology now stands, they are not capable of achieving the high firing rates needed for actual electric power reactors. But the experience with construction of high-power and accurate glass lasers apparently makes them the best candidates for near-term demonstration of high gain. As one source noted: "An advanced gas laser might be able to obtain the required energy and power level at the correct frequency, but lasers are complicated beasts and we could be faced with years of teething problems. With glass, we can certainly do it."

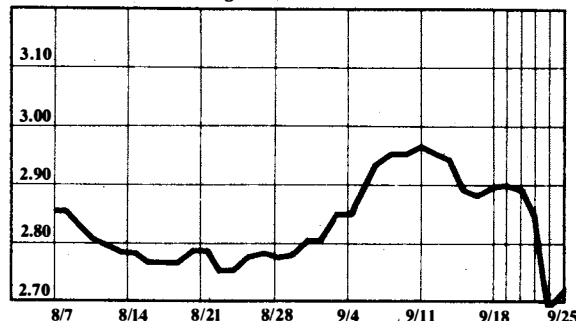
One complication noted by many researchers involves short wavelength optics. It is generally accepted that short wavelengths are essential for high-gain ICF. In the glass lasers, this is achieved by transforming the infrared laser output of 1.06 microns into .35 micron ultraviolet light by means of KDP crystals. As a result, most of the optics in the laser operate on only infrared light. Optics for the shorter wavelength .35 micron light involve great technical difficulties and many breakdowns and burnouts. In the case of gas lasers, the entire system would have to operate with short wavelength optics. While substantial progress in short wavelength optics is currently being made, the existing technology is not sufficient to assure reliable operation with extremely large and high-power lasers needed for ICF in the immediate future. From this operational standpoint for a successful experimental program, glass makes the most sense.

While existing glass laser technology is not capable of attaining high efficiencies or firing rates, research is ongoing into solid-state lasers that will.

Currency Rates

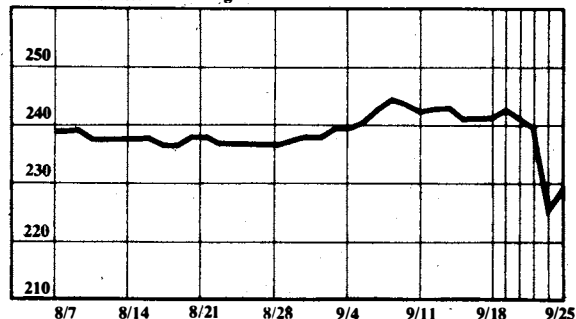
The dollar in deutschmarks

New York late afternoon fixing



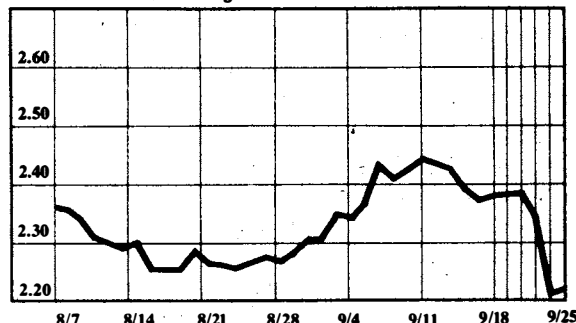
The dollar in yen

New York late afternoon fixing



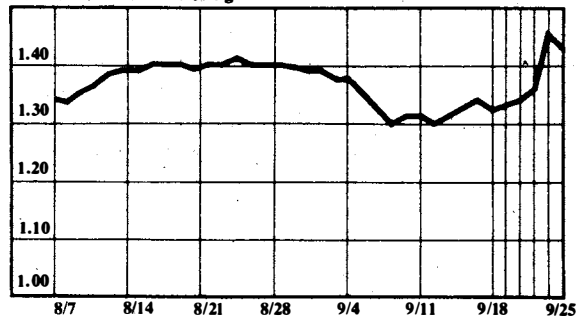
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Wheeling-Pitt shakeup could end strike

There has been a "new beginning" in the no-win situation caused by anti-industrial policies directed against steel.

The bitter three-month strike of 8,200 Wheeling-Pittsburgh workers against the nation's seventh-largest steel producer may be nearing an end. Caught in a crossfire between the Trilateral Commission's post-industrial policy and Paul Volcker's high-interest-rate regime, Wheeling-Pitt was forced into Chapter 11 bankruptcy in April as a direct consequence of its attempt to modernize plant and equipment.

A new management team took over on Sept. 21, in an effort to "start fresh," to try to resolve the no-win conflict over whose blood is to be spilled to satisfy the creditors' demands for austerity.

George Ferris, new chief executive officer and vice chairman of the bankrupt Wheeling-Pittsburgh Steel Corporation, opened the door Sept. 25 to a settlement of the strike/lockout; following a "get acquainted" meeting with union officials, Ferris announced that the union and company have agreed to resume contract negotiations on Sept. 30.

Representatives of the United Steelworkers, declaring, "This is a new beginning," announced they will meet with company officials to review the books before talks commence.

The appointment of Ferris, a retired Ford Motor Company executive, was part of a widespread shakeup of management at Wheeling-Pittsburgh since Sept. 21, when chairman Dennis J. Carney was replaced by principal stockholder Allen E. Paulson. In ad-

dition to Carney, five other directors resigned under the combined pressure of union refusal to take deep wage cuts and the company's severe financial troubles, which threaten to force it into liquidation.

Wheeling-Pitt filed for bankruptcy under Chapter 11 of federal bankruptcy laws in April, to hold off creditors while it restructured its \$514 million debt. In July, a federal bankruptcy court granted the company the right to abrogate its contract with the United Steelworkers of America, and slash wages from \$21.40 an hour to \$17.50. The union's 8,200 workers walked out July 21.

The mood of the union has been bitter since the strike began. Many steelworkers, accusing Carney of being aggressive and unyielding, have burned him in effigy at their protest marches and distributed bumper stickers proclaiming "Carney's Gotta Go." Paul D. Rusen, USW District 23 director and the union's chief negotiator in the dispute, told the *Pittsburgh Press*, "Dennis [Carney] put us in a position with some of the moves he's made that created an atmosphere very difficult to carry on rational discussions in." He cited Carney's attempt to bypass the union at company-sponsored community meetings and his instigation of an open-gate policy aimed at enticing workers to cross picket lines.

The principal task facing Wheeling-Pitt's new management, once the strike is ended, is reorganizing

Wheeling-Pitt's debt without losing the company's renowned commitment to state-of-the-art steelmaking. Much of the company's debt was consciously accrued by Carney in an effort to make Wheeling-Pitt's nine plants the most modern—and therefore, the most productive—in America.

"I put my money where my mouth was," Carney said in defense of his performance as chairman. "I think you have to modernize no matter what. If you don't modernize, it's sure death."

Wheeling-Pitt was targeted for destruction by its competitors and its creditors, including some of the world's leading dope banks and insurance companies, precisely to prevent that kind of modernization from discrediting the post-industrial policy now dominant on Wall Street and in the nation's Eastern banking houses.

Political heavyweights in the region, including West Virginia's Sen. Jay Rockefeller (R), Pennsylvania's Sen. John Heinz (R), and Ohio's Gov. Richard Celeste (D), have all been pressuring for an end to the strike, which has created economic havoc in their states. A plan to bring in an "impartial examiner" to make recommendations that could resolve the dispute, is currently under study by the union and the company.

The shift in management at Wheeling-Pitt, while hopeful, is not necessarily conclusive. The austere economic conditions dictated by Volcker and the Trilateral Commission, whose purpose is to smash industrial production, have taken precedent over the well-being of the nation. Unless an effort is mounted by the Reagan administration now, from the standpoint of national security, to save the steel industry of this country, Wheeling-Pittsburgh will simply become another scalp in the Federal Reserve's gory pile of "victories."

Can 'Aggie Mae' do the job?

Desperate rural bankers are sounding the alarm, but their new bailout scheme is going nowhere fast.

There's talk in Washington of a new entity around town: Aggie Mae. The idea is for a government-backed agricultural mortgage holding company, to mop up some of the farm debt, shore up some of the bankrupt rural banks, and keep a few farmers on the land.

Will Aggie Mae, or won't she? Probably not.

At the beginning of September, it was officially announced that the largest single farm debt holder—the 50-year-old cooperatively owned Farm Credit System, which accounts for \$80 billion of the \$215 billion national farm debt—was in big trouble. Donald Wilkinson, governor of the Farm Credit Administration, which supervises the FCS, said that “multibillions” would be needed to keep it afloat. Since then, the FCS has been holding discussions on a proposed remedy.

Then on Sept. 25, the Independent Bankers Association of America, half of whose members are banks from agricultural regions, asked to be let in on any kind of federal bailout.

The IBAA endorsed the creation of a new, federally financed corporate entity that would buy troubled or nonperforming farm loans from banks and the Farm Credit System. The bad loans would be “warehoused” in the new entity.

To capitalize this warehouse, some around Congress suggest that money should come from the commercial banks themselves and from the FCS, in addition to government money.

So far, however, there is a lot of talk and grandstanding on the farm crisis, but no concrete moves to ram

through “Aggie Mae” enactment legislation, much less to lead a national drive to revitalize the farm sector and expand production for a hungry world. Even those who are whispering about Aggie Mae have accepted the grain cartels' line that there is too much food being produced anyway, and that more farmers are going to have to be closed out.

Earlier this year, Rep. Evan Cooper (R-) introduced a \$5 billion bailout scheme for the FCS, but nothing ever came of it.

The administration is so far staunchly opposed to special assistance for the FCS or any other part of farm sector finance.

The House Agriculture Subcommittee on Credit (chaired by Ed Jones of Tennessee) will not resume hearings on the crisis until Oct. 9. Senator Jesse Helms, chairman of the Senate Agriculture Committee, has not yet announced when hearings are to be held, though they are expected at around the same time.

But time is running out. With fall farm prices at disastrous lows and farm land values also way down—by 50% in some regions—thousands of farmers simply cannot pay debt service, or anything else, including their own living expenses. Conservative estimates are that 15% of all farmers will be thrown out of farming this year. At least 5% of U.S. farmers have gone under since last winter. The national and international food supply is in jeopardy.

Farm foreclosures and farm family “walk-aways” are proceeding, in certain parts of the country, in propor-

tions catastrophic to the U.S. food and fiber supply. In Louisiana, for example, in just two parishes during the month of September, the FCS Federal Land Bank filed foreclosure papers against 200 farm properties.

This is the conscious policy of the International Monetary Fund and its backers in the U.S. Department of Agriculture. In February, a top IMF official said, “Let the rural farm banks and the savings and loans go under. Who needs them?”

The IMF's plan is to use the crisis to put millions of acres of farm land under control of the money-center international banks and family trusts. Aggie Mae could even serve as a foot-in-the-door for this, by taking much of the FCS debt that is backed by land through the FCS-linked Federal Land Banks—up to \$60 billion worth—and using this land to back up other bank debt, or take direct ownership.

An even bigger land-grab scheme is called the Agriculture Conservation Corporation (ACC), the name used by Prof. Neil Harl of the University of Iowa, who functions as a mouthpiece for IMF views. Under Harl's scheme, the ACC would acquire about \$20 billion worth of farm land (ostensibly to stabilize falling farm prices) and lease land back to the former farmer owner or take it out of production entirely in the name of “conservation.” Potential ACC land acquisitions could amount to 12% of all the land devoted to wheat, corn, and soybeans in the United States.

Earlier this year, backers of the ACC felt that a Congress fixated on budget cuts would never fund such a radical, new federal agency with so much money. But this fall, as thousands of farmers go bankrupt, the proponents of the land-grab scheme have new hopes of getting the government to do their bidding, sooner or later.

Business Briefs

Genocide

IMF to cut off Philippine loans

The International Monetary Fund met the week of Sept. 23 in Washington, D.C., to consider suspending the third tranche of loans to the Philippines. According to IMF sources in Manila, the government of President Ferdinand Marcos has "fallen out of compliance" with the austerity conditionalities set by the IMF in 1984.

Bankers in New York and at the Fund are reportedly complaining that the Marcos government has brought down inflation, but carried out none of the other IMF strictures on the economy, including a sharp cut in the money supply, cuts in government spending, and an end to subsidies of food, etc.

The IMF is also demanding total import liberalization—that is, lifting of all tariffs on imports. This was a major feature of the 1980 World Bank "structural adjustment" loan to the Philippines, but was dropped when the foreign exchange crisis hit in 1983.

The IMF says it wants to end the trade surplus the Philippines now has with Japan, the European Community, and the United States—created by the Fund's devaluation policy that has made imports inaccessible to the Philippines.

In the Philippines, the view voiced in the press, both from those in government and those in opposition to Marcos, is that the IMF "stabilization program" forced upon the country in the aftermath of the August 1983 assassination of opposition figure Benigno Aquino, has been an unmitigated failure. The year 1984 registered the worst economic downturn since World War II, with a negative growth rate of 6.5%. In the first six months of this year, GNP fell by another 5.6%.

East-West Trade

British, Soviets discuss aviation deal

According to the *Sunday Times* of Sept. 23, a British aerospace delegation went to Moscow in early September to discuss joint man-

ufacture of 1,000 civil airliners of the Advanced Turboprop (ATP) type, which can hold 64 people. The negotiations began a year ago.

For the British, it "could be their biggest export deal ever." It also is the first time since the last war that Russians have gone abroad for civil aircraft in such numbers.

The deal may not go through, as the Russians are notorious for dangling such carrots with political aims—and no deal ever materialized. Otherwise, the only potential obstacle is that the plane engines are produced in the United States. They therefore might fall under President Reagan's embargo on sensitive technology trade to the Soviet Union.

Dope, Inc.

Bank of America faces \$1 million fine

The Bank of America is negotiating over a \$1 million fine levied on the bank by the Treasury Department for "widespread" failure to report cash transactions as required under the Bank Secrecy Act. The bank is the nation's second-largest financial institution.

In August, Crocker National Bank of San Francisco was fined \$2.5 million for its failure to report nearly \$4 billion in such cash transactions.

The fine brings to a half-dozen the number of banks, the nation's most "respectable," found to be laundering money believed to be linked to the narcotics trade.

The Debt Bomb

EIR upsets bankers' conference

EIR caused a near panic at the press conference called by the finance ministers and central bankers of the major industrialized countries, the Group of Five, following their emergency meeting in New York on Sept. 22.

In front of the officials (including U.S. Treasury Secretary James Baker and Fed chairman Paul Volcker), and 500 journalists, *EIR* correspondent Susan Kokinda

asked:

"Hasn't [Peruvian President] Garcia called the whole question of the international financial system by saying he doesn't recognize the authority of the IMF any more? Would you comment on the fact that the response to this is the report that the friends of Henry Kissinger intend to overthrow the government of Peru?"

After press and staff started yelling, "Don't comment on that! Don't comment," James Baker finally replied: "Let's just say that we did discuss the international debt situation."

European Community

Soviet beef imports to be subsidized

According to a decision taken by the European Community in Brussels on Sept. 21, the Soviet Union's imports of beef will be subsidized with \$420 million by Western Europe's taxpayers. The decision allows big-chunk beef exports of 175,000 tons, worth \$510 million, to be sold to the U.S.S.R. for only \$80 million.

The decision was voted against by German representatives, who charged that Egypt and other Third World countries were recently charged 2.60 deutschemarks for a kilogram of beef, while the Soviets will pay only 1.30 deutschemarks.

The transportation of the meat is being handled by "Red Baron" Jean Baptiste Dumas, the French Communist Party millionaire who also managed the sales of 200,000 tons of European Community butter to Moscow nine months ago.

International Credit

Lusinchi: 'natural and unnatural disasters'

Ibero-America must protect itself from "economic earthquakes," Venezuelan President Jaime Lusinchi stated during a press conference on Sept. 25. He said that Ibero-American countries must be protected from "economic and natural earthquakes," by means of clauses that lessen the payment of

Briefly

the foreign debt in case of disasters.

Referring to the "hard" position taken by Alan García against the IMF, Lusinchi stated: "We have spoken a very clear language in respect to the debt, within the framework of the Cartagena consensus. . . . We think that social and economic conditions in each country shape its behavior, but the situation of the foreign debt in Latin America is something that has a collective accent."

Invisible Hand

U.S. marijuana growers cultivate opium

Since the end of July, federal drug enforcement officials have uncovered nearly 5,000 opium poppy plants in the United States. Drug Enforcement Administration officials have expressed concern at the amount of domestic opium cultivation, and according to Reps. Jack Brooks (D-Tex.), chairman of the House Government Operations Committee, and Glenn English (D-Okla.), there will be a congressional investigation. According to English, "The implications of this criminal activity are enormous."

The DEA told *EIR* that in all cases the poppies had been scored and opium harvested. Given the amounts under cultivation, it is doubtful, however, that the opium was refined into heroin; rather, it was probably used for smoking. DEA officials also noted that in each case the opium poppies were interspersed with marijuana plants and that sophisticated irrigation and related farming methods were employed.

Investments

Hocking charged with swindling

The assistant U.S. attorney for central Illinois, Frances C. Hulin, has filed suit against Kenneth D. Hocking, president of the defunct International Industries Development Corp., of Mattoon, Illinois, for swindling investors.

In 1966, Hocking obtained Peruvian securities from eight cooperatives that were under the control of then Peruvian President Terry Belaúnde's Cooperacion Popular. The securities were issued to build low-income housing on approval by the U.S. State Department's Agency for International Development. AID did not approve the development proposal, thus rendering the securities worthless.

Hocking sold investment packages that included the notes to unsuspecting U.S. investors, telling them they were backed by a guarantee from AID.

Food

New dietary guidelines for malnutrition?

In the midst of a national epidemic of the disease AIDS and an increase in incidence of tuberculosis, a disease associated with malnutrition, the federally chartered National Academy of Sciences has prepared a draft report which proposes lowering by up to 50% the Recommended Dietary Allowances (RDA) for most vitamins and minerals necessary to sustain a healthy person.

The draft is already being widely criticized by experts in the field of nutrition.

The proposed guidelines call for substantial reductions in the daily intake of vitamin A, vitamin C, vitamin B6, and iron, and call for an increase in the amount of calcium needed for women, particularly pregnant women. The proposed guidelines also call for reducing the levels of magnesium and zinc for a healthy diet.

Some nutritionists have noted that the philosophy behind the RDAs "has changed from providing optimal to minimal requirements." Others fear that the report's recommendations could lead institutional menu planners to reduce the number of fruits and vegetables in meals, and could also be used as a rationale for reductions in food assistance programs.

Application of the guidelines to federal food programs could have devastating effects on federal food assistance programs and could be misused to prove that poor Americans are not really lacking in food.

● **DUPONT** has announced the development of a new drug, naltrexone hydrochloride, or Trexan, which has no sensory effects, but bonds to the same receptors in the brain that heroin normally would. It can be used to block heroin from chemically affecting the brain, thus eliminating ex-addict's desire to use the opiate.

● **BARCLAY'S** Bank chairman Timothy Bevan, a member of the Trilateral Commission, arrived in Brazil, Sept. 24, claiming that he was supporting a more "flexible" approach to Brazil's foreign debt than the International Monetary Fund. He also said that he supports Brazilian proposal that its interest payments on foreign debt be used to build a special fund for capital investment in Brazil. Whether this meant turning foreign debt into foreign-held equity was unclear.

● **ECONOMISTS** linked to major banking interests, including former Bank of Italy governor Guido Carli and FIAT executive Cesare Romiti, began meetings at the Monte di Paschi Bank in Siena, Italy, Sept. 25, to discuss, "The Future of the European Economies."

● **CHILE** has denounced Soviet fishing practices in the Pacific. José Toribio Merino, the navy member of the Chilean junta, complained during the United Nations General Assembly that Soviet bloc fishing fleets were looting fishing resources from the Pacific. The Soviet bloc countries are freezing about one million metric tons of jurel fish per year from the territorial waters of Chile and Peru.

● **TRIAD** International, owned by Adnan Khashoggi, is set to receive \$72 million in a new U.S. federal loan guarantee for an ethanol plant being constructed in New Iberia, Louisiana. The funds go through a Triad subsidiary, Agrifuels Refining Corporation.

Breeding nuclear fuel: How the U.S. can catch up

by Marjorie Mazel Hecht

From the very first days of the Atomic Age, the idea of a nuclear breeder reactor that would produce more fission fuel than it consumed caught the imagination of scientists. Here, at last, was a feasible way to provide mankind with a virtually unlimited supply of cheap energy, by breeding fissionable fuel for nuclear power reactors (Figure 1). Just after World War II, in 1946, Los Alamos National Laboratory began operating the world's first fast breeder, Clementine, which produced 25 kilowatts-thermal energy (Figure 2). (The word "fast" refers to the high-velocity neutrons in a breeder, which have more energy than those in conventional power reactors and thus can facilitate the breeding of new fuel.) By 1951, the nation had put on-line the world's first nuclear breeder reactor to produce usable amounts of electricity—the Experimental Breeder Reactor or EBR-I—which produced 200 kilowatts-electric at its peak. Constructed by Argonne National Laboratory in Arco, Idaho, the EBR-I was followed by EBR-II, which was connected to the Idaho power grid and began producing power in 1964, reaching a full operating power level of 62.5 megawatts-thermal. Argonne has now operated EBR-II for more than 20 years, producing 1.56 billion kilowatt-hours of electricity safely and reliably, and providing the nuclear community with experimental data on advanced breeder systems.

For about 30 years, the United States led the world in the development of breeder reactor technology, carrying out the spirit of the postwar Atoms for Peace program to spread

nuclear technology internationally for the purpose of world development. Taking their cue from the United States, the other industrialized nations, in particular France, began aggressive nuclear power programs, including the development of fast breeder reactors.

But by the mid-1970s, in the devastating wake of an anti-science Carter administration that institutionalized environmentalism in this country, the United States had taken a back seat in nuclear development. Today, France is number one in breeder technology, with the 1,200-megawatt-electric Superphénix fast breeder coming on-line in Creys-Malville before the end of the 1985, culminating 20 years of French breeder development (Figure 3).

The Superphénix is the world's first commercial-size fast breeder, although there are other nations that have operating prototypes. The Soviet Union, for example, has a 600-megawatt breeder, the United Kingdom has a similar size fast reactor in Scotland, and several other countries have breeder development programs.

Constructing a commercial-size breeder reactor that can economically produce power, plus new fission fuel, is no small achievement for France, a nation that has virtually no petroleum reserves, coal deposits that are difficult to work, and no untapped hydroelectric potential. Nearly 12 million manhours have gone into the construction of the site, including 165,000 cubic meters of concrete, similar quantities of stainless steel, and 3,500 metric tons of sodium, at a cost of

approximately \$1 billion. By the year 1990, nuclear power will produce 70% of France's electrical power, so assuring a nuclear fuel supply is a top priority. As the state utility, Electricité de France put it, "When Superphénix goes into production, the event should mark the advent of a new era in nuclear power production."

Ironically, the official brochure on the Superphénix concludes that, by describing the French achievements in breeder technology, "It is our hope to thus arouse the interest of American authorities, given the close ties between France and the United States in all areas, but in particular in the nuclear industry."

The leapfrog principle

The United States is now estimated to be 10 years behind France in breeder technology development. However, the possibility exists for the nation to quickly reverse the stagnation in this area by moving ahead to develop two more advanced breeder technologies—the Integral Fast Reactor developed in the past four years by Argonne National Laboratory and the fusion-fission hybrid, which promises even

more efficiency as a breeder. Any gear-up of the U.S. economy would demand exactly such technology development. If the nation launches a crash program to develop beam defense, for example, we would very quickly run into a severe lack of available energy to power industry. The Fusion Energy Foundation estimated, in fact, that if the spinoffs of laser technology were applied to the U.S. economy on a broad scale, within 10 years the United States would have an energy shortfall of 3 gigawatts.

Like the Superphénix, the Integral Fast Reactor or IFR is a pool-type, sodium-cooled reactor, with the additional innovation of a new metal fuel design. As Charles E. Till, associate director of Argonne for engineering research, has pointed out, the IFR is ready now to be set in motion:

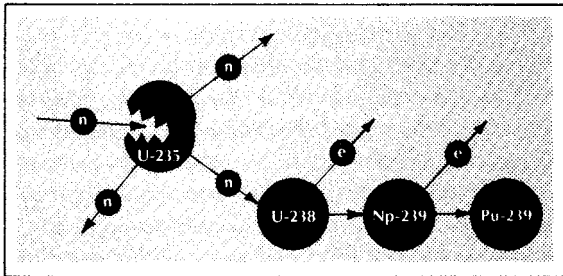
The basic features of IFR have already been demonstrated at EBR-II. Only the fuel cycle needs to be demonstrated to completely establish the practicality of the IFR concept. Most of the facilities needed to demonstrate the IFR concept already exist or can be made available at relatively low cost. The original fuel-cycle facility at EBR-II has been decontaminated and can be equipped to demonstrate the IFR fuel cycle in conjunction with EBR-II at relatively low cost. Because the process is compact, a refurbished EBR-II fuel-cycle facility would also be large enough to demonstrate the process in conjunction with a reactor much larger than EBR-II, whenever it becomes desirable to do so.

Once the fuel cycle has been demonstrated, all the pieces of the IFR concept will be in place. The nation will have available a clear means of greatly reducing its dependence on imported oil and its concern over shrinking reserves and rising prices of domestic oil and natural gas. At present consumption rates, the IFR will be able to convert known uranium reserves into the equivalent of thousands of years worth of electricity.¹

The Integral Fast Reactor design overcomes some of the difficulties encountered by the previous-generation loop design liquid metal fast breeder reactor, or LMFBR, the model the U.S. Atomic Energy Commission chose to develop back in the mid-1960s. At the time, the AEC stated that it had selected the LMFBR because of "its predicted performance, existing industrial support, established base of technological experience, and proven basic feasibility." In 1975, when the Energy Research and Development Administration was created, it decided to continue the liquid metal fast breeder development as a top priority, and, in its first budget, ERDA devoted \$474 million to it—"the largest expenditure for any single civilian R&D project," according to one study of breeder economics.² A further \$10 billion was envisioned as necessary to complete the project in the year 2020. But

FIGURE 1

The breeder process



Argonne National Laboratory

In a fission power reactor, a chain reaction of fissions of uranium-235 nuclei is set off; each nucleus splits, emitting fast neutrons in the process. These neutrons then produce new fissions. In the breeder reactor, these fast neutrons are used directly to breed new fuel from the non-fissionable uranium-238. Hit by a neutron, the U-238 gives off an electron and is transformed into neptunium-239, an unstable isotope. Np-239 then emits an electron to become plutonium-239—fuel for fission power reactors.

This process of creating new fuel also produces heat, which is used to boil water, make steam, and operate turbines by the same method a conventional power plant uses.

the optimism at the time to tackle the problem of building a U.S. commercial breeder soon dissipated under the Carter regime. The 350 megawatt-electric Clinch River Breeder Reactor was subjected to a slow death by budgetary starvation, and although now substantially physically completed, the project is effectively dead. Also dead are follow-up plans for a Commercial Demonstration Breeder Reactor on the Clinch River site.

Now, the Clinch River loop-type LMFBR technology has been superseded, although it should be stressed that had the nation pursued the Clinch River LMFBR on schedule, it would have performed as well as similar demonstration-

scale LMFBRs in Britain and the Soviet Union, and provided the United States with valuable breeder engineering and component experience. The design is more efficient thermally than the pool design, but during the past 10 years, the experience of the French and the work at Argonne have demonstrated the superiority of the pool design, in particular in terms of safety and security (Figure 4). Japan, which built a small breeder modeled on the Clinch River loop design, is now considering a switch to the pool design for its planned commercial reactor, while West Germany, Britain, and the Soviet Union are already pursuing the French Phénix pool design. Thus, at this point, a renewed com-

FIGURE 2

The fast breeder reactor

Fast breeder reactors burn uranium fuel much more efficiently than conventional fission reactors, which burn only about 2% of the uranium in their fuel rods, producing plutonium as a waste by-product. In conventional reactors, the neutrons from the nuclear fission process are slowed down, or moderated, using water or graphite, to cooler thermal temperatures.

