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