In the breeder reactor, the neutrons from the fission process are not moderated, but used to convert the non-fissionable uranium into new plutonium fuel.

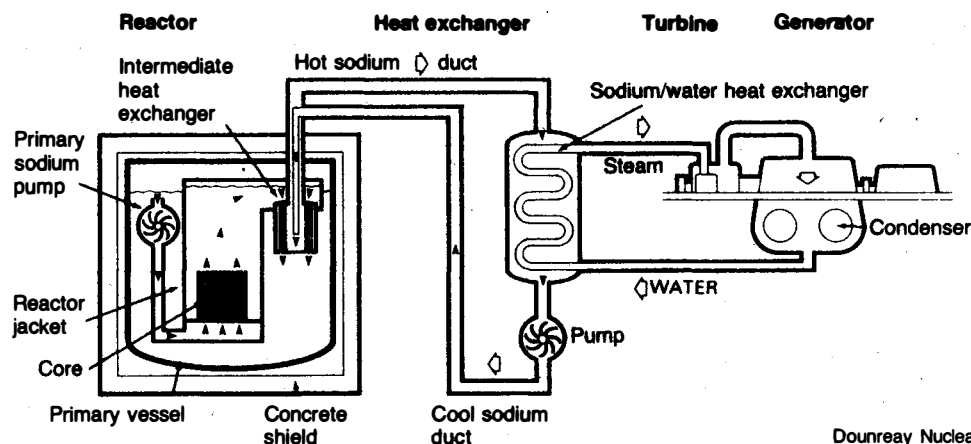
Shown here is a schematic of the Prototype Fast Reactor in Dounreay, Scotland, which began feeding 250 megawatts of power into the national power grid in 1974. The reactor is cooled by liquid sodium, a metal that melts at 98° Celsius and removes heat from the reactor core 10 times more efficiently than gas or water. Sodium is an ideal coolant because it has high thermal conductivity and low vapor pressure, which allow a reactor core with high power density and lower system pressures than a conventional nuclear plant.

The reactor vessel is located on an underground level,

suspended in a concrete vault and enclosed in an insulated jacket. The fuel and breeder assemblies, hexagonal-shaped rods, are placed on a grid at the base of the vessel.

The reactor core's inner zone consists of fuel pins that contain pellets of uranium oxide and plutonium. The outer zone consists of "blanket" pins of depleted uranium. The neutrons produced by the fission process in the inner zone are absorbed by the blanket pins and converted into plutonium. Graphite-filled steel tubes around the fuel assembly provide shielding to reduce radiation levels in the outer part of the vessel. A rotating shield on the roof of the reactor vessel is used for refueling, about every seven weeks.

There are two sodium coolant systems. In the primary system, the liquid sodium surrounds the reactor core in a pool. The primary sodium pump pumps hot sodium out of the reactor vessel to the intermediate heat exchangers. Then the primary sodium returns, much cooler, back into the pool around the reactor. The secondary coolant system is non-radioactive and completely separated from the primary sodium coolant by the reactor jacket. The secondary sodium carries the heat from the intermediate heat exchangers to the water heat exchangers, which produce steam at 1,000° F.



Dounreay Nuclear Power Development Establishment

mitment to nuclear fuel breeders means that the United States should leapfrog to more advanced breeder designs.

The fusion-fission hybrid has all the advantages of a breeder reactor, plus significant additional benefits: First, the hybrid produces 10 times more fissile fuel than a fast breeder reactor; depending on the mode of operation, it could fuel as many as 14-20 reactors; second, the hybrid would provide valuable engineering experience for fusion researchers as a bridge to pure fusion reactors; third, it could be constructed rapidly. As one scientist put it in a review of the fusion breeder in 1982, the hybrid has a unique advantage—it can be introduced at a rate that is historically unprecedented for a new technology. In fact, as he concluded his review: "We are convinced that by producing fuel for LWRs [light water reactors], fusion can have a significant impact on our energy needs in an even earlier time frame than the LMFBR, although the technology of fusion is not as developed as that of the LMFBR."³

Like the fast breeder concept, the hybrid idea has been around since the beginning of U.S. nuclear work. Reportedly, in the early days of the fusion program, the feasibility of using a fusion-fission hybrid to breed fuel is one of the main reasons that fusion research remained classified by the Atom-

ic Energy Commission until 1958. Some of the first fusion scientists were interested in the hybrid, because it seemed more possible than achieving the stringent conditions for pure fusion. And as fusion research continues to advance, the case for the fusion-fission hybrid becomes even more compelling.

Why breed fuel?

The beauty of nuclear energy is that its fuel cycle is a continuum. In other words, more than 99% of the spent fuel from nuclear power plants can be reprocessed and turned into new fuel for fission plants, leaving only a minute amount of high-level waste to be disposed of—or turned into valuable isotopic raw materials. The breeder adds another dimension to this cycle, because it can turn the non-fissionable uranium-238 into fissionable plutonium-239. Since most of the world's uranium is the U-238 variety (only 0.7% is the fissionable uranium-235 isotope), the breeder makes it possible to feed this relatively abundant non-fissionable uranium into breeders that transmute it into fuel for reactors. As Argonne National Laboratory calculated it, based on the nation's existing known uranium reserves, "the use of breeder reactors would give the nation the equivalent of about 4,500 years of oil at present [1983] consumption rates."⁴

FIGURE 3

Superphénix: world's largest breeder

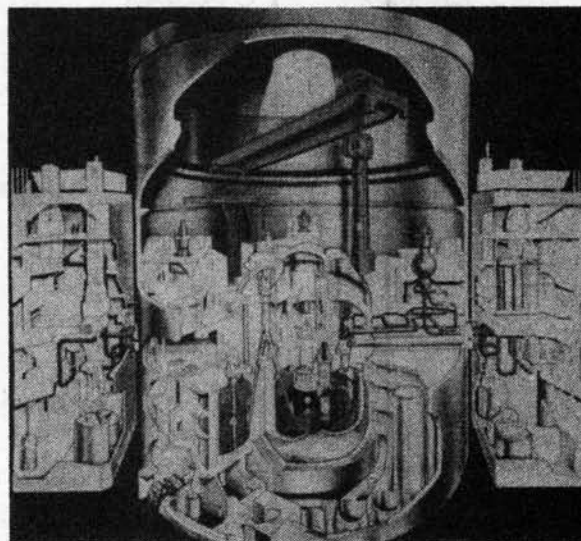
In the French Superphénix, a pool-design LMFBR soon to go on-line at Creys-Malville, near Lyon, the entirety of the primary coolant loop is near the core of the vessel, including the heat exchangers and the primary pumps. The core is comprised of 364 vertical fuel assemblies, each made up of 271 fuel pins that are 2.7 meters long with a diameter of 8.5 millimeters. The pins contain fuel pellets, about 15% of which are fissile uranium and plutonium oxides. The core has a volume of 10 cubic meters and contains about 5 tons of plutonium and 108 tons of uranium. It is surrounded by 233 fertile blanket assemblies of natural uranium or depleted uranium.

Every second, 5 tons of liquid sodium enter the core at 400° C. The sodium circulates among the fuel pins, leaving the core at a temperature of 550° C. This sodium is then pumped by four primary pumps into the four primary loops, each of which has two heat exchangers. The reactor vessel contains a total of 3,500 tons of sodium. Surrounding the main reactor vessel is a safety vessel filled with an inert gas that can contain and recover sodium in case of a leak. Outside the vessel are the secondary pumps and the device used to manipulate the fuel assemblies.

The scale of the Superphénix presented many engi-

neering firsts: The size of the vessel—21 meters in diameter weighing 350 tons—meant that it had to be constructed on-site in a shop larger than a football field. Lifting the vessel into place required hoisting it nearly 30 meters. Incredibly, this world's first commercial-size breeder was completed within 8 years from start to finish—just about half the time that it now takes the United States to put one conventional nuclear plant on-line.

Novatome



A cross-section of the Superphénix reactor.

The economics of breeder reactors is straightforward. There is a calculatable amount of high-quality uranium to be mined, processed, and enriched for use in reactors; a certain amount of spent fuel to be reprocessed and enriched for reactor use; and a certain amount of unfissionable uranium and thorium-232 that can be fed into a breeder and transmuted into fissionable nuclear fuel. The question that the nuclear community exhaustively pursued was how early would an economy require development of breeders? At what point would the large development and capital costs of breeder reactors be offset by the rise in price of increasingly scarce uranium. Thus in the early 1960s, there were cost estimates and scenarios that stretched into the mid-21st century.

At that time, before the environmentalist anti-nuclear battle lines had been drawn, the nuclear planners expected nuclear energy to be providing an increasingly significant amount of power worldwide, and breeders were seen as vital by the 1980s or 1990s at the latest, with fusion-fission hybrids necessary to make up the predicted fuel gap (Figure 5). Even taking a less optimistic growth rate for nuclear power, it was clear that hybrids would have to be introduced in time to be supplying fission fuel by about 2005.

Most analyses of power needs suffer from the cost/benefit disease. The scientists writing take a technology that practically screams for development because its benefits are so obvious and then try to justify it within the constraints of a "think small" budgetary process whose guiding philosophy is "why should we spend money today on something that won't be cost effective in the next 24 hours?" Nevertheless,

these scenarios provide the reader with some idea of when, at a very conservative pace, advanced breeders and hybrids could be introduced and what they would produce.

One of the more recent published studies on the fusion breeder suggests that by 2015, the first commercial fusion breeder could provide fuel for as much as 20 gigawatt-electric of nuclear generating capacity, while six fusion breeders by the year 2030 could provide fuel for more than 120 light water reactors.⁵ This study—whose authors include Edward Teller along with two fusion scientists from TRW and two from Lawrence Livermore National Laboratory—quite conservatively reviews the current supply of energy resources, notes the potential introduction of electric vehicles, and then states, "It is therefore prudent to ask whether nuclear power (of all varieties) can provide a major fraction (for example, approximately 50% of the U.S. electrical demand during the first half of the next century. . . ."

The authors conclude that fusion hybrids could have "a significant impact on our energy supply in an equivalent or earlier time frame than the LMFBR, even though fusion technology is less developed than LMFBR technology," and then go on to describe a feasible hybrid development scenario for the United States:

. . . Fusion technology, and thus the fusion breeder, is at least 15 years behind LMFBR development in the United States. However, fusion is mature enough to start a hybrid engineering test reactor (HETR) in the late 1980s and complete it by the mid-1990s. A

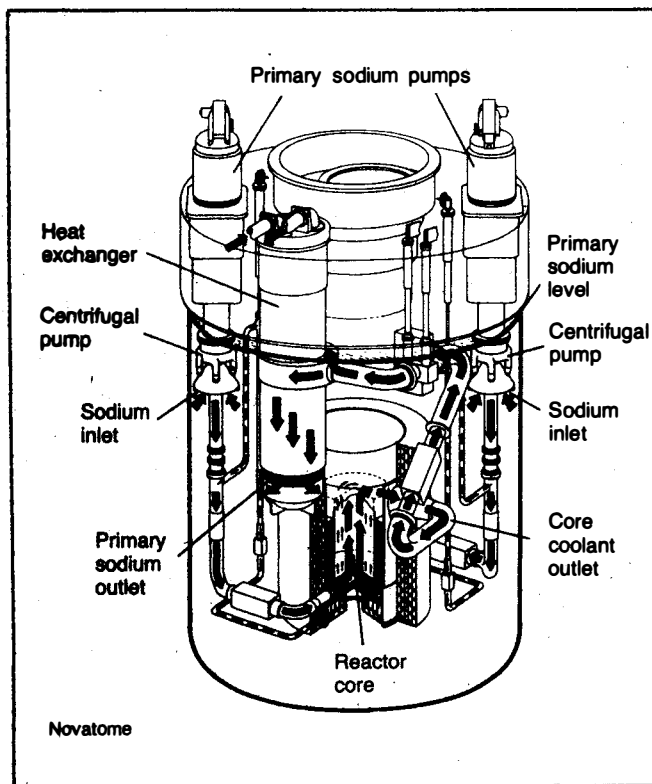


FIGURE 4

Argonne's integral fast reactor

The Integral Fast Reactor developed by Argonne National Laboratory is pool-type reactor with several advances over the Clinch River design and the Superphénix, in particular a new fuel design and new fission fuel reprocessing system.

The IFR makes use of a new metal-alloy fuel design that is twice as efficient as the oxide fuels. The oxide fuel cores have breeding ratios of between 1.3 to 1.35, which means that they take about 20 years to double the amount of fuel initially invested in the plant. The new metal-alloy fuels have breeding ratios of 1.5 to 1.6, giving the reactor a 10-year or less doubling rate. The metal alloy also enables the reactor to run with a higher fuel density and less fissile fuel. One of the specific fuels developed by Argonne is a metal alloy of uranium, plutonium, and zirconium.

magnetic mirror fusion HETR could be used to develop nuclear technologies for a demonstration fusion breeder reactor that could begin operation shortly after 2000. The demonstration reactor would provide a near full-scale demonstration of all relevant fusion reactor and nuclear technologies and would qualify components for a commercial-scale prototype reactor. Assuming an accelerated development program, the prototype reactor could operate before 2015.⁶

As for the cost of the electricity produced by the fusion breeder, the fission-suppressed tandem-mirror-driven breeder that this study proposes costs three times as much as a light water reactor to build, would support 13 light water reactors, and would provide uranium-233 fuel at about \$70 per gram. While its capital costs are high, it would provide a virtually inexhaustible supply of energy at a cost less than 15 percent more than nuclear electricity costs from currently available technologies. The question of capital cost is an interesting one. For the LMFBR to produce electricity at 15% of today's nuclear prices, its capital cost would have to be less than 1.25 that of building a light water reactor. The pure fusion reactor is even more capital intensive, costing 50% more and producing electricity initially at 40% or so more than light water reactors. As the authors of this study emphasize, however, the capital costs of new advanced technology systems are initially high, but decrease as the industry becomes more experienced with these technologies.

The authors note that although the United States, with

its substantial domestic reserves of coal and uranium, potentially would not have a shortage of uranium until the year 2030, other nations are forced by their more meager resources to develop nuclear plants and breeders on a more aggressive schedule. Thus, they conclude, the United States now has a unique opportunity to pursue the development of fusion-fission hybrids as a technology for export. Ironically, the U.S. fusion research program is being aggressively cut back, rather than increased, as would be necessary to assure the development of fusion breeder technology.

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6. Maniscalco, et al., p. 593.

The new metal alloy fuel eliminates the problem of fuel swelling that characterized other breeder fuel designs, limiting the length of time a fuel pin can operate in the reactor core. The swelling is caused by the buildup of fission gases inside the fuel rod. If the cladding of the fuel rod ruptures, this can leak fuel into the liquid sodium, contaminating the coolant, or into the fuel pin area, where it could cause overheating.

With the metal-alloy fuel and the redesign of fuel pins to allow the fuel to expand by one-third inside the fuel rods, Argonne expects to achieve a burn-up of atoms of 14%, compared to the 1-2% of previous reactor designs. This also means that more fuel is consumed with each reloading of the reactor core, and therefore there is less of a need for reprocessing. Additionally, Argonne has studied the effects of a loss-of-coolant accident on metal-alloy fuel pins and oxide fuel pins, concluding that, because metal fuels cool faster, they allow less chance for heat to build up in the reactor core.

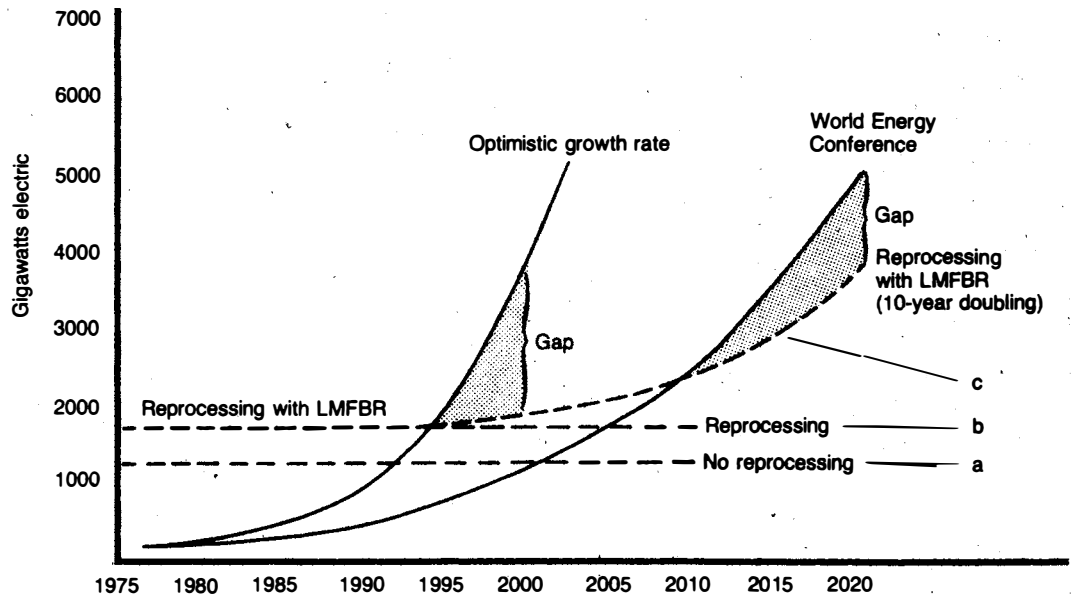
The other major advance Argonne developed concerns the process of harvesting the fuel that is bred in the breed-

er. In the past, the chemical purex method has been used, where the fission reactor waste is dissolved in water and the fissile material is chemically removed and combined with oxygen. Argonne developed a pyrometallic process in which the metal fuel is heated to 1,400° Celsius in a crucible, using metal refining techniques. This removes most of the fission reaction products, and the processed metal can then be used in a reactor. By using advanced electro-refining techniques, Argonne is now trying to solve the problem of having noble gas products remain in the new fuel. A study about to be released by the lab, proposes a pyrometallic reprocessing and fuel fabrication plant that can be constructed for as little as \$50 million.

Argonne also notes that making a compact fuel reprocessing facility an integral part of the reactor and using the new pyrometallurgical fuel reprocessing technique "eliminates the possibility of unauthorized diversion of nuclear fuel and the need to transport plutonium to and from the site." The pyrometallurgical process keeps the nuclear materials too radioactive for anyone to handle without highly specialized equipment in a sophisticated reprocessing facility.

FIGURE 5

Projected fuel requirements for nuclear fission reactor



The solid curves represent two possible scenarios for the world growth of nuclear reactor capacity. Dotted lines represent the amounts of reactor capacity that could be fueled by a) once-through use of uranium resources, b) reprocessing spent fuel rods, c) introducing liquid metal fast breeder reactors on a fairly optimistic time-table. The shaded gaps represent the amount of capacity that would have to be fueled by fusion-fission hybrid breeder reactors. For the more rapid rate of growth in nuclear capacity, hybrids would have to be introduced in time to begin supplying fuel by about 1995; for the less rapid growth rate, about 10 years later.

FIGURE 6

The fusion-fission hybrid

Hybrid designs have been under study for more than 30 years, and very detailed analyses exist of different fusion driver systems (tokamak, mirror, lasers) and fuel production systems (combinations of uranium, thorium, and lithium in the breeder blanket).

In the basic hybrid design a), fusion takes place in the reactor core, while new fuel is produced in a breeding blanket that contains uranium, thorium, and lithium in combination or separately. The hybrid is inherently more efficient than the fission breeder because the deuterium-tritium fusion fuel produces 14 MeV in neutron energy—about four times as many neutrons per unit of energy as a fission event. The blanket surrounding the fusion core is a fertile material, and each fusion neutron generates fast fissions in the fertile material that multiply this fusion energy 3 to 10 times and multiply the neutrons about 2 to 4 neutrons per fusion neutron. New tritium is bred by using one of these neutrons with the lithium, and the other

neutrons are used for breeding nuclear fuel.

The hybrid relaxes the stringent conditions required for pure fusion reactors, because the energy associated with the output neutrons from the fusion reactor is not used to sustain the fusion burn but to breed fuel in the blanket. Therefore, a lower fusion performance is acceptable, and it has been conservatively estimated that this performance can be reached by fusion reactors within the next 10 to 15 years. In fact, most of the hybrid plant would use conventional fission technology, with less than 10% of the plant using new fusion breeder technology. (James A. Maniscalco, et al., "The Fusion Breeder—An Early Application of Nuclear Fusion," *Fusion Technology*, Vol. 6, November 1984, p. 584.)

An additional mode of hybrid operation is the fission-suppressed blanket, which uses non-fissioning beryllium for neutron multiplication. This has safety advantages and also is able to support more nuclear reactors than the fast fission blanket mode. In the suppressed fission blanket proposed by Maniscalco, et al., a tandem mirror fusion device is used for the core with a liquid metal (lithium) coolant that flows through a two-zone blanket that is com-

FIGURE 7

Loop versus pool-type reactors

The basic difference between the loop-type Clinch River Breeder Reactor and the pool-type Superphénix is in the design of the heat transport systems. In the loop design, the sodium coolant leaves the core and flows through an external piping loop to the heat exchanger and pump. In the pool design, the primary sodium coolant never leaves the pressure vessel; the heat exchangers and pumps are inside the vessel itself.

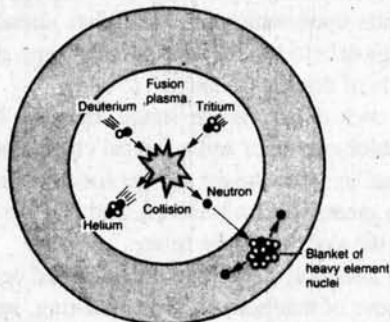
The pool-type reactor is thus larger than the loop-design reactor—74 ft. in diameter, compared to 42 ft. (Frank J. Rahn et al., *A Guide to Nuclear Power Technology*, New York: John Wiley & Sons, 1984, p. 572.) However, the increased cost from the larger size is offset by that fact that the pool-type reactor does not require any external primary sodium piping and has a smaller reactor containment building. Because there are fewer pipes, the reactor is less vulnerable to loss-of-coolant. There is also much lower neutron irradiation of the pressure vessel,

making the vessel accessible. The advantages of the loop design are that the pressure vessel does not have to support the pumps and heat exchangers, making the thermal design easier.

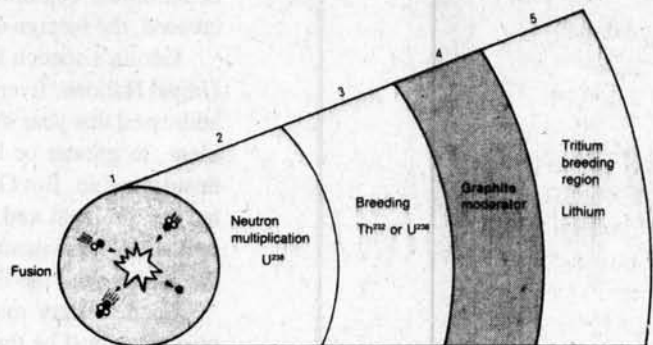
In terms of safety, the thermal inertia of the large pool of primary sodium provides a long period of time to set into motion safety systems. If there is a breakdown of the secondary steam loop, the pool design can withstand and absorb the heat from the fuel core for a much longer time. As Gilbert Labat, the chief of operation of the Superphénix put it, "If something happens, you need not have quick reflexes. You can start by smoking a cigarette and figuring out what is actually going on. You have all the time you need [about half an hour] to think twice before taking any action." (Laurent Rosenfeld, "France Takes the Nuclear Lead," *Fusion*, July-August 1984, p. 33.)

Studies at Argonne National Laboratory on the EBR-II reactor showed that even if all coolant pumps failed at the same time, the temperature differences in the system would keep the core acceptably cool by maintaining the natural convection currents in the sodium pool. Argonne also showed that the cost of construction materials for the pool reactor system would be half that for a comparable system in a conventional nuclear power plant.

posed of beryllium/thorium pebbles. The beryllium multiplies neutrons and dilutes the fertile thorium pebbles, thus suppressing fissions. The design is predicted to support 14 conventional light water reactors of 4,000 megawatts-nuclear each.



In this simple hybrid schematic, fast neutrons enter the reactor wall where they react with the fertile material (uranium-238, thorium-232, or lithium) to form fissionable fuel (plutonium-239 or uranium-233) for fission reactors and tritium for fusion fuel.



A more detailed schematic of a hybrid breeder reactor, where each wedge shown is part of the circular area surrounding the core. Region (1) in which fusion occurs is surrounded by a shell of uranium (2) in which neutron multiplication occurs along with energy production from induced fission reactions. The next region (3) is entered by slowly moving neutrons, many of which are absorbed to produce fission fuel from the fertile elements embedded there. Neutrons that escape absorption in this region are partially reflected back into it by the graphite moderator (4) that surrounds it. The remaining neutrons pass through the moderator and are further slowed and then enter the next region (5) where they trigger fission of lithium to produce tritium for use as fuel in the fusion reaction.

García at UN: Usury is a crime against humanity

by Gretchen Small

Peruvian President Alan García announced to the United Nations General Assembly Sept. 23 that Peru will withdraw from the International Monetary Fund, if "decisions on reform of the monetary system" are not taken during the IMF's Annual Meeting in Seoul, South Korea in October. He summed up the situation facing the developing nations quite simply: "Under current conditions, as a result of its unjust beginnings, and because of the methods by which it has been increased, the foreign debt can never be paid off by any of our countries."

García's speech has shaken the world community far beyond the floor of the United Nations. Every developing sector head of state or foreign minister who has addressed this year's General Assembly thus far, has seconded the Peruvian President, to greater or lesser degree, in declaring existing world economic policy unsustainable. But García did come to plead; he outlined to the world's representatives the legal and moral grounds upon which his nation has already limited, unilaterally, payments on its foreign debt to 10% of its export earnings, and refused discussion with the IMF on matters of domestic policy.

Each country must make its own decisions, he stated, but "we believe the objective must be the unity of debtor countries and a radical change of the situation." And while the "10% solution" may not be the answer for all countries, Peru has taken the lead "to prove that a great step can be taken, and that if many others decide to take it, we will open up the avenues to the future."

García's address to the world assembly slaughtered that sacred cow of international finance, the IMF, on the eve of that body's annual meeting. International bankers are now madly scrambling to regroup—possibly around the World Bank—before other nations join García in rebellion against the IMF's murder of their nations.

Public response by the world banking community has been muted. The International Monetary Fund refused comment. The World Bank's Public Relations Office merely informed the press that, if Peru left the IMF, it would be automatically cut off from World Bank funding, since any country which leaves the IMF is "automatically no longer a member of the World Bank," unless 75% of the



A 700-person Schiller Institute demonstration greets Alan García's arrival at the United Nations on Sept. 23, supporting his fight against the International Monetary Fund and the drug mafia. Inset: García receives a delegation from the Schiller Institute's Trade Union Commission, in Lima the week before.



NSIPS

voting stock of the Bank votes to allow it to stay. World Bank spokesman Hugh Blackman noted, only the United States could do that.

But privately, the orders have gone out for economic warfare against Peru. One British banking official warned a European business consultant Sept. 20, if García wants "to keep in the international monetary system, he's going to have to come off his high horse."

To be "outside" the world financial system, is to not receive credits, of any sort. The banking official specified that an elite Swiss-based bankers' organization called the Berne Union was prepared to cut off Peru's export financing, in a matter of 24 hours. For Peru, no credit means a cut-off of food imports; and Peru imports much of the food it consumes, including 99% of the wheat that is used for bread production.

It is the qualities of courage and command which President García has demonstrated, which most worry the bankrupt international financiers. Asked by a reporter at a press conference in New York if he was "not running the risk of staying alone," García replied, "I say I am always alone. I stated yesterday that like *One Hundred Years of Solitude* [a novel by Gabriel García-Marquez], we have 160 years of solitude. . . . Therefore I am not scared of loneliness, because I live in it."

"I know that the response to this decision may be the imposition of sanctions and amendments," García told the United Nations Assembly. It has already been announced that Peruvian debt will be declared "value-impaired" in October, he stated, but "as President of Peru, I come to say that

it is not necessary to wait until October. The Peruvian debt is already value-impaired. We declare it to be so!"

On Sept. 17, García met with a delegation from the Ibero-American Labor Commission of the Schiller Institute, some 20 labor leaders from 7 Ibero-American countries. García warned the labor leaders, who came to express their support for his economic battle and war on drugs, that his country faced "a bitter siege in times soon to come," and would require international support. He thanked the Schiller Institute for the support it has provided from around the world, but left open the question of whether the Peruvian population will have the strength to continue to back him, when the hardships intensify.

García's political support

Thus far, García's daring leadership has won him unprecedented support from the Peruvian nation, proud to have taken up the lead in the international battle against usury. Tens of thousands gathered to greet him in the Plaza de Armas late at night upon his return from the United Nations. "This is the hour of solidarity, of unity," he told them. "But we cannot wait for the undecided." Speaking for an hour and half to the crowd, he presented the country's battle against "the usury which characterizes economic imperialism" as Peru's moral imperative, despite the hardships it will bring upon the nation. "If I fight for Peru, join me in the sacrifice," he told the Plaza. "Listen to me, Peruvians: all revolutions have their costs and sacrifices, and when the time comes, it is then that I also want to see your enthusiasm. I demand from each of you a dose of enthusiasm, support, will, and

possibility of overcoming difficulties. Let's get to work, and no complaints."

García presents a new problem to the insolvent international financial establishment. Since the threat of economic warfare has not forced Peru to capitulate, they must now either back down, or carry through on their threats of total economic warfare against Peru—in a situation where every government in the world is watching how they will respond. Can the bankers, under current conditions of rebellion against the IMF in countries from Nigeria to Egypt, Tunisia to the Phillipines, and across Ibero-America, risk a head-on clash with Peru, which may trigger the very international anti-IMF alliance which they fear?

Perhaps more stung than the IMF was Cuba's Fidel Castro, whose grandstand play these past months to turn the anti-IMF fight into an instrument of Russian geopolitics, was abruptly cut short by García, when he told the United Nations, that the developing sector will not become an "instrument of another hegemony. We do not adopt spectacular positions, counseling non-payment while punctually repaying one part of the world, and repaying with strategic sovereignty" the debt to the "other side." With their "macho" hurt, Cuban delegates to the United Nations came to blows with Peruvian delegates in the delegates' lounge following García's speech, according to gossip in the U.N. Press Corps, with other delegates left laughing.

García had the same contempt for Russian "anti-imperialism." "We purchase corn from the U.S.A. to feed chickens, with which we are repaying in kind our debt to the Soviet Union. Thus, a country that is threatened by hunger has to repay its foreign debt with food. We are only a stopover for products that travel from one power to another," García stated.

Economic earthquakes

Whether or not Ibero-America supports García may prove the deciding factor in the battle. Asked in his press conference what the reaction from Ibero-American governments has been to his proposals, García responded, "So far, none—really and truly none."

"Divide and conquer" has been the creditors' policy since the outbreak of the debt crisis in 1982, and thus far, it has succeeded. Peru's \$14 billion foreign debt, monstrous compared to national earnings, is small on a world scale, hardly enough, in itself, to threaten international liquidity. What the creditors fear is the possibility that one, or more, of the "Big Four"—Argentina, Brazil, Mexico and Venezuela—might join García. And that, is not yet decided.

Privately, some leaders of the Ibero-American nations express anger that García has turned the game upside down, bringing troubles for "the whole neighborhood." Twice in the last three years, Ibero-American unity has failed when, at separate moments of national crisis with the banks, the presidents of Mexico and Argentina each caucused the other big debtors for support. Told "no," the presidents backed

down, and alone, signed with the IMF.

García, however, did not ask; he acted. And now, the "undecided and hesitant" must choose. Creditors confident of Ibero-American national chauvinism to date, might care to reconsider that assessment, in the light of the continent's history. One thing, is to request no action. It would be another, for Ibero-American governments to stand by and let Peru be starved by its international creditors. Contingency plans for Ibero-American integration, under conditions of crisis, have been under study by nationalist factions in each country, aided by wide circulation of *EIR* founder Lyndon H. LaRouche's *Operation Juárez* proposal following the 1982 Malvinas War, which outlines how an Ibero-American Common Market can defend the continent from economic warfare.

Whether a government which opposed García in a confrontation with its creditors could remain in power, is an open question. Support for García is growing in the trade unions and political parties of the continent, as his leadership earns him the position of "President of Ibero-America," as he was called by Colombian trade union leader Pedro Rubio in the Schiller Institute meeting the week of Sept. 16.

Other Ibero-American governments, if trying to avoid a confrontation with the creditors, have also begun to draw the line on IMF austerity, and the United Nations meeting provided an opportunity for informal caucusing between the visiting presidents of Peru, Venezuela, Brazil, and Uruguay. Brazilian President José Sarney of Brazil reiterated in his speech to the United Nations that Brazil has drawn the line at sacrificing growth for debt payments, while Venezuelan President Jaime Lusinchi, proposed a variation on García's "10% solution" at a New York press conference, with a proposal for debtors to insert "contingency clauses" into their refinancing accords, linking capacity to pay with what will be paid.

Mexico's earthquake has also changed the equation on the continent. The IMF stunned the world with its announcement that Mexico had been cut off from funding, for failing to meet austerity targets, on the same day that the country's capital city was devastated by the worst earthquake in the country's history. "The earthquake was good for Mexico. . . . If anything, its a golden opportunity to get rid of a few hundred bureaucrats and a lot of dead wood," stated one European banker, cited in a Sept. 24 Reuters wire, which added the statement of a British banker that, "to say that the banks are going to somehow feel sorry for Mexico . . . is rather unrealistic." (See page 13)

But Ibero-America has rallied to Mexico's side. "The Mexican catastrophe has reaffirmed my conviction" on the need for limits on payments in times of crisis, Venezuelan President Lusinchi stated at his Sept. 24 press conference. President García informed newsmen the same day, that "one consequence of the earthquake . . . has been that several countries have requested that Mexico be given respite from the payment of its foreign debt."

García: 'This is the hour of action, and the time for will'

On Sept. 23, 1985, Dr. Alan Garcia, President of Peru, delivered a historic speech to the General Assembly of the United Nations, with many of the world's heads of state in attendance. Not only does the speech represent a turning-point in post-war international monetary and economic policy; it also puts the writing on the wall for the international drug mafia and its Moscow-tied assistants, such as Fidel Castro. For these reasons, EIR reproduces his speech in full below.

Mr. President of the United Nations General Assembly, who also represents Spain, a nation in which the Latin American community affirms its roots, acknowledging it as a historic ingredient of its identity:

Mr. Secretary-General, symbol of Peru's commitment to the international community, and of our faith that the profound transformation of Peru is linked to change and justice in the world:

Representatives of all nations:

For some this is a ritual, oratorical and symbolic exercise. We do not lose faith. We know that those who are listening are not a bureaucratic organism, but in the face of selfishness, poverty and violence in our world, fully assume their role as representatives of humankind.

Naturally, we could ask whether in these 40 years the United Nations have achieved its aim, if peace were really preserved—and reply, that nuclear peace is only a balance of insecurity and terror; that this apparent peace manifests its tensions by transferring its conflicts to the poorest countries; and that beneath it, lies hidden an unjust and unequal system, in which the leading nations, to their advantage, dominate the others, determining interest rates, prices, wages and, therefore, power in the poor countries, in order to preserve profound injustices that generate violence.

But to say all this, is to repeat the ritual litany that is often heard in this hall.

I have come to reassert that the United Nations continues to be the highest representative of humanity, and that we come here because we believe in the equality of all human beings and all nations, and that history will not be determined by the laws of the marketplace and conflict, but that its future course will henceforth be the affirmation of liberty.

Thus, our first words are for the democratization of this organization which, according to its Charter, is based on the

principle of equality among its members.

But the Security Council is still governed by the outcome of the last great war, and the five powers possess the right to a veto that is incompatible with that equality. That right is a blot upon our organization, because it is the institutional recognition of force. It is a vicious circle that closes upon itself, because in order to eliminate the veto, it is necessary that the Council, on which sit the powers that possess that veto, give its consent.

One group of countries, no matter how strong they may be, cannot contradict the universal nature of the Assembly. A power, however much it may contribute as its economic quota, cannot demand the qualified and weighted vote, by which each nation is valued by the amount of money it contributes. We prefer a poorer organization, less bureaucratic, but prouder of its moral dignity.

In that vein, we propose that the economic contribution of every country be the same, because we must give up the larger contributions of the richest, if in exchange for it we must mortgage our destiny.

The strength of the United Nations does not lie in the number of offices or functionaries it may have. Its strength must lie in the moral power of the equality of all its members and in its capacity to act without vetoes.

And in this, which is the highest court of humanity, we commit ourselves to a bid for life and without surrendering to defeatism, proclaiming that if assemblies and words have not conquered selfishness, we, the poor of the world, have not lost our hope in the meaning of history.

And to those who use arrogant force we say, as the old Spanish philosopher said: They will succeed, but not convince. They will succeed with their bombs and their money, but they will not convince the universal democracy of consciences and, in spite of them, the hope for a better humanity will continue to be felt.

And I speak on behalf of a nation that is struggling, that does not give up. I do not come to repeat what has been said of the world order and what all of us together would like to do to change it in the future, because the era of hunger and of violence is an era that will not wait. I come to state what we are doing now. And the message I bring is a message of will. We believe in the solidarity of the countries and in their common future, but we today affirm as a duty of each one of them, action. And that is what we state on each of the subjects

I wish to expound to you: debt, human rights, drug traffic, and disarmament.

Regarding these issues, there is a one single message: the will to act here and now.

Peru's fight for sovereignty and progress

Many believe that Peru is a country of drugs, death, and violation of human rights.

But we are much more than this. We are a part of the impoverished peoples of the Earth, part of Latin America. And the root cause of our problems is the link with the international economy. For lack of a national project, our country has been at the service of external interests, and each of the economic cycles in this century has toed the line of changes in the international system.

At the commencement of this century, Peru was a country that was primarily an exporter of raw materials, when the international economy needed them. At that time, the Andes and its peasant population were kept under the landowner system.

At the end of the Second World War, Peru initiated its industrialization process. But it was the end-result of the expansion of world industry, whose transnational corporations sold their machinery and established their branches in the capital of my country.

Furthermore, when the consumption of foreign food-stuffs was introduced, the peasant's poverty was worsened, causing a greater exodus into the cities.

In this framework, the world crisis in Peru gave way to a new adjustment. When the richest countries oriented themselves toward protectionism and the collection of their debts, we were forced to open up our borders and destroy our industries in order to buy from big industry world-wide, and also to recycle the debts with ever-increasing rates of interest.

As a consequence of this, a grave crisis is shaking my country. The disparity in regional development expresses a divorce between the administrative industrial bloc, and the marginal peasant and urban sector. Furthermore, the gap between the rich and the poor is growing ever wider.

Our per-capita production has regressed to levels comparable to those achieved 20 years ago, while inflation and unemployment are on the rise.

It is a dramatic situation. But Peru is a country that has made democracy effective, asserting its will. Peru does not want to be a ship adrift, at the mercy of the oscillations of the international economy.

Peru does not want to continue within this vicious circle, devaluing its currency because inflation increased when the interest rates went up to compensate for the previous devaluation. Peru has decided to run its economy, and not be governed by it. That is why democracy in my country is the materialization of the national will.

We know that to carry out the democratic revolution, we must be anti-imperialists and fight against hegemonisms. We

know that transformation is not a national fact; it is an international commitment for action.

That is why we form part of the Non-Aligned Movement and assert the unity of Latin America. That is why we seek to strengthen the Andean Pact, and why we shall attend all the forums that assert the solidarity of the peoples of the Earth.

The debt crisis: Why we must act now

But in the face of the crisis we cannot wait, we must act. We cannot keep talking and writing letters that the wealthy of the Earth refuse to read. Our people cannot wait for the irresolute. Supranational organizations cannot become a stumbling block for the national will. And that is why I have come to set forth what we are doing in Peru for the establishment of a nationalist, democratic, and popular government.

We assert that nationalism is the right to the autonomous existence of our people, the right to work, to defend our industry from the liberal opening that in recent years overwhelmed it. We affirm that nationalism is the recovery of our natural wealth.

And here, my first fundamental theme stands out: the foreign debt as a major hindrance to development and well-being. The foreign debt expresses the relationship between the wealthy and the poor of the Earth, and has, as its basic origin, the uneven exchange between the prices of raw materials and the manufacturing and industrial resources.

Through the centuries, the currently underdeveloped countries have financed the mercantile and industrial economy of today's wealthy countries. And in the last few years, we have become indebted in order to finance the industrialization and consumption model imported from abroad. As a result, debt has turned into a conflict between the poor South, to which our America belongs, and the industrial, imperialist, and financial North. Therefore, it must not be confused with an issue that pits East against West within a conflict of hegemonies.

Second, the original indebtedness was inflated by the application of usurious interest rates. Interest has been, in the leading countries, not only the cost of productive capital, but also a tool for the procurement of capital to cover the deficit incurred by military expenditures.

That is why two-thirds of Latin America's debt has been re-exported to the banks by the dominant sectors of our countries.

And, if the effects of unequal exchange are added to the interest rates, we see that these have amounted in real terms to up to 25%.

Third, the overvaluation of the dollar as a means of exchange based upon the permanent devaluation suffered by our currencies, has reached, according to some estimates, up to 40%. And we are required to repay in that currency.

In my country, we have the following dramatic example. We purchase corn from the U.S.A. to feed chickens, with

which we are repaying in kind our debt to the Soviet Union. Thus, a country that is threatened by hunger has to repay its foreign debt with food. We are only a way-station for products that travel from one power to another.

If to this we add that the rich countries have been applying protectionist trade policies, closing their markets to our products, we see why the debt situation has become untenable for our economy.

The IMF's neocolonialism

I ask: What has been the response to the debt problem in these years?

First of all, requests for new credits to pay previous debts, accepting higher interest and commissions, only to end up more indebted than before. The Anti-Trust laws of the United States were violated by the banks with cartels to avoid free competition in the granting of credits. Likewise, federal credit laws were also violated when banks renegotiated with countries which they knew to be bankrupt, in order to ensure the payment of interest, while waiving the payment of the principal, which is the capital of their depositors.

Second, and as a condition for this financial carousel, the harmful terms of the International Monetary Fund were accepted, thus orienting our countries' economies toward the repayment of the debt.

The letters of intent that express these terms are in reality letters of colonial submission to the prevailing injustice. While the richest countries close their borders, we must open ours, destroying our industrial facilities and indebting ourselves so as to continue to buy from foreign industry.

As a second recipe of the letters of intent, we are required to devalue our currency in order to maintain the external competitiveness of our products—in other words, to increase the amount of work we must invest for the payment of the debt.

The third recipe stipulates that the domestic interest rate must be linked to devaluation, thus promoting inflation in a permanent vicious circle of unemployment and productive paralysis.

These results are explained by the International Monetary Fund as being due to the state's excessive expenditures and its participation in the economy. Their final instruction, therefore, is fiscal austerity. Investments and social expenditures must be cut back to guarantee the punctual servicing of the foreign debt.

We say that the International Monetary Fund does not have the moral authority to preach austerity in our country, because during the '70s when it was necessary to place petrodollars as credits for poor countries, this promoted indebtedness. In those years, it was an accomplice of waste, of unproductive investments. It was an accomplice to the uncontrolled growth of public administration. Further, the International Monetary Fund only demands austerity from the poor countries, favoring the more powerful country. Since

the nonconvertibility of the dollar was declared in 1971, the U.S.A. is the only country that can indefinitely issue currency to cover its own deficits. What has the IMF's role been in adjusting the American economy?

I hereby announce that at the next meeting of that agency in Seoul, we will demand decisions on the reform of the monetary system and the distribution of world liquidity in a fair manner. Otherwise, we are not interested, nor is it to our advantage, to belong to an agency which only benefits a single country.

We therefore reiterate that the International Monetary Fund shall not be the intermediary between us and our creditors. In the dialogue with our creditors, we shall not accept the mortgaging of our economic independence, by signing letters of intent which contain negative policies for our people.

I repeat before the whole world, that my responsibility as

The foreign debt can never be paid off, because the effort to service it on time will keep our democracies trapped in misery and violence. Thus, we are faced with a dramatic choice: It is either debt or democracy. That is the crux of the current Latin American situation.

head of state is to the Peruvian people, which for me is the first creditor, and that the Peruvian government has been elected by the people, and not by some financial cartel to satisfy its own appetites.

In conclusion, we assert that under current conditions, as a result of its unjust beginnings, and because of the methods by which it has been increased, the foreign debt can never be paid off by any of our countries, because the effort to service it on time will keep our democracies trapped in misery and violence.

Thus, we are faced with a dramatic choice: It is either debt or democracy. That is the crux of the current Latin American situation, and we must decide what road to take.

Unity of the debtor nations

We believe the objective must be the unity of debtor countries and a radical change in the situation. To that end, we need to harmonize positions with the countries of Africa and Asia, and to coordinate Latin American action.

One hundred and sixty years of independent life in Latin

America have shown us that the isolated development of each country is a model doomed to failure. Yet despite this, we persist in this solitude. As in the title of the great novel, our countries have lived through 160 years of solitude. Exporters of commodities, purchasers of factories, debtors, we have continued on the same path, but separately—because the siren songs of the International Monetary Fund and of the banks beckon one and all, toward isolated solutions that are only fading hopes, or letters of intent that are immediately unheeded.

We invoke the union of the Non-Aligned Movement and of the Latin American countries. Union on this subject is a particular test for non-alignment, because the political dialogue will serve not only to deal with debt servicing, but to reframe the international economic order; and thus the debt, which is the result of our weaknesses, would become the instrument of our strength and the impetus of our unity. This is the grand route. But until then, Peru cannot wait for a succession of meetings without concrete results.

We will not fall into the vicious circle of waiting for the union of the future, and not doing anything until then. We believe in an active wait, not by proposing the maximalism of a extreme audacity, but by committing ourselves to a concrete struggle, and therefore we have taken a decision that we will keep to. Peru will only assign to the debt, \$1 out of every \$10, the 10th part of what is paid to it for its work and exports.

This is a responsible and revolutionary decision, because it is the decision of a poor country that imports foodstuffs and industrial inputs, a country whose debt is with Western banks and which has and continues to suffer from the pressure of the International Monetary Fund.

Our responsibility in this decision is to face up to its consequences. We do not have any privileged relationship with any power, because we are not opposing a dependency as the instrument of another hegemony. We do not adopt spectacular positions, counseling nonpayment, while punctually repaying one part of the world and repaying with our strategic sovereignty a substantial debt that, for that reason, is not demanded under pressure by the other part of the world.

We do not want to messianically export the 10% model. We wish only to prove that a great step can be taken, and that if many others decide to take it, we will open up the avenues to the future. Other solutions are feasible in the future, but between grand and pompous speeches, and the realism of decisions, we have taken the latter course. For if our relationship with the industrialized world is expressed through the debt, it has its historical origin in the unjust difference between the prices of imports and of exports.

Today the exports of copper, silver, fishmeal, and oil are suffering a price drop, while real interest rates rise. We are convinced that by linking the two aspects, we will effect a change in these asymmetrical relations. And by acting on the specifics, we will also set our own terms of payment. Be-

cause, since interest is the cost of money within a term, by setting a maximum payment, the term is extended and, being thus extended, the interest rate is, in fact, varied.

Someone has hastily said that what we are doing is accumulating more debt, but he does not distinguish between the two space-times: that of the creditor, for whom the interest accumulates, and that of the debtor, who by setting a maximum, is laying down his own rules, independently from the accumulation that the creditor presumes he has. By fixing a ceiling on exports as a principle, uncertainty of the future becomes a problem for the creditor.

Under traditional conditions, we should pay \$2.4 billion to service the debt in 1986 plus \$3.1 billion owed from 1984 and 1985, which in all would represent a commitment of \$5.5 billion payable in 1986—that is, 160% of our exports, that have been estimated to be \$3.4 billion for next year.

In accordance with our decision, the maximum amount to be paid would be \$340 million, to be directed as first priority to the international financial agencies, to government-to-government credits, because we must achieve our economic autonomy, but realistically acknowledge that we require a technological exchange with the world to support our development. And an important part of the government-to-government cooperation and the credits from international financial agencies granted on favorable terms, must be repaid.

Peru is a responsible country, which does not simply blame the foreign debt on the international economy and the banks. A people that seeks a revolutionary transformation must make a critical assessment of its own history and acknowledge that, due to its previous lack of unity and because it permitted itself to be dominated by groups linked to foreign interests, it has responsibilities to assume.

At the hour of decision, Peru will continue to maintain its objectives until circumstances change, and until the protectionist barriers are brought down and value is restored to our exports, thus reclaiming our labor.

I know that the response to this decision may be the imposition of sanctions and amendments or, as has already been announced, that the Peruvian debt be declared value-impaired. As President of Peru, I come to say that it is not necessary to wait until October for this. The Peruvian debt is already value-impaired. We declare it to be so. What we should ask ourselves, is how and by whom was our economy impaired, and what historical answer must we give to this situation.

And that is why our second objective is the complete democratization of society as an imperative to solve the crisis we are undergoing.

Democracy and the rights of the individual

We consider the human being to be the highest purpose of society and of the state, and we affirm that democracy should be initiated and based on the vote and upon freedom

of speech.

There is no democracy without participation. There is no socialism without freedom. The universal vote cannot be replaced by the sectorial and corporative vote in the work center.

Universal voting cannot be replaced by messianism, according to which one exponent becomes for decades the sole owner of truth and history, dooming his people to impotence and silence.

The universal vote and freedom cannot be sacrificed to offers of bread, offers which justify dynasties and national mortgages and convert the nation into an issue negotiable by the powers.

We firmly believe that it is possible to establish governments that can be governments of bread and freedom, and that a contrary attitude, whatever its sign and support, is in any latitude nothing but tyranny.

But democracy must also be an egalitarian distribution of social resources, a harmonious development of regions and of economic sectors. Democracy must be an economic model that will break through the vicious circle that isolates an anarchic and centralist industry with regard to marginal agriculture, in which millions of Peruvians are doomed to misery.

Democracy must be the universalization of the right to work, to health, to education, to participation. Democracy must be the genuine road to Socialism.

In this point, the Peruvian Constitution is unique. Whereas other constitutions begin by defining the state, ours starts out by speaking about the individual person.

Our response to terrorism

From this point of view, I want to deal with the second subject of my address: the painful issue of terrorism and of subversion that in recent years has caused thousands of deaths, thousands of injuries and enormous material losses.

While repudiating totalitarian and dogmatic terrorism, we also reject the justification of means by the end, since this kind of ethics leads to acceptance of the idea that the person with the most weapons is in the right.

We will fight subversion with resolute firmness, but with respect for the law and for human rights. We acknowledge that subversive action has been possible not only because of a lack of foresight and the absence of a well-planned social and economic policy, but also because subversion has been nourished on the exasperating poverty in which millions of neglected compatriots are living.

It is no accident that terrorism has arisen in the most economically depressed zones of the country. It arose in what we have called the Andean trapezoid, whose population has been subjected, from colonial times, to the exploitative action of regional bosses and to a rigid centralist system.

Millions of Peruvians were left isolated in an underworld of oppression, united by the same language, which is largely

Quechua, united by the same culture, the Andean culture, united by the same system of agricultural production. These Peruvians were neglected and injured by a state that never represented them.

And Ayacucho, the region where terrorism began its actions, is in that Andean trapezoid. Out of every thousand persons born in Ayacucho, over 270 die before they are one year old, while the average in Latin America is 73 per thousand.

In Ayacucho, 74% of the population is illiterate. In some places, only one out of every hundred homes has water, and only five out of every hundred has electricity.

This is Ayacucho, Mr. President, the historic center of the people of America where the grand final battle for independence was waged.

And it is precisely by availing itself of these flagrant

We acknowledge that subversive action has been possible not only because of a lack of foresight and the absence of a well-planned social and economic policy, but also because subversion has been nourished on the exasperating poverty in which millions of neglected compatriots are living.

injustices, that terrorism found a fertile field to profit from the despair and sadness of the people, by setting them, precariously armed, against the forces of the State.

That is why we cannot pay the foreign debt beyond 10% of our exports, and that is why we are invoking the need for a regional agreement to halt spending for weapons millions of dollars that could deliver these forgotten villages from their poverty. Terrorism also feeds upon a political environment, and to fight it we must understand it not merely as the action of a messianic and totalitarian group. We must act politically by making the effort to incorporate these millions of human beings to civilization, affirming within them democratic institutions and the presence of the state, by reclaiming agriculture and farmers as the sustenance of their sense of nationhood.

There is therefore a close relationship between economic history, foreign debt, and the misery that spawns violence in the Andes. That is why I have referred to them, because the case of my country could become the immediate future of other Latin American countries, if misery advances totalitar-

ianism and extremism take advantage of it.

Hence our conviction that only a new international economic order will open the way to a lasting and democratic solution to violence. All of this must of course be accompanied by a vigorous action which will firmly combat the subversives, but within the framework of the law.

Our letter of democratic introduction to the world is our respect for life and for the rights of individuals. Nothing justifies torture, disappearances, or summary executions. Barbarism should not be fought with barbarism.

It is true, that the action of public order against anonymous and collective subversion produces reactions of irrational aggressiveness; but in no case does this justify the silencing of facts, nor permitting them to remain unpunished. That is why the Peruvian government has taken drastic decisions in the last few days. We will energetically defend democracy with the law and with social justice, making sure that we are acting in the name of life.

And because we are acting in the name of life, we believe that politics must be an ethical dimension of respect and morality. Up until now, the expansion of economic interests has governed the world, sacrificing peoples and human beings. Companies, banks, and superpowers have oriented the world toward serving the needs of production and consumption, because by governing consumption and publicity, human beings are automatized to serve the logic of this economy.

War on drugs: our responsibility to the world

At this point I would like to deal with the third subject of my address: drug traffic as an activity that corrupts institutions and degrades man.

We believe that the consumption of drugs is merely an exacerbated case of consumption as the logic of capital. To consume, to consume up to the irrationality of self-destruction, is a caricature of the economic system. The same greed for profit that dehumanizes capital is reflected and worsened in drug addiction, which is consumption of dissatisfaction. Drugs are thus revealed to be a sort of higher state of consumer capitalism.

The only raw material which has increased in value has been cocaine. The only successful multinational originated in our countries has been the drug traffic. The most advanced effort of Andean integration has been achieved by drug traffickers.

To what can we ascribe this? According to the liberal economy, production is regulated by demand, and in terms of drugs, the main consumer market is that of the United States of America.

For Peru, drug consumption is not a national problem, but I can say that within the first 50 days of my administration, we have dealt the most successful blows against international vice. Twenty-two airports, three helicopter landing strips, five long-range light aircraft, hundreds of kilograms of drugs, and eight large factories have been discovered and seized—

all of which signifies that the consumption of drugs in the U.S.A. will suffer a yearly reduction of approximately 80 tons, valued at \$5,600 million.

We could therefore ask the American administration, if we have done that in 50 days, what is it doing for the human rights of the individuals who are keeling over in Grand Central Station and so many other places, and when will it legally and in a Christian fashion fight to eradicate consumption?

A liberal economist would recommend that we keep our hands off this risky subject, but we believe that democracy must also have an ethical dimension, in which the state cannot look on indifferently at corruption and vice.

That is why we are taking up the fight against the drug traffic. Because it is a crime against humanity. We are not doing this for the granting of a loan or the aid amounting to a few million dollars which are offered to us, and which in the future we will not accept, because our own conscience is all we need to defend the youth, whether Peruvian, American, or from any other part of the world.

But I say from this rostrum, that another crime against humanity is to increase interest rates, to reduce prices of raw materials, to waste economic resources in technologies of death, while hundreds of millions of human beings are living in misery and are encouraged to violence.

The preservation of peace

Lastly, Mr. President, I would like to refer to the position of Peru with regard to the world, to deal with the fourth subject of my address.

We acknowledge ourselves as Latin Americans, and we are fighting for the integration of our continent in its anti-imperialist stance, because only in this way will we have a respected voice on the question of debt; only thus will we be able to strengthen the multilateral treatment of the great problems, and only thus will we prevent the great powers from moving their borders up to ours.

As a route toward that integration, we support the peace efforts of the Contadora Group to safeguard the sovereignty and free determination of the people of Central America, and as a committed continent, along with other countries we have constituted the Front for Support of Contadora, which is united and ready to be present if any power attempts to violate the sovereignty of any country by force of arms, because we understand that in that region the destiny of Latin Americans is also at stake.

We affirm the need to strengthen the Andean Group, promoting a new and updated protocol, and proposing the most extensive and greatest application and expansion of the Andean Reserve Fund, which as a financial organization has already surpassed the International Monetary Fund in its disbursements within the region.

We wish to enter into bilateral compensated trade agreements that could free us from the intermediation of hard currencies, affirming our relationship and economic integra-

tion. We have already taken the first steps for an agreement of this type with Brazil.

But one subject stands out on the international scene: the arms race.

We are a peace-loving nation, respectful of international treaties, alien to the arms race. We do not represent the strategy of any power, nor have we been infected with the egocentric view of security that characterizes the great powers. For them, their own security lies in the insecurity of the rest, but this race ends up in the insecurity of all.

This is the logic of the weak. We believe that the best defense is the affirmation of the nation as a people, and that the urgent social needs of our countries imposes a limit upon our expenditures for arms.

That is why we propose for Latin America a regional agreement for a substantial reduction in arms expenditures, and we will not spare any effort to achieve it.

I feel sure that more human beings have died because money channeled to weapons was not used to help them instead, than the sum of all the dead from all the wars that have occurred within our history.

Each bullet, which in 99% of cases is used in shooting practice, is a food ration that could have been given to a child to save him from death. But today, the sale of swiftly obsolete weapons is a very important part of world trade, and this renewable technology does not merely imply competition between our peoples, but also big profits for the selling nations and for arms traffickers. These professionals of death are the promoters of intrigue between nations and the commissioners of our rivalries.

In this as in prior subjects, we have not limited ourselves to proposing collective actions while waiting passively until a consensus is reached.

We believe in consensus, but we also believe in our will. Our will permits us as a country to set an upper limit on the repayment of debt. Our will obliges us to fight against subversion while observing human rights. Our will obliges us to fight drug traffic without asking for compensation.

In this case, our will requires us to act. We have substantially reduced a purchase of highly sophisticated warplanes from France. If we do not pay the debt, neither shall we use our money for the benefit of the industry of death. On the initiative of our own naval forces, we have dismantled warships, and our armed forces, in the context of a new world, are steering themselves toward actions for the development of the nation.

The poor peoples of the Earth are not each other's enemies. We have a common enemy that has penetrated our history and our borders with misery, with domination, and with injustice. It is imperialism which divides us and trades on our lack of unity.

Faced with this, we affirm our participation and identification with the Non-Aligned Movement, because we are not an instrument in the bipolar strategy of the powers.

We do not believe that this Manichean East-West opposition can bring any benefit to our peoples. This conflict of fundamentalisms can only give rise to limited conflicts in their satellite countries. We confirm that there is a special place for the original principles of Non-Alignment maintained by Nehru, Tito, and Nasser, and in Latin America by Haya de la Torre since 1924. We have proposed that a principle of anti-imperialist action be the integration of Latin America to build Democratic Socialism. In our subcontinent, integration is the guarantee of non-alignment, which does not consist of liberation from one hegemony in order to sustain a natural alliance with the countries of the East.

Therefore, Mr. President, I reiterate in this High Court that we are poor but worthy people, free and willing to unite, and that in face of the armed power of the superpowers, we exalt the moral power of justice.

To the peoples of the world

We come to ask United Europe to reflect upon itself, and to verify that it has more points in common with the poor people than with bipolar hegemonism. Because Europe is also a field of political and military strategy, its lands, bristling with their own and foreign nuclear weapons, are undermined by insecurity, and their economic development, whether they like it or not, is subsidiary to the economic technology and orientation of the great powers.

And in the broadest framework of all countries, we affirm the interdependence of the North and South nations.

We believe that the strategy that was defined in the '50s and '60s has not been updated, and continues to limit its concern to already classic zones such as Southeast Asia, the Middle East, the North Atlantic, and the Caribbean, thus disregarding the growing internationalization of decisions and conflicts.

That is why we also address the peoples of the industrialized nations and the world powers, reminding them of our common bond with humanity.

And here, my greetings to the American people, to the people of Washington, Jefferson, Lincoln, Roosevelt, Kennedy, and Luther King, and my homage to its democratic conscience and to the personalities here who understand Latin America and the Third World.

And from this, the highest tribune, our greetings to humanity, to those who, from every corner, especially the poorest, in Africa, in Asia, wield their consciences as weapons, so as not to be passive objects of an irrational world and history.

My greetings to those who lift their eyes to the future, and to justice. In the meantime, we have come to say that Peru, in poverty but with dignity, has begun to walk towards peace, independence, and justice.

In the name of the poor of the Earth.

In the name of God.

For it is the hour of action, and the time for will.

State heads line up on García's action

George Shultz, U.S. Secretary of State:

Command economies, in spite of all their pretensions, have not done very well in liberating people from poverty. . . . [Developing-sector countries must continue their] painful adjustment—and courageous steps to cut government spending, eliminate subsidies and price controls, permit currencies to adjust to the market . . . and create conditions to attract new capital.

Charles Redman, U.S. State Department spokesman, on the meeting between García and Shultz:

The Secretary expressed his unhappiness with certain aspects of President García's speech yesterday. President García told Shultz his speech was "not meant to be insulting to the United States in any way."

[Redman refused to specify what Shultz objected to, saying only "it should be relatively evident."]

Alan García, commenting on his meeting with Shultz (exclusive interview with EIR):

At the beginning, it was tense. Then it was cordial. . . . Shultz is a very intelligent man, very agile mentally. . . . But since he did not hear it, I think he was badly informed about my speech. I duly explained to him our point of view as a country in regard to the world economic situation. And then we agreed that our policies on drugs had to be held in common, in terms of both supply and demand. And Mr. Shultz and I agreed on the need for greater collaboration between countries which, because they are developed, have the responsibility to help the countries which are on the road to being developed.

EIR: What was said on the problem of the foreign debt?

García: . . . He understands that the proposition that a country should first reactivate its economy before thinking of going on to pay a debt which could be postponed for the well-being of the country to be positive.

Jaime Lusinchi, President of Venezuela:

Venezuela is in the final days of renegotiating its foreign debt and we are going to legalize a contingency clause by which, if the debtor country is caught in some special situation by *force majeure*, as the lawyers would say, they would necessarily have to change the rules of the game. . . . In addition to seismic disasters, there are economic and financial earthquakes.

Bernardo Sepúlveda, Foreign Minister of Mexico:

The developing countries, and especially Latin America, find unacceptable an international monetary system which—instead of encouraging certainty and productive investment, brings instability of exchange rates, inflation and speculation . . . brings greater concentration of wealth and the decapitalization of countries.

An international trade system which . . . brings protectionism and isolationism and relegates developing countries to merely being suppliers of raw materials and products with minimal value added, is not acceptable. . . .

Changing the international monetary system to recover lost stability and create a climate conducive to productive investment and the stimulation of world trade, cannot be postponed. . . .

The debt problem . . . cannot be definitively solved by the exercise of restructuring, which only gives temporary relief. . . . To be able to pay it is necessary to grow.

Hosni Mubarak, President of Egypt:

It is incumbent upon us to cope with the situation in a new spirit that does not count profit and loss in rigid arithmetic terms or originate in narrow individual interests. . . . We appeal to the governments of creditor countries, financing institutions, and international banks to cooperate with debtor countries within the framework of an enlightened political dialogue free from pressure, with a view to reaching a durable solution to the problems of indebtedness, a solution that would preserve the rights of developing countries, safeguard their aspirations in securing food, basic health and educational services and ensuring their social and political stability.

International Monetary Fund:

No comment.

Ísidoro Malmierca, Chancellor of Cuba:

It is lamentable that at this hour, when Latin American unity is urgent and more necessary than ever, from this tribune a voice is heard which repeats in Latin American words the vile calumnies and the already rotten arguments coined in Washington. . . . It is lamentable, because we know from what capitulationist talks those infamous insinuations arose, in the belief that the Empire would pardon his luke-warm and propitiatory rebellion.

Javier Pérez del Cuellar, United Nations Secretary General:

I consider that one must fight from the inside and not the outside of the international organisms. The withdrawal of Peru from the IMF is not advisable . . . it would be to practice the politics of an ostrich, that is to believe that by hiding the

head, the problems have disappeared . . . I consider President García to be a mature person who could in the future change his position in this respect.

Sir Geoffrey Howe, British Foreign Secretary:

As a former Chairman of the Interim Committee of the IMF, I am acutely aware of the difficult process of adjustment being undertaken in the developing sector. Britain will continue to support the case-by-case approach of the IMF. We must take due account of the political and social realities facing the indebted countries. In that context, the industrial countries must play their part by reducing deficits, resisting protections. . . .

[In response to a question about Peru leaving the IMF and whether the IMF was the only solution]: The IMF is not the only solution. I can understand the way in which the leaders of some countries with heavy debt burdens approach the formidable tasks of adjustment facing them. But I don't think I would encourage any of them that those tasks can be handled by not addressing them.

José Sarney, President of Brazil:

The burden of the foreign debt imposes an economic policy directed toward securing trade and surpluses earmarked for interest payments. The international organizations propose policies of inadequate adjustments. This route leads to recession, to unemployment, and to the relinquishment of the capacity to grow. This policy weakens civilian leadership, renders the social crisis explosive, threatens institutions, jeopardizes order and, as a consequence, constitutes a threat to democratic structures. . . .

And the paradox is that all our efforts are made precisely in order to transfer foreign exchange credits to the very quarters that beleaguer us and discriminate against us. We are thus caught between the threat of protectionism and the specter of insolvency. . . . It is sad to confess that our minimum salary is \$50 per month. . . .

Our tradition is to honor our foreign commitments. But we have the obligation to alert the world to the fact that the existing scenario must be reassessed. It must be restructured, because it is unfair, and anything that harbors the germ of injustice, of the absurd, cannot survive.

Brazil has no desire to make an ideological issue of the debt, nor does it wish to transform it into a matter of confrontation between North-South, East-West. Brazil is a country of ingrained Christian and Western ideals. . . . Thus, in denouncing the present order, we are not moved by any political motivation. We wish solely and exclusively to defend our most sacred interests. And we shall fulfill this duty by urging the international community to join us in seeking a solution. And this solution cannot be based solely on the laws of the market. . . .

The pillars of the current order are eroded and obsolete.

It is necessary for us to discuss concrete measures to adjust the international order to present-day realities.

Following upon the period of prosperity, with the advent of the recession it was the predatory jungle of Hobbes which began to reign, rather than the harmonious, fecund anarchy of Adam Smith. . . .

Our people have reached the limits of the bearable. It is impossible to demand additional sacrifices of a population as impoverished as ours. . . .

Our vulnerability in international interest rates is so great that all we have accomplished will collapse if exorbitant rates are renewed. . . .

Either we realize that the solution to the foreign debt problem is a joint task for creditors and debtors alike, or we run the risk of setting fire to the powderkeg that threatens the whole continent.

This picture explains the social cauldron of Latin America, defenseless against the messianic and demagogic seductions and the call of totalitarian ideologies, and trapped in an unfair situation. . . .

Churchill and Roosevelt held a dialogue in Hyde Park. Roosevelt asked how peace could be assured. Churchill replied: "By an Anglo-American alliance." Roosevelt retorted: "No. By improving living conditions throughout the world."

It is a miracle that the glow illuminating Latin America at this time is the torch of liberty and democracy and not that of turmoil.

Brazil has taken its position. Debt does not lead to doubt. We have chosen to grow without recession, without submitting ourselves to those adjustments which would imply relinquishing development.

Brazil will not pay its foreign debt with recession, nor with unemployment, nor with hunger. We believe that in settling this account, at such high social and economic costs, we would then have to surrender our freedom, for a debt paid for with poverty is an account paid for with democracy. . . .

Mr. President,

Shortly before the creation of the United Nations, Churchill and Roosevelt held a dialogue in Hyde Park. Roosevelt asked how peace could be assured. Churchill replied: "By an Anglo-American alliance." Roosevelt retorted: "No. By improving living conditions throughout the world."

Press comments on García policies

Excelsior (*Monterrey, Mexico*), Sept. 26:

The strong statements made by Peruvian President Alan García in the U.N., which were ratified by the Brazilian President, José Sarney, and warmly received by Argentina and Colombia, indicate the formation of a debtors' front, which is raising the banner of Latin American independence against the impositions of the IMF. . . . The best thing is that the Peruvian President is not alone. . . . Mexico must move into solidarity with . . . Peru, Brazil and the others.

Washington Post, Sept. 26:

The Peruvian chief is posing a puzzle for U.S. policy-makers, who are not yet sure how to interpret and deal with him. . . .

While challenging the international banking community, García is showing himself to be a monetary conservative at home, having frozen prices, limited foreign exchange, and begun to dismantle part of the state-owned industrial bureaucracy. . . .

Such moves have bolstered his popularity among the country's impoverished masses, but, along with an anticorruption crackdown against Peruvian police and human rights curbs on the Army's fight against rural and urban guerrillas, they have increased the risk that his crusading presidency could be blunted by a conservative backlash.

New York Times, Sept. 26:

With the path to political negotiations evidently blocked, many officials as well as foreign bankers who work in Latin America are apparently becoming resigned to the inevitability of a new debt crisis, to be sparked this time by a unilateral move of some government feeling overwhelmed by domestic political pressures. . . .

Peru is a small debtor, so its stance has not served as a precedent for the region. . . . [Mexico and Brazil] are both measuring their debt in political terms.

The Times (*London*), Sept. 25:

Both leaders [García and Sarney] have embarked on what is believed to be a coordinated Latin-American policy to instill fear into the international banking institutions and force them to reform.

Christian Science Monitor, Sept. 26:

Peru's withdrawal alone would not make a great deal of difference, say observers. But if other nations, in particular Brazil, Mexico and Argentina, followed suit, one of the greatest threats to the international economic system since the Great Depression could occur.

The Guardian (*London*), Sept. 24:

President Alan García had good reason for satisfaction as he made his debut before the world at the UN General Assembly in New York on Monday. In less than two months in office, Mr. García has stamped his authority on one of Latin America's most troubled democracies.

The Times (*London*), Sept. 24:

As short a while ago as the occasion of President García's inauguration in July it was easier to note the differences than the similarities between these leaders' positions [García, Sarney, Mexico's de la Madrid] on the debt question. The differences still exist, but the positions have converged, and not in the direction of compliance with IMF orthodoxy.

A member of the Santos family, who owns the Colombian El Tiempo newspaper, and is close to drug-mafia protector López Michelsen, commented to the Schiller Institute Sept. 25:

The speech of the Peruvian President is not news in Colombia, because the people don't care about what the President of Peru has to say.



This otherwise confused cartoon, appearing in the New York Diario/La Prensa, at least accurately reflects the growing influence throughout Ibero-America of the "Operation Juárez" policy promoted by the Schiller Institute, whose Ibero-American Labor Commission met with Alan García on Sept. 17. García is saying: "Neither Kissinger nor Castro; neither IMF nor drugs; neither Hansel nor Gretel; neither payment of foreign debt . . . but yes to foreign investment."

EIR

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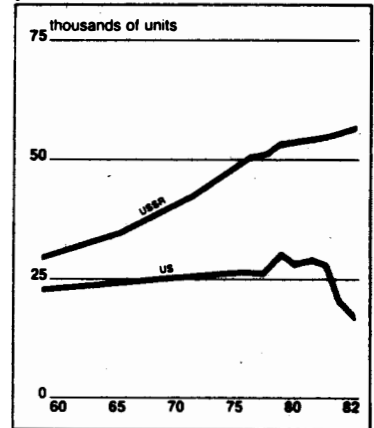
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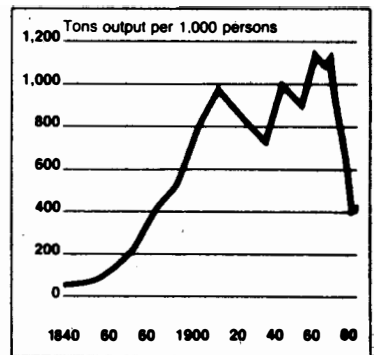
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EIR October 4, 1985

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Plot to destroy secret services bared in France

by Mark Burdman

The French secret services, rated the best governmental intelligence agency in the West, have come under a concentrated assault being led inside the French government by a group of socialist ministers associated with the old Cominternist "Curiel network," over the sinking of an anti-nuclear protest ship belonging to Greenpeace in New Zealand last July 10.

The former "Curiel network" was a vast terrorist apparatus set up by the deceased leader of the Egyptian communist party, Henri Curiel. Closely linked to it, according to press reports, is the family of Interior Minister Pierre Joxe, who has been a key figure in the Greenpeace destabilization. Also involved in the destabilization are David Rockefeller's Trilateral Commission, particularly the circle of Commission member Raymond Barre, and assets of the Soviet KGB and British intelligence. This is the same "East-West" combination that is behind the Greenpeace organization itself.

The common goal of these forces is nothing less than to dismantle French intelligence, which has been rated, in the recent period, as the best in the West, following the Trilateral Commission's 1970s decimation of the U.S. CIA. Given that Soviet strongman Michael Gorbachov is expected in Paris for a four-day visit beginning Oct. 2, the strategic stakes in the affair are high indeed.

It is not yet clear if this operation will succeed. It involves a struggle to win the mind of French President Mitterrand, who is being hit by what is now being referred to as the "French Watergate." The more Mitterrand tolerates the actions of the Socialist ministers promoting the Greenpeace affair against the military and military-intelligence institutions, the more vulnerable he is to the "Watergate" process.

Over the weekend of Sept. 21-22, Prime Minister Laurent Fabius made the stunning announcement that France was responsible for blowing up the Rainbow Warrior ship in

Auckland Harbor on July 10. No sooner had this opened up a Pandora's Box of new revelations and new incriminations, than Fabius appeared on French national television, TF1, the night of Sept. 25, and declared that *only* Defense Minister Charles Hernu and intelligence chief Adm. Pierre Lacoste were responsible for the Rainbow Warrior affair, and that his office had "never been informed" about the operation to blow up the ship.

Hernu and Lacoste had been forced to resign a few days earlier.

'Ayatollah' Joxe

According to accounts from a score of sources, the man who launched "Phase Two" of the Greenpeace destabilization, by leaking material implicating Hernu and Lacoste (and, perhaps others), in the alleged decision to blow up the Rainbow Warrior, was Pierre Joxe. Joxe did this, we have learned, to abort François Mitterrand's moves, focused around his Sept. 13 trip to the French nuclear-testing area in Mururoa, to move closer to the French military, and to the United States.

According to France's *Le Figaro* Sept. 25, one key to Joxe is the period he spent in Moscow, during the 1950s, when his father was French ambassador there. His ideological fanaticism in ensuing years, the paper reports, earned him the nickname "Ayatollah." Otherwise, Joxe is a member of the CGT, the French Communist trade union, and was a strong advocate, since the early 1980s, of French Socialist Party "cohabitation" with the Communists, to form a coalition government. One of Joxe's most significant acts, prior to the latest treachery, was his role in kicking French DST head Yves Bonnet out of his post in late July. Bonnet was responsible for having, in an earlier period, caused the eviction from France of a powerful team of KGB agents, by

having brought to Mitterrand's attention the nature of their activities.

According to French press reports, Joxe's brother, Alain, is a member of the Geneva-based Pugwash group, and is a leading director of the French affiliate of the Soviet-steered "International Peace Research Association," which is allied to Greenpeace. Alain Joxe is also co-chairman of the France-Latin America Committee, a terror-support apparatus controlled from the top by former Mitterrand adviser Régis Debray. Several core members of this network, according to the French weekly *Minute*, have in former years, been members of the "Curriel Network," which includes such ex-assets of Nazi Abwehr intelligence as Algerian ex-President Ahmed Ben Bella.

The *Le Monde* journalist to whom Joxe reportedly leaked scandalous information about military-intelligence involvement in the Greenpeace affair, was Edwy Plenel, former leader of the Trotskyist/Fourth International Ligue Communiste Revolutionnaire group, and former editor of the Trotskyist magazine, *Barricades*.

The "Curriel network" links of the Joxe family is one among many points that verify the contention made by Lyndon H. LaRouche (*EIR*, Sept. 27, 1985, p. 44), that the sinking of the "Rainbow Warrior" was a "publicity stunt," to benefit Greenpeace, and that "the most probable culprits" behind the affair are the "sympathizers of Greenpeace's pro-Soviet leanings and practices."

Greenpeace, today, is an activist lobbying organization, worldwide, on behalf of two Soviet-steered campaigns, one for nuclear "non-proliferation," and the other for a new "Comprehensive Test Ban Treaty." On June 24, barely two weeks before the sinking of the Rainbow Warrior, Radio Moscow effusively praised the Greenpeace Report's attack on the U.S. Strategic Defense Initiative.

At exactly the same time, Greenpeace lobbyists were meeting in Geneva, Switzerland, with the multibillionaire Prince Sadruddin Aga Khan, to arrange what an aide to the Prince refers to as "tactical cooperation" to plan an international conference on "non-proliferation," June 27-29, sponsored by the Prince's Geneva-based Bellerive Foundation. At this conference, attended by 500 people, including four high-level Soviet officials, a "division of labor" was made, the aide reports, whereby "Greenpeace lobbied, on the ground, among the delegations, while the Prince played the role of 'prominent personality,' above the daily affairs, both fighting for the non-proliferation issue. . . . The Prince is very fond of Greenpeace, very close to Greenpeace," he said.

The Sadruddin Aga Khan runs one of the most important private intelligence networks in the world, on behalf of the Soviet-steered "one-world federalist" movement. He heads the British-intelligence-front "Ismaili" Shi'ite-Islamic sect, is an intimate of the British monarchy, and utilizes the resources of the London *Economist's* intelligence service. He is an intimate of such Trilateralists as Jimmy Carter, Robert McNamara, Notre Dame's Theodore Hesburgh, and others.

The British government, meanwhile, is stepping forward, to pronounce its patronage of Greenpeace. After Fabius claimed that France had been responsible for sinking the Rainbow Warrior, British Foreign Secretary Sir Geoffrey Howe demanded that France pay compensation for the ship, and offered the legal services of the British Foreign Office to Greenpeace!

The intensity of the assault on French military intelligence goes beyond the forced resignations of Hernu and Lacoste. Since Hernu resigned, Interior Minister Joxe and the Trilateralists in France continue to spew out "revelations" in the media, which are putting the capabilities, and lives, of French intelligence officials at risk. For the first time in recent French history, names of French secret service personnel—eight, at least, as of this writing—have been leaked to the French media, for alleged implication in one or another aspect of the Greenpeace affair.

Also, with Hernu out of the picture, the political administration of France, the Socialist Party government, is composed of factional opponents, or bitter enemies of, traditional French military layers. Aside from Joxe, this includes the ideological co-thinkers of unofficial presidential adviser Régis Debray, and the strange case of the new defense minister, Paul Quiles, the erstwhile head of the anti-nuclear movement of the Socialist Party, whose radical commitments earned him the nickname "Robespierre" during the 1980s.

Counterattack

There are signs, however, of a mounting military-institutional counterattack, and, French observers report, a growing potential for political backlash. Admiral Pierre Lacoste, who resigned as head of the intelligence agency, released a statement, warning that if intelligence agents are put on trial by Premier Fabius's office, he will appear as a witness for the agents, and release information that will explode the government. Unnamed military officers declared Sept. 24, that if the Fabius government believes it can "sacrifice" the military, this government will be "brought down" with everybody else; the military will "not be scapegoats" in the affair, one official was quoted on Europe 1 radio.

Also, there is a stalemate in the personnel situation in the French administration: Former Chief of Staff General Lacaze, ex-Defense Minister Hernu's special adviser on military affairs and Africa, remains in his post, as of this writing. General Jean Saulnier, the chief of staff of the presidential palace, is, for the moment, being kept in his post by Mitterrand, despite insinuations in the Trilateralist and KGB press that he provided "special funds" for the Rainbow Warrior operation.

Further, a pattern of "counter-leaks" has started in the French press. *Le Canard Enchaîné* revealed Sept. 26 that the French Environment Ministry has been funding Greenpeace; French Environment Minister Bouchardeau's son is a leading member of the "Longo Mai" terrorist group, which is suspected to have multiple links to Greenpeace.

Russians and U.S. traitors preside over W. German anti-SDI orgy

by Luba George and Edith Vitali

It is bad enough that many West German citizens are being ground down by a relentless campaign of threats and cajolements orchestrated from Moscow. After all, when one is virtually staring down the muzzles of Warsaw Pact tanks poised on one's borders, who wouldn't have some desperate flashes now and then, and consider making peace with the enemy? But when the Soviet Union presides over a conference in West Germany featuring an *American* delegation containing the most rabid opponents of President Reagan's Strategic Defense Initiative (SDI), this is no sign of mere disorientation; this is part of Moscow's deal with the U.S. State Department to hand West Germany over to Moscow, whether the West Germans like it or not.

The conference was held in Hanover, West Germany, on Sept. 14-15. American anti-SDI traitors convened with Communists, Greens, Socialists, and the Soviet KGB itself, on the invitation of the "Krefeld Initiative," to plan out strategy and tactics for the coming months, culminating in mass actions on Nov. 18, the day when Reagan meets with the "peace-loving" Soviet leader Gorbachov.

The event conveniently coincided with the return of a 10-man delegation of West German government officials and industrialists to the United States, to discuss cooperation on the SDI and the ensuing political brawl. The delegation urged West German Chancellor Kohl to sign a bilateral SDI cooperation agreement with Washington, and was immediately seconded by Franz Josef Strauss, the Bavarian Christian Social Union leader, and Christian Democratic Union leader Alfred Dregger. But Foreign Minister Hans-Dietrich Genscher and his liberal Free Democratic Party—which represents the subversive factor within the Bonn government—are still attempting to avoid any "irreversible" commitment to the SDI until after the Reagan-Gorbachov meeting.

The conference was also timed with Moscow's desperate attempts to draw the Kohl government into phoney negotiations around a "chemical-free zone in Central Europe." This was a plan jointly cooked up by the East Germans and the West German opposition Social Democratic Party, and then presented to Bonn as a virtual *fait accompli*, saying "please sign here." This was a significant component of SPD Chairman Willy Brandt's Sept. 18 trip to East Berlin, where he was received with honors usually reserved for heads of state,

as well as a highly-publicized Moscow trip made by a leading West German trade unionist, Julius Lehlbach.

Moscow's assignment to the Hanover conference, therefore, was to assemble the foot soldiers, the mob which will take the issue of beam weapons to the streets and fight it out with the police, comparable to the mass demonstrations against Pershing II and Cruise Missiles which swept Europe in the beginning of the 1980s.

It was opened by a notorious American Moscow-lover, Prof. George Wald. "The Federal Republic holds the key," he said. "Why Germany? In the opinion of the U.S. government, this Germany, the Federal Republic of Germany, is the most powerful NATO nation that does not yet possess a socialist government. . . . Reagan from the very beginning never intended to negotiate to stop the arms race. . . We must wipe out the SDI before we speak of disarmament."

Chatting afterward in the environs of the conference, Wald openly expressed his hatred for Lyndon H. LaRouche, Jr., the founder of *EIR*, for "disorienting" the American population in favor of the SDI.

'Embarrassed to be American'

Next was Paul Walker, Jesse Jackson's campaign adviser and former director of the Union of Concerned Scientists: "I'm embarrassed to say I'm American, two days after we've completed the ASAT test. . . . Our administration continues to stonewall any Soviet proposal. . . . The 'star wars' program is not 'defensive' as the Strategic Defense Initiative implies. . . . It is offensive . . . the 'star wars' system is a first-strike weapon. After we are in a crisis, the United States may be pushed to fire first . . . it's very destabilizing." Walker used many of the phony and self-contradictory phrases used by the Soviets against the SDI: It is "technologically flawed"; it is "financially unrealizable"; it "violates" many of our agreements, such as SALT and the ABM treaty.

Walker's plea to the West Germans: "If you say 'no' to SDI, we have a chance to slow down and maybe defeat it. . . . You are stepping in the shoes of a nuclear power and defining yourself as a nuclear power. . . ." To the question of a "concerned" listener how SDI can be prevented, he said, "But Reagan is building up a bank of yet unspent dollars to go for a crash program . . . so even if Reagan is gone, the

backlog of research will continue. We have to slow that down. Germans will say 'yes' to basic research and 'no' to a crash program."

"You've got to be more provocative. . . . Be prepared to go to jail if necessary," screamed Helen Caldicott, the fanatical guru of the U.S. and British Freeze Movement.

Walker also outlined his election strategy on how to make sure that an anti-SDI Democratic President can be installed after Reagan: "If the economic situation gets much worse, then the Dems have a real chance to make a comeback, but only if they go 'radical.' If the Dems are not suicidal," he said, "they will seriously take Jesse Jackson into consideration as Vice-President or Secretary of State. As Democrats who were 'radical' enough, Walker named Joseph Biden (Del.), Ted Kennedy (Mass.), and the "unknown" governor of Nebraska, Bob Kerrey.

The West German delegation was dominated by the Nazi-communist German Green party. Representing a "Women for Peace" group in Stuttgart, Christiane Bergmann-Gollwitzer denounced the SDI as another variation of the "Christian Bomb"—the name given by the Asians after the bombing of Hiroshima and Nagasaki—and called for unity of the Eastern and Western churches to oppose it. Bergmann-Gollwitzer, a close collaborator of the Green Party's leading member Petra Kelly, is the daughter of Helmut Gollwitzer, the Protestant Church guru of West Germany's "peace" activists.

The Russians smile

The Russians at the conference were smiling. And why not, since they controlled the whole show. Although only one Russian was officially scheduled to speak at the conference, they were there in droves as Soviet "correspondents" and "visitors," pulling the strings from the front and behind. They did not conceal the fact that they were all on very chummy terms with the "Krefeld Initiative" people, calling them by their first names, patting them on the back and taking "family" photos. In their demands and purpose, they were arrogant and intimidating.

The Soviet speaker, Maksim Matveev Sagorul'ko, a World War II veteran and expert on the Soviet war economy, spoke to the audience in a very military-like tone, listing one by one all the "peace" proposals the Soviets have put forward and which were "all rejected" by the United States. "One often hears," said Sagorul'ko, "that the Soviet Union and the United States are equally to be blamed. . . . Unfortunately the West German citizens believe this." But Washington alone is to be blamed for the "worsened situation in the world." He castigated the West Germans for permitting the Pershing IIs and cruise missiles on their territory, for permitting the entry of "chemical binary weapons" onto their territory, and now for "participating together with the U.S. practically in the SDI research."

Other participants held out the "non-military" Eureka

project as alternative to SDI. It is a "peaceful space research project. . . . It is a counterpoint to SDI. . . . It is European-centered," advised the French socialist Jean Petite. Here, too, the Soviet participants heartily applauded.

But the nadir came when, after condemning the U.S. plans to "militarize space" and castigating the Kohl government for expressing desire in participation in the SDI program, Sagorul'ko ostentatiously asked the Soviet cosmonaut Alexander Alexandrov, wearing both of his "Socialist Hero" medals, to stand up in the audience and take a bow. Applause thundered from the "peaceniks" at the conference. (Sagorul'ko conveniently neglected to mention that Alexandrov was one of the key Soviet astronauts involved in the "practical work" of building the Soviets' space weapons system on the Salyut 6/7 orbital complex, e.g., the 1983 Soyuz T-9 flight.)

"With great respect," Sagorul'ko concluded, "we value the peace fighters and we esteem the work of the Krefeld Initiative. . . . Either we will all prosper and flourish or all of civilization will be destroyed."

While he spoke, German translations of the recent *Time* magazine interview portraying Soviet leader Gorbachov as a dashing hero with sex-appeal, were being grabbed up and passed around the room.

Enter the 'peace-loving' Khomeiniac

No group of Moscow-lovers would be complete without Ramsey Clark, the former U.S. Attorney-General who together with Zbigniew Brzezinski brought the Khomeiniac regime to power in Iran. "Everything said about Ronald Reagan is richly deserved," Clark raved. "His conduct-towards Nicaragua alone makes him not only an international outlaw by domestic law. . . . I'm speaking of murder. . . . deliberate and pre-meditated murder. . . . causing the death of not only Nicaraguans." Clark spoke of the need for "World Law" as "positive law" to stop new "mindless and irrational" weapons systems like SDI. Sounding like a Radio Moscow broadcast, he said the SDI puts humanity into the "most perilous situation" ever, attacking those who believe that "technology is the master of all. . . . Dare we outlaw unlawful things like SDI. . . . more efficient and more effective ways to kill millions?" he lied.

Next to be hauled out was "Mr. Vitamin C," Linus Pauling, longtime member of that coven of Moscow's fellow-travelers called the Pugwash Conference. "Why do people of the United States permit President Reagan's 'star wars' plans to go on? The answer is because Reagan lies to them about the Soviet threat and the Soviet military might. Everybody knows that this is not true. But he can be convincing because he believes his own lies. His appeal is based on religion. His principal religion is anti-Communism"—a theme which was expanded upon during the conference workshops, where many described Reagan as the "new Hitler."

"You in the Federal Republic," Pauling sputtered, "must convince the Kohl government not to be the lackey of the

United States. . . . It should be independent and not follow slavishly decisions of President Regan and his advisers. . . . Now you supporters of the Krefeld Initiative and people of the Federal Republic of Germany, join with the scientists of the United States in opposing the SDI 'star wars' project and put pressure on the Kohl government not to cooperate in this dangerous project."

Nazis and Communists 'for peace'

The "Krefeld Initiative" is yet another example of Moscow's use of both Nazi and Communist networks for subversion in the West. It began as an operation to collect signatures against the deployment of American Pershing-II and Cruise Missiles in Germany. Among the co-initiators was one Josef Weber, who received the Order of Lenin shortly before his death. Starting out in World War II as a Wehrmacht colonel with Nazi sympathies, he soon climbed the career ladder. During the invasion of Russia, he served as coordinator of all Wehrmacht transports in Southern Russia. Later in the 1950s, he changed colors from brown to red.

Another Krefeld initiator, Free Democratic leader William Borm, recently made the headlines in West Germany not so much because of his love for peace, but because he had served, wittingly or unwittingly, as the entry point for East German agent Sonja Lüneburg, who started her espionage career as Borm's secretary. Lüneburg was one of many spies called back to the East this summer, as part of an ongoing Soviet campaign to make West Germany look unreliable in the eyes of the Western allies.

Interview: Maksim Sagorul'ko

On Sept. 15, EIR interviewed M.M. Sagorul'ko, rector of the University of Volgograd, and a TASS correspondent named Kulbitskii, both attending the "peace" conference.

EIR: The Soviet news agency TASS warned the United States that if it went ahead with the ASAT test, the Soviet Union would free itself from the pledge not to deploy space-based weapons systems. Does that imply that the Soviet Union will now go for a "crash program" on their own version of the SDI?

Sagorul'ko: I would take the TASS release quite seriously. The Soviet Union has made [anti-SDI] proposals in the hope that it would be supported by the U.S. government. But it was not the case. The answer of the U.S. government was to go ahead with tests of the ASAT system. These actions alone show that the situation of last year has worsened, and to blame is the unwillingness of the United States to accept the Soviet proposals.

EIR: Mr. Sagorul'ko, what would you want specifically the European role to be in this situation?

Sagorul'ko: I would formulate it this way. The Europeans should not support what strengthens the arms race and everything which does not bring dialogue together and makes the situation more dangerous. Let me put it this way: I'm a soldier. I've seen war not in films, not on TV, but I have seen war from Stalingrad to Prague, and I'm living in a city which has overcome war. . . . I know my citizens are fighting for peace and against war. Therefore, I cannot understand the sons and mothers [of West Germany] who allow such a situation to be created—the danger of starting war from German soil. Starting war from the Federal Republic is now a reality. I cannot understand how deployment of weapons, the Pershing IIs and cruise missiles, that can start atomic wars, was allowed. I can't understand why the German people have let chemical weapons on their territory. The Soviet Union has made a proposal to ban the production, research, testing, and development of first-strike cosmic weapons and to put a brake on strategic offensive weapons. . . . It's up to the United States now. If the West Germans participate in the "Star Wars" program—which will give the United States the capability to deliver a first strike with impunity—the situation will only worsen and intensify. . . . I support the efforts of the Krefeld Initiative to change the situation before it is too late.

EIR: Mr. Sagorul'ko, what is your profession?

Sagorul'ko: I'm a scientist. I am the rector of the University of Volgograd. . . . I specialize in the study of the economy of World War II. I came to this conference because I am a member of the Soviet Peace Committee.

EIR: Have you ever heard of *EIR's Global Showdown* report, on the *Russian Imperial War Plan for 1988*? The report says that the Soviet Union, as part of what we call the Ogar-kov Doctrinal War-Plan, has puts its economy on a war-mobilization footing.

Kulbitskii: No. . . . I haven't.

EIR: Mr. Sagorul'ko, as an expert on World War II's war economy, are you or is your university contributing to this mobilization in some way?

Sagorul'ko: The Soviet Union's economic mobilization is to better and improve the standard of living of our citizens.

EIR: Come on, Mr. Sagorul'ko. Any competent analyst knows that it is the Soviet military command that runs the economy. You can't make me believe that the ongoing Soviet "economic" mobilization is not connected to Soviet military aims?

Sagorul'ko: Well, yes, you are right.

British, Soviets in Mideast power grab

by Thierry Lalevée

The signing of an enormous arms deal between Great Britain and Saudi Arabia on Sept. 26 signals a power play by Britain of far-reaching import. Thanks to the gradual U.S. withdrawal from the Middle East initiated by Henry Kissinger in 1969, the traditional empires which have dominated the region in the past are moving in swiftly to fill the vacuum: the British and the Russians.

The military contract—worth over £3 billion (about \$2.3 billion)—is significant enough in itself. The London *Times* on Sept. 26 described it as “the biggest arms contract Britain has won this decade.” The deal includes delivery from Britain to Saudi Arabia of up to 132 military aircraft in total, including some 48 Tornado attack fighters, jointly produced by British, West German, and Italian aerospace companies; PC-9 planes for training use, jointly produced with the Swiss Pilatus company. Once spare parts are added in, the total value of the equipment may reach £4 billion.

But potentially more important is the political price-tag: Saudi reliance on British pilots for maintenance and training.

This British coup, “won in the teeth of fierce competition from France,” as the *Times* put it, is not the only one in recent weeks. During her tour of the Middle East in September, Prime Minister Margaret Thatcher signed a £270 million arms deal with Jordan. A few weeks before, Britain had signed a contract with the Sultanate of Oman for delivery of Tornado fighters.

Thatcher's success has had an apparent political price. She announced in Amman, Jordan that she was inviting two PLO-connected Palestinians to London to further the peace initiative of Jordan's King Hussein and the PLO's Yasser Arafat. “Riyadh is likely to be positively influenced by such a pro-Arab move,” commented the *Financial Times* on Sept. 23. The British action provoked an angry reaction from Syrian Vice-President Khaddam, who declared on Sept. 22 that “the initiative is doomed to fail.” The Abu Nidal terrorist group announced on Sept. 24 that, should the designated Palestinians accept the invitation, they would be assassinated!

Underlying this courting of the Arabs is London's geopolitical gameplan for the region. As the *Financial Times* pointed out on Sept. 24, “by becoming the first British Prime Minister to visit Jordan, Mrs. Thatcher, who is also a friend of Israel, signalled perhaps the emergence of a new role for London.” Thatcher's idea of convening, in London, a new

peace conference on Palestine, smacked of the British imperial initiatives taken after World War I, whose “peaceful” results can be measured in nearly a century of bloody Arab-Jewish conflict.

Britain would not have achieved the results we are now seeing, without the American decision to withdraw from its regional responsibilities. The Saudi purchase of Tornado planes came when the Saudi leaders were quietly informed that Washington had no desire whatsoever to confront congressional opposition to deliveries of F-15 jetfighters to Saudi Arabia. Faced with British and French counterproposals, the Saudis were advised to choose Britain.

The latest reports indicate that the U.S. administration may take a similar stand toward the even more sensitive issue of arms sales to Jordan. If Washington doesn't cancel its sales altogether, it is expected to postpone them until the next fiscal year, meaning that Jordan would not receive any American weapons before 1988.

Further, the Middle East has reportedly been withdrawn from the agenda of the summit meeting between President Reagan and Mikhail Gorbachov in November—a signal to Moscow that while large parts of the Middle East will now be up for grabs, the rest will have to be negotiated . . . with London!

Moscow's moves

London's thrusts in the region have coincided with similar successes from Moscow. Diplomatic consultations between Moscow and Riyadh have increased since the meeting of the Saudi and Russian ambassadors in London, a few days before the Aug. 7 Casablanca summit, which the Saudis sabotaged by sending pro-Syrian crown prince Abdullah. This was followed in late August by the visit to Moscow of the chairman of the Saudi Sport Association, one of King Fahd's sons, who had high-level meetings at the Soviet foreign ministry. This led to an Abdullah-sponsored attempt at reconciliation between Jordan and Syria—on Syrian's terms—while Saudi Arabia hosted a mediation mission between French Foreign Minister Roland Dumas and Iranian Deputy Foreign Minister Sheikholislamzadeh on Aug. 17: Sheikholislamzadeh had just returned from Sudan, where he had re-established diplomatic relations with the Khartoum government.

Moscow has been courting other Gulf countries, such as Bahrein, whose Sheikh Khalifa ben Salman announced that “the Arab monarchies have to change the nature of their relations to the Soviet Union.” By letting it be known recently that it was resuming arms deliveries to Iran, Moscow signaled to the countries of the region that it was the power able to play both sides at once. The message was not missed, as hopes of Washington taking leadership against Ayatollah Khomeini have long since faded.

State-run terrorism unravels

Charges and counter-charges could mean that, unless certain individuals are silenced, Papandreou will be in trouble.

On Sept. 12, the Greek government was informed by the United States of the identity of three Greeks, including a Navy captain, who were espionage agents of the Soviet Union. The source was Mr. Sergei Bokhan, the first secretary of the Soviet embassy in Athens, who defected on May 28.

The information was given to the Greeks in the context of discussions with Greek Chief of Staff Gen. Nicholas Kouris, then in the United States, on the subject of a Greek purchase of F-16 aircraft from the United States.

On the following day, two events shattered the placid self-assurance of the Papandreou government. First, Navy Capt. Basil Serepisios and his two civilian accomplices were arrested for espionage. Second, a commentator on Greek government television, Daniel Krystalis, was arrested for attempted terrorist bombings.

The subsequent political explosion, still in process of detonation, ensued from these two episodes in that day's police log:

The terrorist suspect, Daniel Krystalis, testified that not only had he not placed any terrorist bombs, but he had been framed to appear to have placed the bombs by the Greek Central Intelligence Service, the KYP. Krystalis was an informant of the KYP and four other police agencies in the last eight years. He was reporting directly and in person to the chief of the Internal Security Section of the KYP, Lt.-Col. John Alexakis. Alexakis, in separate testimony, admitted that Krystalis had been his agent for a long time,

and that he handled him personally.

Subsequently, the defendant, Krystalis, testified that Colonel Alexakis, the KYP's chief of internal security, was also the chief of Greece's anti-terrorism agency. In an astounding further revelation, Krystalis said that most of the terrorist activities in Greece in the last few years had been planned and executed by Colonel Alexakis's "anti-terrorism" outfit, down to the details of drafting, typing, and circulating the leaflets, press releases, etc. of fictitious revolutionary organizations which would then claim responsibility for the terrorist acts.

Krystalis further testified that he was in personal contact with Mr. Michael Ziangas, Prime Minister Papandreou's personal secretary and liaison to all security agencies. Mr. Papandreou is also, personally, the head of the KYP and thus, by law, responsible for its activities.

Both the KYP and Papandreou's immediate entourage had, according to the Krystalis testimony, planted certain documents in his apartment which, when found by the police raid, were supposed to prove that most of the unsolved past terrorist incidents in Greece had been perpetrated by yet another terrorist organization, the "Revolutionary Group Nov. 17." The planted documents were supposed to prove that one George Votsis, together with his friend Karabelias, had been the leaders of "Nov. 17" since the assassination of CIA Athens station chief R. Welch in 1975.

Votsis, Karabelias, and their

friends, held press conferences denying all allegations, and countercharging that all terrorism of the past few years was carried out by KYP and the government. They named Andreas Papandreou and Michael Ziangas, Colonel Alexakis, Public Order Minister Tsouras, and Interior Minister Koutsogiorgas as responsible for all terrorism.

The Papandreou government responded that it considers the documents implicating Votsis and company, those planted in Krystalis's apartment, to be authentic and is asking the judiciary to prosecute on that basis.

This column has exposed, over the past year and a half, all the names involved in this breaking scandal, both those of the Votsis group and those inside the government around Papandreou and Ziangas. So, ironically, we happen to know that both groups' charges of terrorism against the other, happen to be true.

The Papandreou-Tsiangas group can prove beyond doubt the guilt of the Votsis group, without having to rely on what Krystalis calls fake evidence. The Votsis terrorist group, with its own resources within the KYP, can also prove beyond doubt the guilt of the Papandreou-Tsiangas-Alexakis terrorists.

Both groups, however, to so prove their claims, must resort to documentation more authentic than the fakes dumped on poor, pathetic Krystalis. No doubt, Papandreou-Tsiangas, with the power of the state behind them, can really corner Votsis. But I, for one, have no doubt that Votsis, when pushed against the wall, will bring down the whole temple. Papandreou is in trouble unless he finds a way of silencing both Votsis and Krystalis—by extra-legal methods.

Votsis and Krystalis's life insurance is to talk as much as they can.

Free Democrats conspire with the enemy

Rumors say the FDP either plans withdrawal from the coalition, or prepares for a new one with the SPD after the 1987 elections.

‘We are watching certain developments inside the Free Democrats with great concern. We see that on many central issues of policy, they are closer to the Social Democratic opposition than to us Christian Democrats.” Comments like these can be heard from many Christian Democrats in Bonn and elsewhere in the Federal Republic these days.

Indeed, the FDP of Foreign Minister Genscher seems to spare no effort to blackmail, humiliate, and contradict its Christian Democratic coalition partner. On German participation in the Strategic Defense Initiative, the FDP is openly in opposition. Genscher argues that a governmental decision to join the SDI would be interpreted as an “act of hostility” by the Soviets. Meanwhile, co-thinkers of Genscher inside the Christian Democracy have come up with the argument that, if the decision on the SDI will be postponed until early 1986 anyway, one should postpone it until after the 1987 elections, to keep them free of “such controversial issues.”

As to official contacts with the ruling parties and the regimes of Eastern Europe, the FDP sails with the opposition Social Democratic Party (SPD), under the banner of “security partnership.” The scandalous joint working groups between the SPD and the East German Socialist Unity Party on disarmament issues, which go against continued U.S. military presence in West Germany, have been welcomed publicly by prominent FDP spokesmen. The FDP is also putting pressure on the Christian Democrats and Chancellor Kohl to receive the head of the East German parliament officially in

Bonn. This, the Free Democrats claim, would pave the way for a state visit of East Germany’s leader Erich Honecker to Bonn.

Pointing to the diplomatic delicacies of the “German Question” and to the West German constitution, which rules out any definite recognition of the postwar partition of Germany, the Christian Democrats have so far rejected official contacts between the West German and East German parliaments. The FDP’s siding with the SPD demand to bypass the constitution puts Chancellor Kohl in the unpleasant position of either risking another clash with his unruly Free Democratic coalition partner, or backing down—at the expense of the constitution.

It has often been difficult for non-Germans to see the delicate point in this debate on the “German Question”; dropping the re-unification clause in the West German constitution would undermine the complicated, fragile structure of West German sovereignty, and thus also the agreements on the stationing of U.S. and other Western troops in the Federal Republic. The thrust of the SPD’s and FDP’s mobilization against this re-unification clause goes against the presence of U.S. troops, therefore, and serves the intentions of those who want to decouple Germany from the United States.

Thus, the FDP welcomed the SPD’s new defense policy plank, the so-called Bülow Paper (advocating U.S. troop withdrawal from West Germany), as a “meaningful contribution to the discussion about defense alternatives and arms control.”

On another issue of strategic controversy, the South African problem, the FDP has been campaigning for sanctions against the government of P. W. Botha. While the Social Democrats have the same view, the Christian Democrats have rejected sanctions with the reasonable argument that these would not only destabilize the Republic of South Africa, but serve the strategic interest of the Soviets to weaken the West in that region.

Finally, the controversy in Bonn over the recent spy cases: The SPD wants to hold Interior Minister Friedrich Zimmermann responsible for the scandals, and has vowed to oust him from the ministry within the next weeks. The FDP has officially stated it would “neither support, nor topple” Zimmermann, but some of the party’s spokesmen have already said that “it looks as though the minister may have to go.”

The Zimmermann issue moves the Bonn coalition toward an open break, because the (Bavarian) Christian Social Union, Zimmermann’s party, has declared his remaining in the government a “test of the coalition,” and warned that if Zimmermann were forced out, the other four CSU ministers would also be withdrawn from the Bonn cabinet.

Most likely, this is the reaction the SPD and FDP intend to provoke from the CSU; the coalition would collapse even before the national elections of February 1987, opening the door to a new coalition between SPD and FDP, which would obviously mean the end of the postwar alliance between the Federal Republic and the United States. President Reagan should investigate why his own State Department and ambassador to Bonn, Richard Burt, maintain cordial relations to Hans-Dietrich Genscher, who is out to install a new pro-Soviet coalition in Bonn.

Gandhi makes himself defense minister

The prime minister is taking bold measures to ensure a united India under the control of his government.

P rime Minister Rajiv Gandhi took a major step to strengthen his personal control over the Indian government and policy, in a cabinet reorganization announced Sept. 25. The prime minister himself has taken the portfolio for defense. Gandhi also placed his right-hand man, Arun Singh, previously the parliamentary secretary in the prime minister's office, as deputy defense minister.

The move is prompted by two considerations. First, with the Soviet Union as the major arms supplier for India, the Kremlin will now deal directly with Gandhi and Arun Singh on these issues, decreasing the mediating role of the defense bureaucracy in this relationship. In addition, it will add to Gandhi's ability to broaden the source of India's arms supply—an issue that has emerged as a political football in Delhi.

Gandhi also placed one of his close personal aides in charge of national security. Arun Nehru, a Gandhi confidant and cousin, will head a newly created Ministry of Internal Security, Police, and Law and Order. Although this ministry will operate within the Home Ministry, its title suggests that it will contain the core functions of internal security, including the security of the prime minister.

Arun Nehru brings to this job a brash toughness uncharacteristic of Indian politicians, which Gandhi undoubtedly hopes will help in drastically upgrading intelligence and security.

Mr. Gandhi has handed in the portfolio of foreign affairs minister,

which he held as did Mrs. India Gandhi before him. A former speaker of the house of the Lok Sabha, Bali Ram Bhagat, a highly respected parliamentarian and financial expert, is now minister of foreign affairs. K. R. Narayanan, a former ambassador to the United States who has served for the last two years as minister of state for planning, is now Bhagat's deputy.

Mr. Gandhi also moved to streamline the government. The ministries of education, sports, and youth, and women's affairs, were merged into one, under the name Human Resources Development. Gandhi shifted Defense Minister Narasimha Rao to head this section.

A newly created ministry of transport has absorbed the individual portfolios of civil aviation, roads, railways, and shipping. Gandhi also called on N. D. Tiwari, who was chief minister of Uttar Pradesh state, to return to New Delhi to head the ministry of industries, the portfolio he had held until last year.

The cabinet reorganization was announced on the same day as voters in the violence-stricken state of Punjab went to the polls for the first time since the state was put under presidential rule in 1983. Returns from the elections show that the Sikh moderate party, Akali Dal, is heading for a landslide victory. But the elections and the high voter turnout of 60%, are a major victory for Prime Minister Gandhi. Campaigning in Punjab Sept. 16-18, Gandhi called upon Punjabis to "tackle the plague of terrorism with your vote." He proceeded with the elec-

tions despite the Aug. 20 murder of Akali Dal leader Sant Harchand Singh Longoval, and the naysayers in the international press who said Gandhi was moving "too quickly" to resolve the Sikh dispute.

The elections, Mr. Gandhi explained in an interview with a Kuwaiti newspaper in early September, "will prove and show that the people of Punjab are not with this movement [of Sikh separatism], and that there is a definite difference between the extremist, the terrorist, and the rest of the Akalis and the rest of the Sikhs. . . . The extremists constitute a tiny minority of criminals with little or no public support among the people of Punjab. These terrorists are attempting to subvert the democratic process by violence. The challenge has to be met, not giving in to the blackmail of terrorism."

The agreement with the Akali Dal reached with Longoval a week before his murder, Gandhi pointed out, "sets the democratic process back on its feet and has opened the way to a free and fearless expression of opinion by the people through the polls that will be held."

Events have proven Mr. Gandhi right. The call for a boycott by the United Akali Dal, under the leadership of Joginder Singh, the father of slain terrorist Sant Bhindranwale, was largely ignored. The elections took place peacefully, with 100,000 army troops on hand to ensure law and order. Although the Akali Dal has won the majority of state assembly races and taken 6 out of 10 parliamentary races, the election process and the steady improvement in the Punjab situation has proven Mr. Gandhi's credentials as a statesman, determined to unite India as the prerequisite to moving forward domestically and internationally.

Thailand: another IMF victim?

A shakeup in the Thai cabinet shows that the prime minister is continuing the very policies that led to the recent attempted coup.

Prime Minister Prem Tinsulanonda has yet to learn the lesson of the aborted coup d'état of Sept. 9. Neither in the ministerial reshuffle he recently effected, nor in his television address before leaving for the United Nations, has Prem given any indication that he understands that what is now needed of him, for his own political survival as well as that of his nation, is economic development.

Thailand needs to launch large-scale infrastructure projects—in energy, water, transportation, etc. These are crucial for the increase of the nation's productivity, and will allow the country to further develop its rich agro-industrial potential.

But instead, under Prem's direction, Finance Minister Sommai Hoontrakul has stopped construction on two power plants, and the Eastern Seaboard Project, the favorite of the National Economic and Social Development Board (NESDB), has been de-emphasized into a mere fertilizer plan, instead of broader industrialization.

Putting the question of the unsuccessful coup aside for a moment, Prem has hardly projected an image of stability. He has placed his trust in the group of young advisers educated in various locations in the United States and headed by a certain Dr. Wattanyu Na Thalang, an architect by profession and a dilettante in astrology.

It was this group of advisers, which includes Dr. Virabhongsa Ramangkura, a disciple of the monetarist Wharton School wizard and former Communist Party-U.S.A. member

Lawrence Klein, that predicted that a devaluation-tax package would overcome Thailand's economic woes. Not only are they proven wrong, but it is demonstrated that their crystal-ball gazing is done only in the interests of their string pullers—the International Monetary Fund and the World Bank—and not in the interests of the sovereign nation of Thailand.

The Thai prime minister attempted to pass off his economic program on television as something novel. Still working very much along the lines of the IMF, Prem suggested cuts in imports, cancellation or postponement of major projects requiring huge investments, promotion of small-to-medium labor-intensive industries in provincial areas which will rely less on machinery and energy, and, finally, the encouragement of tourism as a premier "growth industry."

Not one of the above proposals recommended by the NESDB and the budget bureau's dull-brained Ph.Ds is innovative, and they will merely continue to steer the country down a course of economic decline and political instability, the consequences of the IMF/World Bank policies which Cuban President Fidel Castro so delights in.

Three new government positions are open, due to the resignation of Industry Minister Ob Vasuratna and his two deputies—because of suspected participation in the Sept. 9 coup attempt by National Democratic Party leader and former Prime Minister Kriensak Chomanan.

Prem, forced to reshuffle the cab-

inet, decided to promote Dr. Chirayu Isarangkul from deputy minister of industry to the level of minister, and brought in Anant Chaisaeng of the Progressive Party and population-control propagandist Mechai Viravaidhya as deputy ministers.

A curious decision for someone like Prem who cares a lot about his "image": What can the image of Thailand be to the world if Prem has chosen to nominate, to an important economic position, a dangerous clown such as vasectomy advocate Mechai, who is proud of his nickname, the "Condom King."

The new area of responsibility allocated to Mechai concerns "industrial development in the rural areas," and can only spell further disaster for the economy. Mechai, an international executive of Prince Philip's World Wildlife Fund and known to enjoy the support of the U.S. embassy, is the most outspoken genocide lobbyist in Thailand.

At a June 5 event in Bangkok sponsored by the Foreign Correspondents' Club of Thailand, Mechai announced that not only does he condone China's "one-child only," infanticide and forced-abortion policy, but that he has advised the Peking government on its population-reduction policies.

The appointment of Mechai only confirms the path which Prem has decided to follow—that paved by the IMF and World Bank. Authoritative sources say that, following his Sept. 30 address before the U.N. General Assembly, Prem will spend most of his time in meetings with Henry Kissinger—who is also a sponsor of Mechai.

This policy direction, featuring a 17% devaluation of the baht at IMF suggestion, produced the conditions that prompted the attempted coup. Prem, in the wake of that near disaster, has decided on more of the same.

International Intelligence

Soviet space program heads for manned station

Soviet space scientists, reported Radio Moscow, say that "even bigger facilities in space" will be built in the near future. "One-quarter of a century ago, the Soviet scientist K. Selkovski, the father of space flight, spoke of 'space trains.'" Now, after three years of working on the Salyut-7 space orbital complex, "Soviet scientists are poised to achieve permanently manned orbital stations" that will function like "big factories and laboratories in space."

Already, Soviet astronauts on Salyut-7 have been conducting "extensive astrophysical, geophysical, and materials processing in space, producing special purpose alloys, semiconductors, etc."

The five Soviet cosmonauts now orbiting the Earth have spent two days making a new "flu vaccine" in the Salyut-7 space station.

Mexican, U.S. police swap corruption charges

The U.S. Customs Service will investigate charges of Mexican Federal Police corruption contained in a letter sent in September to President Ronald Reagan and 13 members of the Congress by the Fraternal Order of Border Agents (FOBA), an organization of current and retired Drug Enforcement Administration and Customs Service Agents.

The FOBA described an incident in August where Mexican police officials provided armed protection for a drug shipment that was so large it took 18 men to unload the goods, which were then warehoused in the United States.

Similar charges of corruption have been leveled by Mexican officials against U.S. law-enforcement agents.

The allegations and investigations threaten to severely strain U.S.-Mexican cooperation in the war on drugs. A recent State Department mid-year assessment of international narcotics matters stated that Mexico's marijuana crop more than doubled

last year, the opium crop increased by almost 25%, and Mexico has become a major transshipment point for South American cocaine smuggled into the United States. The United States is the primary market.

Qaddafi attempts to assassinate Tunisian

Early in the morning of Sept. 26, the Tunisian police authorities defused a letter-bomb which was addressed to Ahmed Kedidi, member of the Tunisian parliament and close associate of Tunisian Prime Minister Mohammed M'zali. The letter was addressed to Kedidi at the *Al Amal* newspaper, of which he has been the director since 1980.

Kedidi is also a leading member of the Schiller Institute, founded in 1984 by Helga Zepp-LaRouche, wife of *EIR*'s founder.

This is the second letter-bomb found in Tunisia in less than 48 hours. On Sept. 25, a similar letter-bomb exploded in a residential quarter of the capital, wounding a postman. According to authorities, the letter, which bore the mark of the Arab League headquarters, contained enough explosive to kill or severely maim the recipient. Preliminary investigations have shown that the letter-bomb was a professional job and was posted from Tunis by Mohammed Salam Belkacem, a Libyan carrying a diplomatic passport issued in Tripoli on Oct. 30, 1984. Belkacem, who is believed to have flown into Tunisia from Rome, left the same day for Tripoli.

The Kedidi assassination attempt comes less than three days after a grave violation of Tunisian airspace by Libyan Mirage jet-fighters on Sept. 23. The violation was explained by the Libyan authorities as a "last warning" to Tunisia that it should stop immediately its anti-Libyan press campaign.

Police warn: Japanese mafia expanding

Japan's National Police Agency is very concerned about the overseas expansion of Yakuza organized-crime gangs, compara-

ble to the mafia. In particular, the police report increased Yakuza activity and travel to the Philippines, South Korea, and the United States.

On Sept. 2 in Hawaii, three ranking members of the Kobe-based Yamaguchi-gumi gang were arrested and charged with conspiracy to traffic narcotics to the United States and weapons to Japan. One of the men arrested, Kiyoshi Kajita, is a Hong Kong restaurateur who functions as an interface between the Yamaguchi clan and the Chinese secret society, or Triad, called the 14K, known internationally as a leading heroin-smuggling network.

On Sept. 16, indictments were handed down against 13 leading members of the Taiwan criminal group known as the United Bamboo; 12 were arrested in New York, Los Angeles, Houston, and Las Vegas. One is still a fugitive. The arrests were the result of an undercover investigation involving three New York City police officers and two FBI agents. Police think the arrests will nip their U.S. operations in the bud. However, police reports indicate that the gang had already managed to engineer a \$6 billion heroin deal. United Bamboo was beginning to move into such rackets as extortion against the mafia in Las Vegas, kidnaping, gambling, and murder-for-hire.

Czechs call for unity against 'the class enemy'

The Czechoslovakian media are calling for a pre-war mobilization of "hatred against the class enemy." According to the West German daily *Die Welt*, a 55-minute TV show called "Education to Class Hatred" recently told viewers that the "defenders of socialism" have to learn to hate their enemies long before war actually breaks out. Only hatred makes us invincible, the program said.

In the same show, an actor depicting a Second World War hero says: "The Germans are worse than beasts." A Red Army soldier is shown boasting that he has already shot 68 Germans.

Hatred is described as a "noble feeling," also against fellow workers in the countries

of the "class" enemy. "If workers fight in the service of capitalism, they are also our enemies."

Pierre Joxe's brother linked to Pugwash

The brother of French Interior Minister Pierre Joxe, Alain Joxe, has been involved for years in important pro-terrorist and pro-Soviet networks, an exposé in *Minute* magazine in France reports the week of Sept. 23.

According to *Minute*, Alain Joxe is a member of the Pugwash Movement, an organization founded by the late Bertrand Russell to orchestrate a "New Yalta" deal with the Russian empire and to promote an "arms control" process that is, in content, unilateral Western disarmament.

Alain Joxe also works closely with the France-Latin America Committee, whose members include Régis Debray, former guerrilla compatriot of Che Guevarra, and former adviser on terrorism to French President François Mitterrand.

Pierre Joxe is responsible for the blow-up of the Greenpeace affair in France, which forced the resignation of the Defense Minister and the head of the secret services on Sept. 20.

Colombian cocaine trafficker extradited

The Spanish government granted Colombia's extradition request for Jorge Ochoa Vasquez, considered by drug-enforcement officials to be one of the world's leading cocaine traffickers. Spain denied a similar extradition request from the United States.

Ochoa is believed to be the man responsible for engineering a deal with Nicaraguan Sandinista officials to use that country as a refueling stop for drug shipments, and later, to develop cocaine processing labs; a case based on these charges has already netted several convictions in a Florida court. Drug-enforcement authorities believe Ochoa's drug cartel was responsible for bringing an average 6,000 kilos of cocaine a month into

the United States, until his arrest in March 1984.

In Colombia, Ochoa is charged with falsifying documents to export cattle. The United States is expected to seek his extradition from Colombia under a treaty between the two nations.

U.S.-Venezuela to sign anti-drug pact

The U.S. is willing to sign an anti-narcotics treaty with Venezuela, White House Adviser on Anti-Narcotics Policy Carlton Turner announced at a press conference in Caracas on Sept. 23.

Under such a treaty, similar to existing treaties with Mexico, Colombia, and Peru, the United States could provide helicopter fleets and troops, share intelligence, and share funding costs of a herbicide program, Turner stated. The aim is facilitate "the break-up of drug-traffickers' property, including their homes and their hotels."

Turner was completing a three-day visit to Venezuela.

Israel's President denounces East Germany

Israel's President has attacked the German Democratic Republic (East Germany) as an unregenerate center of world Nazism.

According to West Germany's *Die Welt*, Chaim Herzog recently stated: "The world center of anti-Semitism is currently located in the East bloc. I fear that nothing has changed in this respect in East Germany since the Nazi period. . . . If the population [of East Germany] were free, they would follow the example of West Germany; but they are not free."

And in truth, the East German intelligence services (Stasi) inherited much of the Nazi intelligence networks at the close of the war, including those based in the Middle East, such as the Abwehr's Arab Legion. Syria is the center of such networks, which are currently run by the KGB through the Stasi.

Briefly

● **A LASER CANNON** with approximately a 500-km range has been developed by the Soviet Union, according to Western secret intelligence information. It is ground-based and can reach most U.S. space satellites.

● **TOXIC WEAPONS** have been redefined in a recent Soviet military publication, excluding them from the 1972 U.S.-Soviet protocol on the destruction of chemical and biological weapons. The toxins are the most lethal of chemicals known to man. The Soviets may soon declare that their use of such weapons in Afghanistan, which they have hitherto denied, is legal.

● **SOVIET** intelligence involvement in a European Green Party lawsuit against the Schiller Institute was the subject of a press conference called by the Institute in Paris on Sept. 26. Not only journalists, but French military and political officials attended.

● **IISS**, the London-based International Institute for Strategic Studies will focus its Oct. 12-15 meeting in West Berlin on the reorganization of the Soviet military command into four war-time theaters, and the growing danger of a Soviet surprise attack.

● **EIR** will be holding its first-ever public seminar in London, Oct. 23, presenting the findings of its *Global Showdown* report.

● **MALAYSIAN** officials have clamped down on Islamic fundamentalism. Eight female students were suspended from Malaysia's only technical university for wearing the Islamic veil in defiance of an education ministry ban.

● **SWEDEN** received an official apology from the Soviet Union on Sept. 19 for a violation of Swedish airspace that occurred on June 26, when a Tupolev bomber flew over Eastern Gotland island for three minutes. Up until the apology was issued, Moscow was denying that the incident ever occurred.

The Trilateral Commission's 'Autumn Offensive' in Europe

by an EIR Investigative Team

As the "Autumn Offensive" of David Rockefeller's Trilateral Commission begins to take off, in earnest, throughout Western Europe, France's "Mr. Trilateral," Raymond Barre, a Commission member and Trilateral favorite son for next President of France, has made a most extraordinary political move.

According to an item in the "Figaro-Ci Figaro-La" column, appearing in the Sept. 21-22 weekend edition of *Le Figaro* newspaper, under the title, "Barre, Shadow and Light": "Raymond Barre has personally called on his partners in the Trilateral Commission, who are supposed to congregate in the French Senate from Oct. 25-26, to open their works up to the press." *Le Figaro* then quoted an unnamed member of Barre's "entourage": "The Trilateral Commission . . . is a little bit like the monster of Loch Ness. In certain circles, an effort is being made to present the Commission as a secret society, a sort of conspiracy of politicians, businessmen, and of super-technocrats, seeking to establish their regency over the Western world. . . . Raymond Barre wants to demystify that."

The full motivations behind M. Barre's statement are, as of this writing, not known. A pessimistic evaluation might hold that the former French prime minister was being brazen, and was asserting, in effect, that the Trilaterals had nothing to fear, given their immense power in the world of finance and industry and their sway over governments, and could afford to posture and boast, in the weeks leading up to the Commission's "European Membership Summit" in the halls of the French Senate Oct. 25-26. Such a pessimistic evaluation might hold that M. Barre was emboldened by the summer

1985 edition of the Soviet foreign ministry's *International Affairs* publication, praising the Trilaterals as a "reasonable" alternative to the Reagan administration on global strategic issues (see *Documentation*). With Soviet strongman Mikhail Gorbachov due to visit France on a state visit beginning Oct. 2, and with French institutions unraveling in the "Watergate"-style Greenpeace affair, Barre could, it would seem, afford to posture.

While the political situation in Western Europe presents ample pretext for pessimism, that evaluation would miss the point. It is more likely that M. Barre has committed what the French call a *faux pas*, or what in the United States might be labeled a "flight-forward" mistake, which could potentially cost him his most-desired French presidency (assuming that the nation of France itself survives the current Trilateral-steered "Greenpeace Affair"), and cost the Trilateral Commission considerable influence in Europe. Most probably, a nervous Raymond Barre was reacting to the mounting anti-Trilateral campaign in Western Europe, catalyzed by the political associates of *EIR* founder Lyndon LaRouche, who have circulated across France a dossier documenting the Trilaterals' orchestration of the Greenpeace affair, via Commission member Lloyd Cutler, self-appointed lawyer for the Greenpeace group. This has created the atmosphere inside France, in which articles have begun to appear attacking the Trilaterals, and the Commission's global "New Yalta" deal with the Soviet Union.

Barre's reaction has taken other forms, as well, and, judging by his actions, there is no "mystification" in his mind about the "certain circles" he is attacking. The Sept. 23 edi-

tion of the French newsletter *L'Hebdo*, a known mouthpiece for Barre and his circle, published an absurd, cheap-shot slander against LaRouche's associates, claiming that they were running an East bloc-linked operation. In the highly charged political atmosphere in France, this slander could backfire, and blow up in Barre's face. Insiders across the French political spectrum are already suspicious about how eagerly the voices in Barre's "entourage" are calling for François Mitterrand to resign over the Greenpeace affair. Such an excited sense of ambition might bode ill for a future President.

In a wider sense, the emerging confrontation between Barre and LaRouche-allied forces, could well be the outline of the predominant, emerging political trends across Western Europe. It is no exaggeration to say, that the political future of Western Europe, and the political map of the world more broadly, will be determined by whether the various policies and projects of the Commission—including the dissolution of sovereign governments through "spy scandals," a "New Yalta" accord to deliver Western Europe to the Soviet imperial sphere of influence, the undermining of European-American cooperation to develop the Strategic Defense Initiative, and the further decimation of European economies—can be smashed by patriots in Europe over the weeks leading up to the late-October meeting in Paris, and beyond, toward the March 1-3, 1986, "international plenary" of the Trilateral Commission in Madrid.

Some questions for the Trilaterals

To escalate that fight immediately: Since M. Barre has made the suggestion, why not follow his advice, and pose some questions to him and his "Trilateral partners" to help them "open their works"? We could begin with the following, and invite our readers, and other investigative teams, to follow suit:

1) Under what authorization is the Trilateral Commission allowed to meet in the French Senate?

2) The Soviets have now, publicly, praised the Trilateral Commission's efforts to sabotage Ronald Reagan's Strategic Defense Initiative (SDI). How would the Commission deny that it is operating as an "agent of Soviet influence?"

3) Trilateral stalwarts—Barre and Cutler in France, Socialist International figure Horst Ehmke in West Germany—have been key in manipulating current scandals (the Greenpeace affair in France, the Tiedge spy scandal in West Germany, etc.), to undermine U.S.-European cooperation on the SDI, and to destroy sovereign intelligence capabilities in these two nations. In this light, would the Commission deny charges, often heard in Europe, that it is conspiring with the Soviets to bring M. Barre into power in France, and a Socialist International government to power in West Germany?

4) The British Foreign Office confesses to providing an annual subsidy to the Commission's activities in Great Britain; that confession was repeated to a caller as recently as

Sept. 23 of this year. In this light, how would the Commission deny charges that it operates as a special arm of the British Foreign Office, as one instrument of various arrangements-of-convenience between the British and the Soviets?

5) Foreign Office-linked sources in Britain have told *EIR*, privately, that one of Whitehall's closest collaborators in the Commission is Karl Kaiser, of the Society for Foreign Relations in Bonn. Kaiser is scheduled to head the panels on East-



NSIPS/Suzanne Klebe

Never exactly popular, the Trilateralists now find themselves under increasing public attack. Shown here is a picket against Zbigniew Brzezinski, during the Carter administration.

West relations and strategic defense at the Oct. 25-26 meeting in France. To what extent will that panel follow British Foreign Office guidelines for sabotaging the SDI?

6) The 25,000-circulation French newsletter *Lettres de l'Afrique*, has charged that the Trilateral Commission, through special relations with Anglo-American Corporation's Sir Harry Oppenheimer, is working with the Soviet intelligence services, to coordinate the current destabilization of southern Africa. How would the Commission deny such charges?

7) It is frequently charged that the Trilateral Commission plans coups and destabilizations against governments that challenge its policy-hegemony. Most immediately, these charges have been raised, to describe threatened Trilateral "punitive action" against President Alan García of Peru. Who, in Trilateral Commission circles, is overseeing such plans?

The financial power of the Trilateral Commission in Europe

The known membership of the Trilateral Commission in Western Europe, leaving aside the fellow-travelers and sycophants, presents quite an awesome picture, in terms of access to vast financial resources, including industrial infrastructure. It is no exaggeration to say, that the members of the European branch of the Commission, as individuals and as representatives of institutions, control the flow of *tens, if not hundreds, of billions of dollars on the world financial markets.*

In one sense, M. Raymond Barre is right: The Commission is not a "secret society," nor is there need for "mystification"; its members are well-known, and some of their activities are not hidden from the public eye, even if, we can be sure, 95%-plus of what really matters passes through sanctified and "secure" private communication channels. But indeed, the Commission is a "conspiracy," in the sense of providing a critical vehicle for the political, financial, and "think-tank" representatives and servants of the leading feudal families of Western Europe to coordinate policies along identifiable and coherent lines.

The policies of the Commission in Europe are, in part, betrayed by the term "European branch" itself. After all, "Europe" is not a single, homogeneous entity, but a complex of nation-states, with rich traditions of national sovereignty and national histories and culture. At least 10 different languages are represented on the membership lists of the "European branch" of the Commission. The fact that "Europe," along with Japan and "North America," is seen as one of the three prongs of the Commission, itself betrays the feudalist outlook of its members, their antipathy to the nation-state.

Bankers and the insurance mafia

Take, for example, the world of insurance and reinsurance, which has become perhaps the wealthiest and most powerful arena of global financial activity.

Former Prime Minister **Raymond Barre** has served, through the early 1980s, as honorary president of the International Association for the Study of Insurance, which also

refers to itself as the Geneva Association. Founded in 1973, this association groups directors, chairmen of the board, chief economists, and so on, of the powerhouse insurance-company giants of Venice, Trieste, Geneva, Munich, London, and other points. According to a highly reliable source, the association is the policy-coordination point for the ultra-Malthusian Club of Rome International, via the association's secretary general, Orio Giarini.

Several of the members of this exclusive association are also members of the Trilateral Commission. These include **E. K. Den Bakker**, chairman of the board, Nationale Nederlanden, Rotterdam; **Horst Jannott**, chairman of the executive board, Munich Reinsurance Company; and **Bernard Pagezy**, chairman of the Société d'Assurances du Groupe de Paris.

Similarly, the membership covers a wide array of leading banking institutions throughout Europe, including several whose directors and/or executives have been implicated in nasty financial activities. Such a list would include:

- **Giovanni Auletta Armenise**, Banca Nazionale dell'Agricoltura, Rome;
- **Timothy Bevan**, chairman, Barclays;
- **Guido Carli**, former governor, Bank of Italy;
- **Hervé de Carmoy**, general manager for Europe, Midland Bank, London and Paris (a Commission Executive member);
- **Jaime Carvajal Urquijo**, chairman, Banco Urquijo, Madrid;
- **Michael David-Weill**, senior partner, Lazard Frères, Paris and New York offices;
- **Jean Deflassieux**, chairman, Crédit Lyonnais, Paris;
- **Jean Dromer**, president-director-general, International Bank for West Africa, Paris; president, Association of French Banks;
- **Jacques Grootheart**, chairman of the board, Société Générale de Banque, Belgium;
- **Ludwig Huber**, chairman of the board, Bayerische Landesbank and Girozentrale, Munich;

- **Baron Leon Lambert**, Groupes Bruxelles Lambert, S.A., Brussels;
- **Carlos March Delgado**, chairman, Banca March, Madrid;
- **Alwin Muenchmayer**, chairman of the board, Bankhaus Schroeder, Muenchmayer, Hengst & Co, Munich;
- **Lord Roll of Ipsden**, chairman, Warburg and Co., Ltd., London;
- **Baron Edmond de Rothschild**, chairman, Compagnie Financière Holding, Paris;
- **Viscount Sandon**, deputy chairman, National Westminster Bank, Ltd., London;
- **W.E. Scherpenhuijsen Rom**, chairman, board of managing directors, Nederlandsche Middenstandbank, Amsterdam (Trilateral Executive member);

The members of the European branch of the Commission, as individuals and as representatives of institutions, control the flow of billions of dollars on the world financial markets. Ensnared in key positions in banking, insurance, and the news media, they serve as a vehicle for the oligarchical families of Europe to wage war against the nation-state.

- **Geoffrey Taylor**, director and group chief executive, Midland Bank, London;
- **José Vila Marsans**, director, Banco Central, Madrid;
- **Sir Philip de Zulueta**, special adviser, Hong Kong Shanghai, London (Executive Committee member).

Among these figures, we find **Lord Roll**, the patron of the Kissinger Associates group, a vehicle for financial and political "dirty tricks" in Europe, Asia, Ibero-America, and the United States. Lord Roll is reliably reported to have been the *éminence grise* behind the formation of the Trilateral Commission. Or we find **Edmond de Rothschild**, whose Compagnie Financière de Holding has provided seed-money for the Banco Nazionale di Lavoro banking house of Italy, on whose international advisory board sit Kissinger and Barre. The strategy of that bank, bluntly enunciated in a mid-September interview by director Nerio Nesi, is that world banking will be cartelized into "not more than 20 to 30 banks" worldwide; Nesi declared that his main financial partner in

Europe is de Rothschild. Or, if we look at Hong Kong and Shanghai and Bankhaus Schroeder Muenchmayer, we find banks under repeated investigation for illicit financial activities.

The role of the media

Alternatively, we can see the Trilaterals' power if we look at the control of the media in Europe. In West Germany, the main mouthpiece of the liberal-appeasement policy group is Hamburg's *Die Zeit*; its editor-in-chief, **Theo Sommer**, is a Trilateral member. In Spain, the usual mouthpiece for the latest disinformation from Soviet-linked services or from Kissinger Associates, or from the most entrenched of Spain's feudalist families (like the Albas), is *El Pais*; its publisher, **Jesús Polanco Gutiérrez**, is a Commission member. The president of the EFE news agency, **Luis María Anson**, is a Trilateralist; he is also president of the National Federation of Press Associations of Spain. In France, the recently appointed editor-in-chief of the influential daily *Le Monde*, **André Fontaine**, has been an on-again-off-again Trilateral member; Fontaine personally orchestrated the most recent (Sept. 17-18) round of "revelations" about the Greenpeace affair, that has caused the gravest institutional crisis in France in the post-war era.

In Italy, as in other countries, Trilateral penetration of the media is accomplished not only directly by members, but also by Trilateral fellow-travelers, chosen conduits for Commission "leaks." On the one hand, there is Kissinger-intimate **Arrigo Levi**, columnist for *La Stampa*, a Turin-based daily which usually reflects the opinions of Fiat chairman **Giovanni Agnelli**, an executive member of the Commission. On the other hand, a newspaper like *Corriere della Sera* has a slew of Trilateral "stringers," typified by **Alberto Ronchey** and **Luigi Califaris**, who were two among those privileged to attend Trilateral Commission proceedings in Rome in 1983.

In West Germany, this phenomenon takes a particular form, since the new U.S. ambassador in Bonn, **Richard R. Burt**, was himself, during his days as special correspondent for the *New York Times* in the 1970s, a "special correspondent" for the Trilateral Commission as well. According to a reliable American source, Burt would regularly receive special leaks from Carter administration-era national security adviser Zbigniew Brzezinski, one of the prime movers behind the Commission. Brzezinski would rely on Burt for channeling the latest Commission "line." Reliable estimates are that it was Brzezinski who provided Burt with the leaks about a U.S. reconnaissance satellite over Norway, which caused a major crisis in U.S. national security, in June 1979, and which later led to charges that Burt was guilty of treason.

So in Bonn, the Trilateral Commission has an extraordinary capability in place, an operative who, among other things, has been trained in the art of manipulating the media in set policy directions.

The Trilaterals' shaping of policy

Beyond insurance, banking, and the media, we would find an equally impressive array of Trilateral-controlled or manipulated institutions, were we to look at industrial corporations or trade unions in Western Europe.

Conversely, if we look at the Commission from the standpoint of how national sectors are affected by its activities, rather than from the standpoint of professional or institutional affiliations, we find the following:

Take France. Review the lists published above in insurance and banking, and add such names as **Michel Albert**, chairman, Assurance Générales de France, or **Roger Martin**, honorary president, Compagnie Saint-Gobain. What we see are institutions which represent enormous financial clout, including most of those few financial institutions in France which have escaped, or have in large part escaped, the more severe of the banking-nationalization legislative moves of the French Socialist government over the past four years. Lazard, according to the estimates of Paris insiders, is one of the critical behind-the-scenes architects of East-West contacts in France, and "owns" more politicians than the average Frenchman is aware of. Or Crédit Lyonnais, under the guidance of Socialist Party Trilateralist **Jean Deflassieux**, sponsored an important conference on East-West trade earlier this year, providing considerable openings for Soviet representatives in France.

Reviewing this array, it is not surprising that Lloyd Cutler, from the outside, and Barre, from the inside, would have considerable capabilities to manipulate the situation, via the Greenpeace-cum-"Watergate" affair.

In West Germany, a different phenomenon is observable. Two of West Germany's small number of Trilateral Executive members are Socialist International activist **Horst Ehmke**, the deputy chairman of the Social Democratic Party parliamentary fraction, and industrialist **Otto Wolff von Amerongen**, chairman of the German Federation of Chambers of Industry and Commerce, and International Advisory Board member of Trilateral founder David Rockefeller's Chase Manhattan Bank.

Ehmke and von Amerongen share a passion for appeasing the Soviet Union and decoupling the Federal Republic from the United States; this overrides whatever differences a "Socialist" and an "industrialist" might feel, and, in fact, these two, along with Trilateralist Sommer of *Die Zeit*, are propelling the decoupling drive in West Germany. Ehmke, an intimate of Brzezinski, has been circulating, in five languages, since early 1984, a document on "European Self-Reliance," which, as astute German commentators have stressed, echoes, without any deviation, the decoupling policy recommendations of Trilateralists Kissinger and Brzezinski on the American side. Ehmke privately refers to Brzezinski as "our mediator in the U.S.," for publicizing the need for greater "European autonomy" from the United States. Ehmke is, repeat-

edly, the subject of investigation by Western security services, for his role in having dismantled West German intelligence capabilities in the late 1960s-early 1970s, and because of his Czechoslovak wife's reputed East bloc intelligence connections. Ehmke recently concluded a "vacation," together with his wife, in Siberia.

Von Amerongen, on the occasion of a Sept. 16 visit to Jena, East Germany, insisted on the need for the "German-German connection" to be the pillar of East-West trade in the future, and expressed total opposition to the U.S. Strategic Defense Initiative.

More than in some other European countries, the German Trilateralists are well-represented in the Socialist International, and, European insiders tell *EIR*, the Trilateralists' strategy, in the coming months, will be to attempt to bring into power a new Social Democratic government that can give the Soviets what they most want in Western Europe: unchallenged hegemony over Germany.

Aside from Ehmke, Social Democratic members of the Trilateral Commission include: **Diether Hoffman**, chairman of the board of the Neue Heimat construction giant; **Erwin Kristofferson**, director, International Department, German Federation of Trade Unions; **Richard Löwenthal**, professor emeritus of international relations, Free University of Berlin; **Konrad Porzner**, Social Democratic member of the German Bundestag; and **Heinz-Oskar Vetter**, Member of the European Parliament, and former chairman, German Federation of Trade Unions.

Britain, as is usual in such affairs, is somewhat of a special case. If some, in Paris and other capitals, see the Trilateral Commission as another operation of *Perfidie Albion*, that suspicion is given at least some credence by the fact that the British Foreign Office is the only known foreign ministry in Europe that funds Commission activities, through a regular, year-by-year subsidy. Also, leading British firms, including Rio Tinto Zinc and National Westminster Bank, provide funding for the Commission. There is some commotion, however, in British Trilateral circles, following the mysterious "mild heart attack" suffered by **Sir Philip de Zulueta**, scion of the Rio Tinto Zinc and Hong Kong and Shanghai Bank, on Sept. 20. Sir Philip will, most likely, miss the festivities in the French Senate on Oct. 25-26.

One senior figure of the British Establishment told *EIR* on Sept. 24, that he is beginning to have "doubts about the effectiveness of the Trilateral Commission." In the sense that the British Establishment, through Warburg's Lord Roll and others, put the idea for a "Trilateral Commission" into David Rockefeller's pea-brain in the early 1970s, the British could "uncreate" what they have created, were they to see it as a nuisance, or an embarrassment. If this reaction, and Sir Philip's sudden malady, are signs of British unease, the adage to follow is straightforward: When the British are nervous, attack; and then, escalate again.

Moscow press approves of the Trilateral Commission

The July 1985 edition of the Soviet journal International Affairs, described as a "monthly journal of political analysis" put out by the Soviet foreign ministry, ran an approving discussion of the Trilateral Commission's "anti-militarism," entitled, "Confrontation of the Two Systems and Metamorphoses of Militarism," excerpts of which we publish below. The article was written by Yu. Fedorov.

The Trilateral Commission study frequently cited by Fedorov is the 1983 report, "Trilateral Security: Defense and Arms Control Policies in the 1980s," by Gerard Smith, P. Vittorelli, and K. Saeki. Smith is the former North American director of the Trilateral Commission, one of the stalwarts of the U.S. Eastern liberal establishment, who now heads the National Coalition to Save the ABM Treaty, the umbrella organization for the battle in the U.S. against the Strategic Defense Initiative. Smith was Jimmy Carter's "Envoy for Non-Proliferation Matters." He was formerly law partner to Trilateral Commission member Lloyd Cutler, and maintains a close political relationship to Cutler. Cutler is serving gratis as lawyer for the "Greenpeace" group, in its legal suit against the French authorities in the Rainbow Warrior affair (see page 42).

... Prominent among the "brain trusts" busy shaping imperialist power politics in the changing world, is the Trilateral Commission, which is at pains to justify the militarist course, simultaneously trying to avoid its more dangerous and odious manifestations.

The Trilateral Commission, whose membership is now listed at around 300, was formed in June 1973, when the crisis which continues to convulse the capitalist world was already looming ahead. The idea of such a body was conceived by David Rockefeller, who until recently headed the Chase Manhattan Bank, one of the more powerful financial empires in the West. Among the Commission members are

prominent political figures in the U.S.A., West European states, and Japan, heads of major corporations, and leading bourgeois economists and political scientists.

Recommendations issued by the Trilateral Commission cover a broad range of issues and at times pursue openly short-term goals. However, persisting in all its documents starting with the initial report, is concern caused by the state-monopoly capital's diminishing ability to influence the course of social development and by the growing economic, social and political instability in the capitalist system. . . .

The works produced by the Trilateral Commission have mirrored the changes that have occurred at the turn of the 1980s in the military and political strategy of imperialist states. At that time more strident and aggressive foreign political attitudes were resuscitated, and a search for arguments began to justify the need for the protection of "vital interests" of capitalism through stepping up the arms race to achieve military superiority over existing socialism.

The Trilateral Commission did not fail to make its own contribution to the modification of the foreign political doctrine of imperialism. True, its reports did not echo the hysterical urges to launch a "crusade" against the Soviet Union. The ideas set forth in them were couched in military and even superficially "scientific" terms. . . .

However, the U.S. ruling circles have gone so far in their militarist policies that this cannot but arouse the anxiety of many Western leaders. The Trilateral Commission has opposed some of the military programs adopted by Washington which threaten to upset the strategic balance. It demanded that the U.S.A. begin talks with the U.S.S.R. on limiting the testing and deployment of space-based weapons to avert "an expensive weapons competition in the 1990s or thereafter." The Commission insisted that the U.S.A. should relinquish its "complex, hard to understand, and potentially destabilizing" stand on the limitation and reduction of strategic armaments adopted in 1982-83 and agree to the introduction of universal limitations on the number of nuclear charges, including into this number missile warheads and aircraft bombs on carriers with a range of over 1,000 nautical miles. The Commission experts emphasized the necessity to ratify the agreements banning the testing of nuclear weapons of over 150 kt. They also urge Washington to resume talks on a complete nuclear test ban. The Trilateral Commission refused to support the declaration stating that the Soviet Union has disrupted the military-strategic balance to its own advantage. The Commission report read: "Others, including apparently President Reagan, believe that the Soviet Union already has acquired a position of superiority in offensive forces which has practical significance. We do not share this view."

Statements like the one quoted above show that even the imperialist ruling circles do not always extend unqualified support to the policies of the military-industrial complexes at

"super-arming" the West. Indeed, heated debate is under way among the ruling course of bourgeois society on the trends and objective limits to the militarist course."

In its Sept. 14-15 weekend edition, France's Le Figaro carried a commentary by Jacques Guillème Brûlon, entitled, "Bienvenue Tovaritch" ("Welcome Comrade"), discussing the phenomenon of appeasement of the Soviet Union, in the context of the planned Oct. 2-5 state visit to France of Soviet leader Gorbachov, and the mid-November summit between Gorbachov and President Reagan. Noting the willingness of certain Western financiers and industrialists to transfer advanced technologies to the Russians, notwithstanding the rise of East-West tensions, Guillème Brûlon writes:

... The Julius and Armand Hammers have naturally paved the way to the United States; but have been very rapidly joined by an impressive coterie of businessmen, including prominently the names of certain individuals who are presumably considered the most anti-communist, like Ford or Rockefeller, among 100 others. The list would be long of personalities of the American industrial world, who, at the nose and-at the beard of their successive administrations, had to fraternize with Lenin, Stalin, Khrushchev, Brezhnev, Andropov . . . while waiting with breathless anticipation to discover the discreet charms of the "liberal Marxism" incarnated by Gorbachev and his wife.

The obvious lessons of the past evidently amount to nothing. Unless we are living in a world ruled by absolute cynicism, the height of efficacy and grandeur is not located, ultimately, in the questionable art of trampling underfoot the moral principles and the rules of traditional life upon which, over the course of centuries, our civilization has been elaborated. . . .

Different organizations created from 1967 to the present day, such as "The Intervention Committee for American Trade," "The U.S.-Soviet Trade Council," "The Council for International Relations" (the first and the third, composed of industrialists, of university professors, and of men unconditionally attached to détente; the second, of American businessmen and Soviet officials), finish by imposing, by one manner or another, their will on the White House. . . .

We should not, however, cast the first stone only at the Americans. The majority of Western nations follow them. . . . In truth, a celebrated international bureau of the West, the famous "Trilateral," created, conceived of, and inspired by David Rockefeller, . . . groups together the champions of this political folly, which consists of transferring Western technologies to the Soviet Union. . . .

It is not useless to underline, in this context, that the unhappy President Carter was literally a prisoner of a "Trilateral" whose members included Vice-President Mondale, the chief of the State Department, Mr. Cyrus Vance, the head of the Pentagon, Harold Brown, and the boss of the National Security Council, Mr. Brzezinski. Mr. Ronald Reagan him-

self is less free to transform his words into deeds than might appear to be the case. Without even speaking of Congress, growing pressures are being brought to bear on him, from the side of industrial lobbies and financiers, that he eliminate from his administration the most "anticommunist" elements. . . .

It is . . . from this perspective that it is useful to locate the coming visits of Mr. Gorbachev to Paris (October) and to Geneva (November), where he will meet Messrs. Mitterrand and Reagan. . . . The times seems right for him to realize the program which he has committed himself to, and whose outlines are scarcely mysterious:

1) Do everything possible to separate Europe from the United States; 2) break apart a European Community that is already vacillating, by dealing separately, and in different terms, with each of its members; 3) succeed, finally, in concluding with Washington the great planetary negotiation, frank and massive, the "Yalta II," which, in the mind of Mr. Gorbachev, must secure and affirm, in a provisional way, the conquests of Marxism of the 20th century.

Welcome, Comrade Gorbachev! Dream on. For the "Trilateral," your desires always effectively appear as orders, in the purest style, with the methods and objectives defined, since the '20s, by the Hammer tribe.

On Sept. 13, the French magazine Monde et Vie, under the title, "Greenpeace Under the Wing of Rockefeller," wrote:

... A new fact has just reinforced our skepticism: The director of one of the great law offices of the United States has offered his services, free of charge, to Greenpeace, in the judiciary action that this association is bringing in France. This sponsor is named Lloyd Cutler. He was adviser to ex-President Carter, was for a long time director of Kaiser Industries; but, especially, he has been for fifteen years one of the aides to David Rockefeller in directing the Council on Foreign Relations, the CFR, and was one of the founders of the Trilateral Commission. When one knows that Greenpeace is supported financially by the Trilateral, and that this latter organization dreams of a "great political-economic consolidation of the Pacific," one begins immediately to better understand the generosity of Mr. Cutler . . . and the action of the "Greenies" in Mururoa, as well as in New Caledonia.

The French magazine VSD (Vendredi-Samedi-Dimanche) reported in its Sept. 5-11 edition:

... The American presence in the Greenpeace inquest is marked by the arrival of Lloyd Cutler in this dossier. He is the leader of one of the most powerful American law firms. He was the counsel of President Carter, and advises the *Washington Post*. Through his network of informants, Lloyd Cutler has the means, beyond his task as a jurist, to play the role of a veritable private inquisitor. That is why he came to Paris at the end of the week.

The Trilateral Conspiracy Against The U.S. Constitution: Fact Or Fiction?



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David Rockefeller: To some, the Trilateral Commission is a sinister plot by Eastern Establishment businessmen who will do almost anything—including going into cahoots with the Kremlin—for the sake of financial gain. The fact that many former members, including President Carter, are now members of the Administration is hailed as proof of how devilishly well the conspiracy works.

—Letter to the editor of the *New York Times*, Aug. 25, 1980

Moscow: The Trilateral Commission has opposed some of the military programs adopted by Washington which threaten to upset the strategic balance.

—Yu. Fedorov, in *International Affairs*, July 1985

Lyndon H. LaRouche, Jr.: The general object from the side of the Liberal Establishments was to establish a global *Pax Romana*, a thousand-year empire of shared global rule between the Trilaterals and the Soviet empire. . . . It happens, however, that the Soviets intend to cheat. They will maintain their partnership with the Liberal Establishments no longer than the Trilaterals and similar types continue to be “useful fools” working to advantage of Soviet imperial interests. Once the usefulness of those fools has been exhausted, the Soviets will variously assimilate or obliterate them.

—Foreword to *The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?*

To destroy the evil influence of the Trilateral Commission in American political life, one must expose the delusions in which the Trilaterals obsessively believe. *EIR's* Special Report provides a comprehensive textual analysis and refutation of key Trilateral writings, including: Zbigniew Brzezinski's delphic attacks on the Strategic Defense Initiative; George Shultz's argument for the decline of American power and influence; David Rockefeller's “socialism.” Foreword by Lyndon H. LaRouche, Jr.

What's behind the protection smokescreen?

by David Goldman

Democratic Congressmen who want to reverse America's \$150 billion trade deficit by erecting import barriers are not much brighter than a group of diabetics who want to protest the high price of insulin by boycotting the drug. Since the American economy now lives on a quarter-trillion dollar annual subsidy from its trading partners (that's the \$150 billion trade deficit adjusted for the exaggerated purchasing power of the dollar), the blowback of American protectionism would dwarf the imagination of the trade warriors.

About one-sixth of all tangible goods consumed in the United States annually are imported, net, from other nations. Forget the higher (by 40% to 60%) cost of producing these goods at home: The collapse of American primary metals and machining capacity is so advanced, that domestic production could not readily replace the imports in any case.

Since we pay our trading partners the one thing we seem able to manufacture in quantity, that is, American IOU's, the American economy has appeared to continue functioning with only 17 million goods-producing workers in a workforce of 112 million. Remove the subsidy, and the American economy will shut down overnight.

One small example from last week's news: The steel industry put through a 5% price rise for sheet steel, the first in two years. Reuters commented, "Market sources said the move was probably encouraged by indications that foreign imports were beginning to decline in response to the Reagan administration's five-year import reduction program which began last October. Between October 1984 and July 1985 imports, captured about 26% of the U.S. market, but in July they slipped to just 21.9%."

In other words, the steel industry required only a slight margin of import reductions to push through a price increase.

In recent hearings on sugar subsidies for American producers, confectioners complained of thousands of lost jobs due to high internal sugar prices, while sugar producers warned of thousands of lost jobs should more, cheaper, foreign sugar be imported. There is no major industry where the same does not apply: Import reductions would mean immediate soaring prices and shutdowns of industries dependent on the cheap imports.

These pertinent facts—exhaustively documented in *EIR's Quarterly Economic Reports*—identify the entire public discussion of trade policy as a hoax. President Reagan's Sept. 22 address is a feature of this hoax. The President honestly believes in the bill of (imported) goods which was sold to him as an "economic recovery," through which he has managed to preside over the dismantling of America's basic industry. He is a convinced opponent of a self-defeating trade war. Nonetheless, the hoax has developed sufficient momentum to persuade him to offer his own "tough bargaining" profile.

The bills under debate follow the model of the broadest approach, that of Sen. Lloyd Bentson (D-Texas), who has introduced legislation, directed principally against Japan, which mandates a 25% import tariff against the goods of any country which exports to the United States over 165% more than it imports from the United States. The measure would guarantee a collapse of existing production levels by 20% or more, within months.

Compared to this, the content of President Reagan's Sept. 22 address, amounting to no more than a \$300 million "war-chest" (against a \$150 billion deficit), the threat of shorter deadlines on trade negotiations, and additional, redundant

bureaucratic procedures to fight "trade abuses," is empty as a trade war plan. His program, intended to cover flanks against Democratic attacks, only makes matters worse, by accepting the hoax as a legitimate subject of major national debate.

The President's exercise in public relations is supposed to draw vigor from the agreement among the five leading industrial nations, whose finance ministers and central bankers met in New York City Sept. 19, to lower the value of the dollar against the European and Japanese currencies. But even Treasury Secretary Baker does not say that the trade balance will improve sooner than 10-18 months after a suitable devaluation, which Commerce Secretary Baldrige estimates at 25%.

Since the President, apparently, stands ready to veto all of the 300 or so protectionist bills now before Congress, it is not clear whether the United States will succeed in blowing off its foot. Undoubtedly, a change in existing quotas on textile imports will prove disastrous for Thailand and other Asian exporters, among other measures that may get through Congress.

Industrial nations are losing jobs not because the International Monetary Fund has forced developing nations to sell the store in order to pay debt service, but because world trade in capital goods—which should be the core of it—has collapsed. The United Nations Commission on Trade and Development, for example, calculated in a study released in early September that nearly 8 million jobs in Western Europe, Japan, and the United States have been lost as a result of the collapse of exports to the Third World during 1982-84. In 1984 alone, the total export value of the OECD to the developing sector was \$46 billion below the level of 1981; 75% of the decline, the report says, came from Western Europe, and 6.8 million jobs were lost as a result.

Some of the casualties of the administration's "phony war" will include the State Department's hate list of political targets. One of the first of these has already been Peru: after President Garcia went after the IMF, the Department of Commerce slapped a 76.86% surcharge on all imports of Peruvian steel bars, which practically closes Peru out of the market.

Debt for equity

Apart from selective retaliation against the State Department's enemies' list, the principal result of this nonsense will be to pin down the President. The congressional Democrats anticipate, correctly, a major financial and economic disaster between now and the next presidential election, and they want the President to wrack up a long record of vetoes against protectionist legislation. Although the economic consequences of their success would be far worse than anything President Reagan has yet come up with, they have good reason to believe they will be able to blame everything on him when the time comes.

However, the trade-war smokescreen covers more than the predictable, insipid electoral maneuvers now in progress. The Treasury and the State Department have their own agen-

da, and intend to use the "hard bargaining" atmosphere to push it through.

The center of this agenda is the re-treading of the international organizations, in the midst of an international revolt against the IMF. The United States is expected to raise some form of additional funding, or leverage, for the World Bank, as a seemingly more palatable alternative for debtor nations, which in any case are on the verge of turning their backs on the IMF.

Even the largest financing proposals under discussion for the World Bank are pitiful compared with the immediate requirements of the debtor nations. Like the IMF, which offers meager amounts of balance-of-payments financing in return for total control over economic policy, the World Bank program has a hook: Recipient nations will be expected to sell off major national assets, especially in the energy and raw-materials fields, in return for table crumbs. Brazil's public auction of a 25% share in its national oil company, Petrobras, at a fraction of its value, is supposed to be a precedent of a generalized equity grab in the developing sector.

October's preliminary meeting of the General Agreement on Trade and Tariffs (GATT) in Geneva, preparatory to a full ministerial round of trade negotiations, will present the hook to the developing world. The preliminary talks were forced through over protests from Brazil, India, and other developing nations, after the American delegation to GATT obtained sufficient European and Japanese votes to call the meeting the first week of September. The brunt of the new round, the American delegation made clear, is to be "liberalizing trade in services." Under the American plan, first offered by former Treasury Secretary Donald Regan in cooperation with the IMF, all nations would be compelled to open their borders to international banks, insurance companies, and shipping companies.

Since "trade in services," to use the GATT's double-talk, impinges on sectors which decisively effect the total national economy, and therefore bear on national sovereignty, it is not surprising that the developing sector has bitterly opposed the new initiative.

From the standpoint of the State Department, the protectionist row in Congress provides a threat that might well be mightier than the execution. "We will institute a grand compromise," Shultz et al. tell governments which have been through the debt mill. "To pay your debts, you must export more to the industrial nations. We will try to prevent protectionism from shutting down your exports. The industrial nations, in return, demand the right to export 'services' to your economies."

On the eve of the IMF's annual meeting, a "senior administration official" told reporters: "It is quite clear the debtor countries cannot obtain and will not obtain the same levels of lent money, or bank financing, borrowed money, as they did in the 1970s. So they have to be seeking other resources. These countries could conduct a much more aggressive, open investment policy to attract direct investment."

The 'AIDS lobby': Who stands in the way of stopping the epidemic

by Patricia Salisbury

A powerful combination of politicians, including congressmen long associated with pro-homosexual and pro-drug positions and with the deindustrialization genocide policies of the International Monetary Fund and World Bank, has emerged to argue that the key issue involved in the deadly AIDS pandemic threatening our nation is civil liberties for AIDS victims. To bolster their case, they cite the incorrect claims of the Atlanta Center for Disease Control (CDC), that AIDS is mainly a sexually transmitted disease, limited to certain high-risk populations, such as homosexuals, drug users, and hemophiliacs. Under cover of this argument, this lobby is opposing every traditional medical measure which could combat and defeat the epidemic.

They have already forced the admission of children with AIDS into the nation's schools, despite the protests of thousands of parents; they have passed legislation declaring sanitary procedures against the spread of AIDS a crime, turned the "treatment" of AIDS victims over to the euthanasia ("right-to-die") lobby, and spread lies and disinformation about the causes and character of the disease.

It is clear that the AIDS lobby does not represent the majority of U.S. citizens. A national survey by Louis Harris found that 42% of American adults say they are worried that someone close to them might be exposed to AIDS in the future. Twelve percent fear that a family member might have already been exposed to AIDS. A 75% majority believes that this is a very serious problem for the nation. Eighty-one percent believe that AIDS "can spread widely through the non-homosexual part of the population."

In short, the majority of the U.S. population will support the necessary medical and economic measures to eradicate the disease. But *the "AIDS lobby" as a political force must be identified and defeated.* We list below the most prominent and active members of this lobby, and call on citizens to force all public officials to make their positions known on this issue immediately, and to retire them from political life if they are members of the AIDS lobby.

State Rep. Art Agnos of California has passed through the state legislature a bill preventing a blood test developed by the Food and Drug Administration (FDA), which detects the presence of the AIDS virus, from being used by prospective

employers or insurers. The bill prohibits the screening of potential AIDS carriers, except in the case of blood donors. The bill was signed into law by Republican Gov. George Dukmejian.

Mayor Tom Bradley of Los Angeles, a member of the Trilateral Commission, signed into law on Aug. 14 the first city ordinance providing for penalties against those who discriminate against persons with AIDS or AIDS-related conditions, in housing, employment, public services, and accommodations, thereby making it illegal in the city of Los Angeles to take the most elementary measures to stop the spread of the disease, even as a matter of private initiative on the part of restaurant owners and others.

Bradley and the city council passed this legislation despite the known deterioration of public health in Los Angeles. The increase in the rate of tuberculosis in the area has led city health officials to declare that all children enrolling in the city school system in September must be tested for TB. Dr. Shirley Fannin, Los Angeles County Public Health Programs Director, testified in favor of the passage of the ordinance.

Also testifying in favor of the ordinance was Dr. Neil Schram, appointed by Bradley to chair the Los Angeles City/County AIDS Task Force. Schram was an associate of Nazi doctors Robert Nedjl and Neil Barber of Kaiser Permanente Medical Hospital, during the period of their trial for "mercy-killing" of patient Clarence Herbert, in the fall of 1982.

Governor Mario Cuomo of New York: Despite a statement that he would be "scared to death" if his 15-year-old son were in a classroom with an AIDS classmate or teacher, Cuomo has permitted the chairman of his State Advisory Panel on AIDS to lobby against measures to counter the AIDS epidemic. The panel was set up in response to the Pentagon's decision to screen all American military recruits for AIDS, beginning Oct. 1.



Bishop Paul Moore, Episcopal Bishop of New York and chairman of Cuomo's panel, denounced the decision and said that the military

screening test would spread "panic" about the disease and would be "an invasion of privacy." Timothy Sweeny, executive director of the LAMBDA legal defense and education fund (the homosexual ACLU), which is considering suing the Pentagon for the blood screen requirement, characterizes Moore as "a real champion of the civil rights of AIDS victims. . . . We've worked very closely with Moore. He is very strong defender of gay and AIDS civil rights."

Mayor Dianne Feinstein of San Francisco, responding to her politically influential homosexual constituency, has taken no measures whatsoever to deal with what may be the worst AIDS situation in the country, and is instead supplying funds to counterculture kook groups throughout the Bay area. The result has been to turn control of the AIDS pandemic over to the "right to die" lobby. With city funding, Shanti, a death-worshipping cult, created by the psychotic "death professionals" Elizabeth Kubler-Ross and Stephen Levine, apostle of Baba Ram Dass, is now handling well over 80% of AIDS victims in San Francisco. San Francisco's Board of Supervisors, pandering to the "gay" vote, refused to shut down San Francisco's notorious homosexual bathhouses, despite acknowledgment that they are documented sites for the spread of AIDS. The Associated Press has reported that victims of the disease are being allowed to engage in sexual activities at San Francisco General Hospital. Nurses report that AIDS patients "have sex on the wards . . . and AIDS patients were allowed to have overnight visitors." A July 25 nurses' memo called for an approach that "acknowledges the patients' sexual needs" and "arranges for private place and time for sex" in the hospital.

Mayor Ed Koch of New York is leading the fight to maintain children with AIDS in the schools. The actions of his committee of "medical experts" to determine, on a case-by-case basis, whether a sick child can attend school, has resulted in a potentially precedent-setting lawsuit, involving experts from throughout the country and the admission of one child with AIDS into public school in Queens.



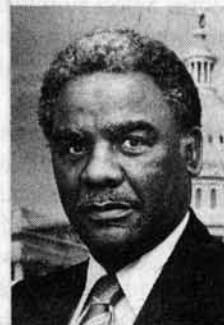
Mayor Koch has backed the announcement of New York City Schools Chancellor Quinones, that teachers with AIDS who are healthy enough to keep teaching should be permitted to do so. Koch has also used the AIDS plague as a foot in the door to heroin decriminalization, announcing that he is weighing a proposal from his health commissioner, to repeal the state law requiring a doctor's prescription to buy hypodermic needles and syringes. The commissioner also proposed that drug abuse treatment centers serve as "arrest-free

zones" for addicts, where they would be able to trade in their dirty needles and syringes for sterile equipment.

Joan Specter, city councilwoman from Philadelphia, wife of liberal U.S. senator from Pennsylvania Arlen Specter, is pushing a resolution on AIDS designed to preempt the popular revolt against the AIDS lobby beginning in New York from spreading to Philadelphia. Her resolution, introduced into the Philadelphia City Council, mandates that the state adopt guidelines on a policy toward AIDS victims. Specter has demanded that the incompetent guidelines of the Atlanta CDC should shape the policies of local and state governments, and has announced that she is already contacting both city and state health officials and the Philadelphia Board of Education to get them moving in this direction.

Lisa Greenberg, the spokeswoman for Specter's office on AIDS, has specifically rejected, in discussion with reporters, the notion of a connection between AIDS and economic breakdown, despite the abundant evidence in the cases of Africa and Belle Glade, Florida. "We've taken a look at both," says Greenberg. "Belle Glade is an isolated situation, very few medical people who are familiar with AIDS think it's significant." On Africa, where whole populations are victims of the AIDS pandemic, Greenberg said: "I don't want to make any value judgments, but you have to realize that there are very different religious and cultural values in most of Africa. Sodomy is for many Africans a common religious and cultural ritual."

Mayor Harold Washington of Chicago, the son of a minister and a former U.S. congressman, on June 26, 1983, joined Jane Byrne in participating in the "Gay and Lesbian Pride Week" parade, in which floats sported banner with slogans like, "Be proud, be strong, with a lesbian you can't go wrong!" and "Guys will be dolls!" The latter float featured transvestites dressed in women's dresses, kissing and fondling one another.



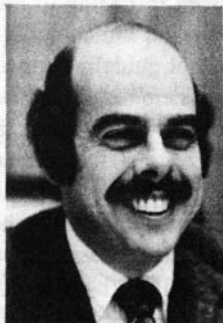
Washington was elected with a strong homosexual vote, backed by the pro-drug, pro-pornography Playboy Foundation. One of his election staff directors was an executive member of the board of directors of the Playboy Foundation. Because he is courting the homosexual vote, speaking at as many homosexual functions, outings, and forums as he can find, to open his administration to the homosexual population, he has been silent on the issue of the need to quarantine AIDS victims for research and treatment. Rumors have it that William Ware, the former chief of staff of the Washington administration, died this year of AIDS. He was silently but swiftly dispatched to New York's Sloan Kettering Hospital,

for "pneumonia complications" this spring, where he died. His body was cremated within hours.

Washington also suffered a serious embarrassment, when it was brought to light that Clarence McClain, a top official in his new administration, had been brought up on charges of being a "pimp," for the procurement of "young men." The scandal became so intense that McClain abruptly left the administration.

Representative Henry Waxman

(D-Calif.), chairman of the House Subcommittee on Health and the Environment, one of the committees with primary responsibility and control over funding for AIDS research, intends, according to his staff, to introduce a bill which will prevent disclosure of the identities of those who test positive for AIDS in blood tests or in other medical research to anyone, including health authorities. On David Brinkley's "This Week" television show, Waxman endorsed the Atlanta CDC guidelines, ensuring that no amount of spending on research or treatment will stem the AIDS pandemic.



Representative Ted Weiss (pronounced "Vice") (D-N.Y.) has introduced a bill repeatedly since at least 1980, which amends the civil rights acts which were meant to guarantee basic political rights and freedoms, to include "affectional or sexual orientation." Weiss, who is a member of the congressional Select Committee on Children, Youth, and Families, and who has been using the committee as a vehicle to promote the "civil rights of AIDS victims," has been organizing increasing numbers of co-sponsors for his homosexual civil rights amendment. The bill (HR 230) would lead to the forced accommodation of society to the very life-style that has already killed 7,000 and infected up to one million in the United States alone. Sixty-Six Congressmen, including Rep. Gerry Studds of Massachusetts, censured by the Congress for seducing a male page, are on record in support of this legislation. Weiss is characterized by spokesmen for LAMBDA as "terrific on the issue of civil rights of AIDS victims."

Mayor Kathy Whitmire of Houston refers all questions on AIDS to city health director Dr. James Haughton. Whitmire's office said AIDS is becoming too political. Dr. Haughton has opposed mass blood screenings, and specifically termed the screening plan adopted by the U.S. military a violation of civil rights. "There are typhoid carriers in this city; we don't force *them* to take a blood test." He said blood tests would "stigmatize people with labels that don't mean anything," and maintained that the only people at risk, outside of the high-risk population of homosexuals and drug addicts, are dental personnel. Mayor Whitmire has been very

close to the Gay Rights lobby since her first election campaign in 1981. In 1983, after she won re-election, Whitmire made a tour of six homosexual bars, on a Saturday night, got up on stage, and thanked the crowd for their support in getting her re-elected. Houston has the third-highest rate of AIDS in the country.

Mayor Andy Young of Atlanta, former Carter administration ambassador to the United Nations, addressed an audience that included some AIDS victims at the annual meeting of a group called AID Atlanta in September. He declared that AIDS is a terrible disease but that no one should panic in response to the crisis. The AID Atlanta group, composed primarily of homosexuals, is opposing any quarantine of AIDS victims. Young's speech echoed the line of the influential *Atlanta Constitution*, which has editorially urged people to "Keep a cool head on the AIDS debate" and has praised a decision by the Bibb County School Board to table a proposal to bar students with AIDS from attending schools.

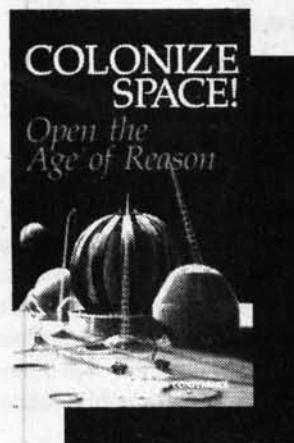


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Military realities go public

EIR's Global Showdown report has accomplished part of its goal, as defense officials defy the arms-control mafia.

A series of auspicious actions by officials of the Department of Defense heralds a long overdue public campaign to awaken the American population to the implications of the current Soviet military build-up.

The offensive has included press briefings delivered by Secretary Weinberger, the release of a study attacking Soviet technological espionage activity, speeches by Deputy Secretary of Defense Taft blasting the sophistry which equates defense spending with the national deficit, memoranda from the service chiefs which provide information to assist officers in refuting the arguments of the budget bashers, and a most unusual public call by a ranking official of the Defense Intelligence Agency, for a popular debate on the Soviet military threat.

On Sept. 18, Weinberger personally released the contents of a report, prepared by Undersecretary of Defense Richard Perle, detailing the extensive use of Western technology in the Soviet military production apparatus, and identifying the large industrial espionage and "reverse engineering" capability developed by the Russian secret services. Both Weinberger and Perle emphasized that the timing of the release of the report had "nothing to do with the preparations of the summit"—i.e., the political sensibilities of the arms-control fanatics and Moscow will no longer constrain the Defense Department in reporting the facts on Soviet military capabilities.

This is a major departure from past

policy, which has always tailored the release of information to the boundaries of the National Intelligence Estimate. The NIE, in turn, has been a hotly contested document which always reflects the influence of the arms-control mafia, and only occasionally reality. Consequently, defense "analysis" as conducted by the pundits of the media, has depended on the oracular statements of the Pugwash crowd, and the only information presented to the public on national security matters has come in the form of detailed criticism of DOD programs subject to audits and inspections.

The lack of public access to the basic information necessary to make informed judgments is now being rectified by Weinberger—the first Secretary of Defense who can be said to be opposed to the entire arms-control hoax. He is responsible for the development of the annual publication *Soviet Military Power*. This in itself required a shake-up at the Pentagon, downgrading those who have fought the release of intelligence information to the public, in order to avoid contradicting the often fraudulent "political" estimates.

Admiral Wesley MacDonald; USN, speaking to *EIR*, expressed the frustrations of many military professionals with this situation: "Unfortunately, we in the services have constraints, and I will point to the intelligence communities right now and say that I think that they, because of the information they have . . . have got to be more realistic in alerting the people

to what the true threat is." Weinberger's actions have taken an important step toward breaking these political restrictions.

The most unusual step in this direction, and in many ways the most interesting, was a speech delivered by A. Denis Clift, deputy director for external affairs at the Defense Intelligence Agency, to the Law and National Security Committee of the American Bar Association in Washington, D.C.

Using material developed in the preparation of *Soviet Military Power*, Clift presented a straightforward account of the explosive growth of Soviet offensive and defensive capabilities, detailing the layered system of satellites, radars, and advanced missile interceptors that has given them the "capability to develop a national anti-ballistic missile defense should they choose. . . ."

He also described the enormous military production apparatus at the command of the Russian general staff, and reiterated DOD assessments of the "imbalance" in ICBM forces. The simple facts stunned the ostensibly well-informed audience, and buttressed Clift's call for a public debate.

This is only the third such public presentation by the DIA, which is still moving with extreme caution in hopes of avoiding the harpies of the media, who will surely label such revelations a "political stunt." Nonetheless, according to DIA insiders, there will be much more of this type of effort in the future.

EIR's now famous *Global Showdown* report has accomplished its goal of forcing this issue into the open. The DOD's actions hold out the possibility of mobilizing a fully informed public in support of the military programs needed to meet the present threat from Moscow.

Congress may deregulate what's left of trucking

The Senate Commerce, Science, and Transportation Subcommittee on Surface Transportation, chaired by Sen. Robert Packwood (R-Oreg.), has begun hearings on deregulation of what's left of the U.S. trucking industry. The hearings are the result of a major new deregulation push by the Reagan administration and Secretary of Transportation Elizabeth Dole.

While Packwood has not yet drafted a bill, Sen. John Danforth (R-Mo.) has introduced S. 1711, and Rep. Jim Moody (D-Wisc.) has introduced H.R. 3222 in the House, which would completely deregulate the industry.

On Sept. 27, Packwood's subcommittee heard from Secretary Dole, several officials from the Interstate Commerce Commission, the International Brotherhood of Teamsters, representatives of the trucking industry association, and independents.

Packwood heard from Teamsters economist Norman A. Weintraub, who documented the massive collapse of the trucking industry since deregulation was introduced in 1980. Weintraub's testimony confirmed in all essentials the forecast of *EIR's* November 1979 Special Report, *Trucking Deregulation, a Disaster Worse than Vietnam*, which warned Congress that deregulation would put reliable carriers out of business, raise costs, reduce service, cut wages, increase accidents, and hike insurance rates.

Weintraub said that 21.8% of the total operating revenue of the nation's general freight carriers has been lost since enactment of the Motor Carrier Act of 1980. Sixty major unionized carriers have been forced out of business, representing 77,169 employees, operating revenues of \$3.5 billion, and

20% of the industry's capacity. The financial condition of the rest of the industry has not improved, with many firms in serious financial difficulty and half the 40 largest carriers having operating losses for 1984. Between 1979 and 1985, total tons hauled by the industry fell by 53%, including a 16% drop between the first quarter of 1984 and the first quarter of 1985.

Packwood is expected to carry Dole's proposals forward with a passion. Weintraub characterized Moody's "Democratic alternative" as no alternative at all. Indeed, Moody seems to get his inspiration from another 1988 Democratic presidential hopeful, Sen. Ted Kennedy (D-Mass.), whose Harvard minions began the airline and trucking deregulation efforts.

House rejects cuts in food price supports

In two floor votes on the farm bill on Sept. 26, the House rejected the demand by "free enterprisers" and environmentalists to accelerate the destruction of the American farmer by turning him over to "free market" bankruptcy. Administration-backed amendments to the farm bill had called for cuts in food price supports, but were defeated by surprisingly large majorities.

But instead, the House bill opts for letting the farm sector down more slowly, and is in fundamental agreement with opponents of farm programs, that the amount of food produced and the land in production—not the debt burden—must be reduced.

Backed by the administration, Reps. James Olin (D-Va.) and House Minority Leader Robert Michel (R-

Ill.) put forward an amendment to reduce the dairy price support level of \$11.60 by 50¢ every Jan. 1, if the dairy "surplus" were projected to be 10 billion pounds or more the first year, and 5 billion pounds each following year. "We would keep on doing that until we get down to the point where it is only marginally profitable to sell milk manufactured products to the government," Olin said. He projected the support price would fall to at least \$10.10 per hundred pounds of milk.

The Olin-Michel amendment was defeated 244 to 166.

Representatives Tom Downey (D-N.Y.) and Willis Gradison Jr., (R-Ohio), also with administration backing, tried to cut the support price for sugar from 18¢ to 15¢ per pound over three years. Downey and Gradison were defeated 263 to 142. Extreme liberal Rep. Barney Frank (D-Mass.), as the pot called the kettle black, called the farm support system "guild socialism."

Representative Edward Madigan (R-Ill.), the ranking Republican on the House Agriculture Committee, warned the administration that the votes, which had been expected to be close, "may demonstrate to them that the problem in the farm community is much more severe than they thought it to be." Agriculture Secretary John Block wasn't taking the hint, however, and denounced the votes as "regrettable." The administration has strongly implied a veto if the farm bill goes too high.

As the House continues to work on the farm bill, Rep. Stan Lundine (D-N.Y.) is expected to try to cut the peanut price support program.

The Senate Agriculture Committee on Sept. 19, meanwhile, passed the Omnibus Farm Bill, S. 616, which is projected to be \$11 billion over the

three-year congressional budget ceiling of \$34.8 billion. The key amendment by Sen. John Melcher (D-Mont.) to freeze direct subsidy payments to farmers for four years, passed 10 to 7, with Republican Sens. Mitch McConnell (Ky.) and Mark Andrews (N.D.) voting with the Democrats. Agriculture Committee Chairman Sen. Jesse Helms (R-N.C.) let the bill move out of committee after the Senate Finance Committee agreed to support the tobacco program in exchange for continuing the 16¢ a pack tax on cigarettes.

Fascell, Aspin attack the SDI

A report critical of the Strategic Defense Initiative, requested by Rep. Les Aspin (D-Wisc.), chairman of the House Armed Services Committee, was released Sept. 25 by the Office of Technology Assessment (OTA). Representative Dante Fascell (D-Fla.), the chairman of the House Foreign Affairs Committee, immediately took to the pages of the *Congressional Record* Sept. 26 to praise the report (see *National News*, pp 70-71).

Fascell announced on Sept. 24 that he intended to bring House Joint Resolution 3 to the floor during the first week in October. The resolution urges the President to seek Senate ratification of the Threshold Test Ban Treaty (TTBT) and the Peaceful Explosions Treaty (PNET), which limit nuclear testing above 150 kilotons. It also urges the President to immediately resume negotiations with the Soviet Union for a comprehensive test ban treaty. Fascell pointed out that the resolution has over 200 House cosponsors.

The OTA report, he said, "rein-

forces many of the points made in the Foreign Affairs Committee's 'Interim Report on the Administration's Space Arms Control and Defense Policy,' released in May 1984," which claims that the SDI "could stimulate an offensive and defensive arms race."

Fascell claimed that the "OTA report further shows that the success of the President's Strategic Defense Initiative depends on Soviet cooperation." He argued that SDI research must be carefully done so as to remain within the ABM Treaty, and to reject the idea in the White House pamphlet, "The President's Strategic Defense Initiative," that a Soviet SDI capability, lacking a U.S. counterpart, would reduce the United States to a choice between "surrender and suicide." Fascell claimed that our "offensive countermeasures would more than likely be adequate for penetrating Soviet defense."

Dole warns of 'zero hour' on federal debt ceiling

Senate Majority Leader Robert Dole (R-Kans.) warned his colleagues on Sept. 26 that the Senate would have to raise the ceiling on the nation's debt before "zero hour," when the federal government will run out of operating funds. Dole informed senators that Secretary of the Treasury James Baker wrote him that zero hour is expected to be Oct. 7.

The House passed its debt-ceiling increase, HR 372, raising the ceiling to \$2.079 trillion, as part of the budget resolution. The Senate Finance Committee has similarly passed the bill which will now go to the Senate floor, where a bruising battle is expected.

A fight is also expected around S.

1702, the Balanced Budget and Emergency Deficit Control Act of 1985. Introduced by Sen. Phil Gramm (R-Tex.) on Sept. 25, the bill now has about 35 sponsors. It seeks to balance the federal budget by 1990, and sets maximum allowable deficits for the next five years. Describing it as an "emergency measure," Gramm noted that the President would not be allowed to submit budgets that have deficits greater than the maximum allowable amount. No Senate committee would be allowed to send forth a bill over the deficit limits prescribed for each year. No amendment would be offered in the Senate unless it was a "zero-sum" amendment, offering a cut in some area if that amendment proposed an increase in a program.

Senate hearing examines AIDS funding increase

The Senate Appropriations Subcommittee on Labor, Health and Human Services, chaired by Sen. Lowell Weicker (R-Conn.), held hearings on Sept. 26 to examine whether, and by how much, funding for research on the deadly AIDS virus should be increased. By voice vote earlier in the week, the subcommittee had approved a FY 1986 appropriations bill, which includes a \$130 million increase over FY 1985 for AIDS research.

Dr. James Mason, acting assistant secretary of health, admitted in his testimony to the subcommittee that the virus is transmitted heterosexually, and that poor nourishment is a major "co-factor" in determining whether an exposed person actually comes down with the infection.

(See article, p. 6 for the testimony of Dr. William A. Haseltine.)

National News

Gene research receives guidelines

National guidelines were approved unanimously by the recombinant DNA Advisory Committee of the National Institutes of Health. The therapies can now be used on patients with fatal hereditary diseases, to correct the defects in their gene structures.

The federally supported institutions which are expected to be at the forefront of gene therapy include the National Institute of Health, Massachusetts Institute of Technology, and Harvard University. The guidelines specifically forbid any attempts at creating changes in the gene structures other than to correct a defect.

Future efforts will possibly include gene transplants to arrest or reverse basic abnormal functioning that creates malignancy.

Drug plague in U.S. continues to grow

More than 25% of American youth and 17% of high-school seniors have tried cocaine, a Federal report shows. Dr. Donald I. MacDonald, administrator of the Alcohol, Drug Abuse, and Mental Health Administration, said an estimated 60,000 twelve- and thirteen-year-olds have tried cocaine in the country.

Cocaine-related deaths and emergency room admissions have tripled since 1981. About 20-25% of the people aged 22 to 26 had used cocaine in the past year.

"A disturbingly high percentage," said Patrick O'Malley, co-author of the study and member of the University of Michigan Institute for Social Research.

Aide attempted to block security report

National Security Council Soviet Specialist Jack Matlock made a last-ditch attempt to block a Pentagon report, made public by Defense Secretary Caspar Weinberger, dis-

closing Soviet theft of U.S. secrets and technology.

According to syndicated columnists Evans and Novak, Matlock argued that the Defense Department revelations could undermine the Reagan-Gorbachov summit, but his boss, Robert McFarlane, did not press the matter with the Department of Defense.

Matlock, who reportedly aspires to become the next U.S. ambassador to Moscow, is one of the leading purveyors of the line that "the Soviet empire is crumbling," and therefore represents no military threat to the West.

State Department said to be 'annoyed'

Caspar Weinberger's "outbursts" against the Soviet Union in recent weeks have "annoyed officials at other departments, particularly the State Department, where some diplomats view him as a noisy interloper on their turf," the *New York Times* reported on Sept. 22.

While bitterly complaining about Weinberger's interference in summit preparations, the *Times* is forced to concede that "Weinberger's pronouncements have the blessing of the White House," and reflect his private talks with the President.

"I think it's all designed to poison the atmosphere," Jimmy Carter's arms adviser Paul Warnke is quoted as saying. "What it shows is an all-out effort on the part of civilians in the Pentagon to eliminate any risk that progress will be made on arms control."

Brown University discovers 'nuclear AIDS'

To "nuclear winter," Soviet propaganda is apparently now adding "nuclear AIDS."

Brown University, which last year held a student referendum on whether the college should pass out suicide pills to students in the event of nuclear war, has now issued a report by David Greer of the medical school and researcher Lawrence Rifkin, saying that those not killed in a nuclear war would die of war-related AIDS-like disease.

The report concludes that many survivors of a nuclear war would die slowly from a syndrome strikingly similar to AIDS. War survivors would be hit by heavy doses of radiation which would impair their immune system.

"AIDS patients show depression of T-cell populations . . . similar to those anticipated in nuclear war survivors," says the study.

Reagan almost accuses media of treason

President Reagan all but accused the U.S. media of aiding Soviet subversion, in an interview with television evangelist Pat Robertson. Asked by Robertson if the "free press . . . is being manipulated by the Soviet Union to sort of stack the deck against you in this summit meeting," the President replied:

"Well, I did begin to feel there for a while that when the summit started, they'd be rooting for the other side." He added that the media had implied that Gorbachov was "wearing the white hat, and I was wearing the black hat."

Reagan also charged: "The Soviet Union has a worldwide disinformation network. And it's very effective. And they can get many things published and broadcast and so forth to suit their ends . . . in their drives, for example, to try to create some friction among us and our allies. And I don't think we have anything comparable."

OTA switches line of attack on SDI

The congressional Office of Technology Assessment has issued a new report blasting President Reagan's Strategic Defense Initiative.

The OTA's last report on the SDI stated that strategic defenses were technically impossible. The new one claims that the clearly feasible development of strategic defenses might make nuclear war more likely.

Commissioned by the House Armed

Services Committee and Senate Foreign Relations Committee, the report clings to the false assertion that the President's vision of an anti-nuclear shield "does not appear feasible" unless the Soviets reduce offensive arms. It thus appears tailored to provide an argument for acceptance of a Gorbachov offer to "reduce offensive arms" in exchange for curtailment of SDI research.

The OTA report covers up Soviet ABM developments, claiming that their ballistic missile defense technology "probably does not exceed our own," and while the Pentagon contends that the Soviets may be preparing a nationwide ABM system, "officials of the CIA . . . do not judge it likely in the near term."

Representative Les Aspin, chairman of the House committee which requested the report, said that it shows that "the world could end up less safe than now" if both the United States and the Soviet Union deployed defensive systems.

U.S. ranks high in illegal weapons exports

In fiscal year 1984, the Bureau of Alcohol, Tobacco, and Firearms (BATF) of the Treasury Department reportedly initiated 68 cases on international arms trafficking, and officials believe that the number will reach 152 cases when fiscal year 1985 ends Sept. 30.

According to the *New York Times* of Sept. 26, a confidential BATF report showed that in 1984, one-third of U.S.-made weapons used in crimes overseas were later traced back to south Florida as their point of origin. Federal authorities confirmed an estimated \$70 to \$150 million a month in illegal weapons sales in south Florida, an area that continues to be the primary entry point for illicit cocaine and marijuana shipments. To optimize their operations, drug traffickers, once they have unloaded in the United States, will reload with weapons to be smuggled back home.

Primary markets for America's illegal weapons exports, mostly handguns, are the drug-producing nations of Ibero-America, the Philippines, and Central America. But federal law enforcement agencies have had several cases stymied in midstream by personnel at the CIA, the Defense Intelligence

Agency, and the FBI, because those under investigation are "informants" working both sides of the fence.

Ecology delegation goes to the U.S.S.R.

A delegation of congressmen and State Department representatives, led by extreme environmentalist Rep. Morris Udall (D-Ariz.), was in Russia in late September to discuss increasing U.S.-Soviet cooperation on "ecology."

Udall says he hopes the visit would rejuvenate a 1972 environmental protection agreement.

The joint committee that administers the pact is scheduled to meet in Moscow Nov. 12-21, the first time since 1979.

Judge orders reporter to reveal sources

On Sept. 23, Federal Judge Young of Massachusetts ordered Boston's WBZ-TV consumer affairs reporter Sharon Wright to reveal the sources at the FEC who had provided her with information on the presidential campaign of Lyndon LaRouche.

Wright was subpoenaed in the lawsuit of *Spannaus v. FEC* to substantiate a claim that the FEC had breached confidentiality; her sources potentially face a minimum \$5,000 penalty.

U.S. Attorney William Weld's office made an unexpected guest appearance at the hearing. When Judge Young asked to hear from the FEC, Assistant U.S. Attorney Martha Sosman stood up to argue that LaRouche was merely using this deposition to get discovery on pending criminal and civil actions in Massachusetts.

WBZ-TV is the Boston affiliate of NBC. It ran the first, unsubstantiated allegations that the campaign had engaged in credit-card fraud. WBZ's "expose" was in part based upon Sharon Wright's information from FEC sources, and provided certain New Jersey and New York banks a pretext to "hand debit" hundreds of thousands in LaRouche campaign funds.

Briefly

● **CASPAR WEINBERGER** has reportedly cancelled a trip to the Far East, originally slated for October, in order to keep a hand in preparations for the upcoming Reagan-Gorbachov summit.

● **GEORGII ARBATOV** is a liar, the President's national security adviser stated on Sept. 22. Asked on national television if the statement by Moscow's top "U.S. handler" that the Soviet Union dropped its strategic defense program long ago was "simply a lie," Robert McFarlane replied: "Yes."

● **RUDY OSWALD, AFL-CIO** research director, endorsed IMF conditionalities for the United States in late September: "While the Reagan administration preaches to the rest of the debtor countries through the International Monetary Fund that those nations must reduce their imports and expand their exports, it rejects that same prescription for the United States," he said.

● **HARVARD** race scientist Prof. James Q. Wilson has co-authored a new book claiming that "certain genetic traits, including temperament and intelligence, predispose some people to commit crimes. . . . Criminals tend to be . . . individuals who have an athletic build that runs to fatness."

● **ARMAND HAMMER** called on President Reagan to invite the Soviets "to join in the research and development of the Star Wars system now. The program could be jointly developed, jointly financed and, if it works, jointly installed," said Hammer in a *New York Times*. Hammer says he proposed the idea to Gorbachov when they met in June. Gorbachov was non-committal. "An offer by President Reagan to share Star Wars would not only ease the Russians' minds; it would erect an umbrella of good will over the superpowers beneath which world peace might flourish."

Editorial

Bolivia: the dope mafia's revenge

The situation in Bolivia poses a clear-cut moral choice for the United States. Either Washington will make good on its commitment to a "war on drugs," and remove all support from the Henry Kissinger-International Monetary Fund coup being enacted there, or the heroic efforts of the Colombian and Peruvian democracies to defeat the drug traffickers who are poisoning the world's youth, will be nullified.

As we go to press, two leaders of the Schiller Institute Trade Union Commission are still being held in detention camps in Bolivia, following mass arrests in the early morning of Sept. 19, in a sweep of the leadership of a national hunger strike against the starvation policies of the International Monetary Fund.

Under the aegis of Kissinger's "Marshall Plan" for Ibero-America, Bolivia is being turned into one vast cocaine concentration camp. A state of siege has been imposed to crush national opposition to the harshest IMF austerity program yet seen in Ibero-America. Just before his arrest, the head of the Bolivian Labor Federation, Juan Lechín Oquendo, charged that Bolivian President Victor Paz Estenssoro is carrying out the policies of "the International Monetary Fund and Henry Kissinger." He cited Kissinger's "Marshall Plan, to privatize state-sector companies," as the center of the government's policies.

The two arrested Schiller Institute members, Gumersindo Bueno, a leader of the Bolivian National Railroad Workers Union, and Victor Villaruel from the La Paz Railroad Workers Union, had been present last July in Mexico City at the first continental conference of the Schiller Institute labor group, which resolved to unify the continent against IMF looting and for economic development, and called for a war of extermination against the international drug traffickers, under the banner of "Neither Kissinger, nor Castro!" A third Schiller Institute member, Max Ibañez of the Power and Light Union, was in Lima meeting with Peruvian President Alan García at the time of the mass arrests, and can no longer safely return to his country, or his family.

The Nazi-like tactics being used in Bolivia are dictated by Henry Kissinger and the IMF, whose fear is that the growing influence of the Schiller Institute could lead to the end of their profitable looting of the Ibero-American continent. President García, who met with a 20-person Schiller labor delegation on July 15, has adopted an anti-IMF, anti-drug program parallel to that put forward at the Mexico City Schiller conference, and is working closely with the President of Colombia in the war on drugs.

Since Peru and Colombia are no longer the safe haven for the drug mafia and its international banking protectors they once were, the drug mafia is taking revenge in Bolivia. When he took office on Aug. 6, the new President of Bolivia, Paz Estenssoro, promised to reach an immediate deal with the IMF. He put in his cabinet leading figures from the regime of General García Meza, whose early-1980s government was so openly a protection racket for the dope mob that it became known worldwide as the "cocaine coup."

On Aug. 29, Paz Estenssoro announced an "economic shock" program. He pegged the Bolivian currency to the black market rate, which is set by cocaine revenues, and raised gasoline prices by 667%, while lifting price controls on transportation and food and eliminating state-subsidized food stores. Union rights were abolished. Companies were given the right to fire workers who refused to "relocate." "Agro-power" became the government's positive program, promising "infrastructure" in the countryside for "export crops"—80% of Bolivia's rural population works on coca plantations.

President García has stressed the cruel irony that the drug mafia is the only international "business" that has achieved the integration of the Andean region. Unless we do something to stop it, Bolivia will become the headquarters of that evil trade. A leader of the Bolivian Labor Federation declared that their national strike is a "war of life and death, not just for wages, but for the salvation of our fatherland." It is our war, too.

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988



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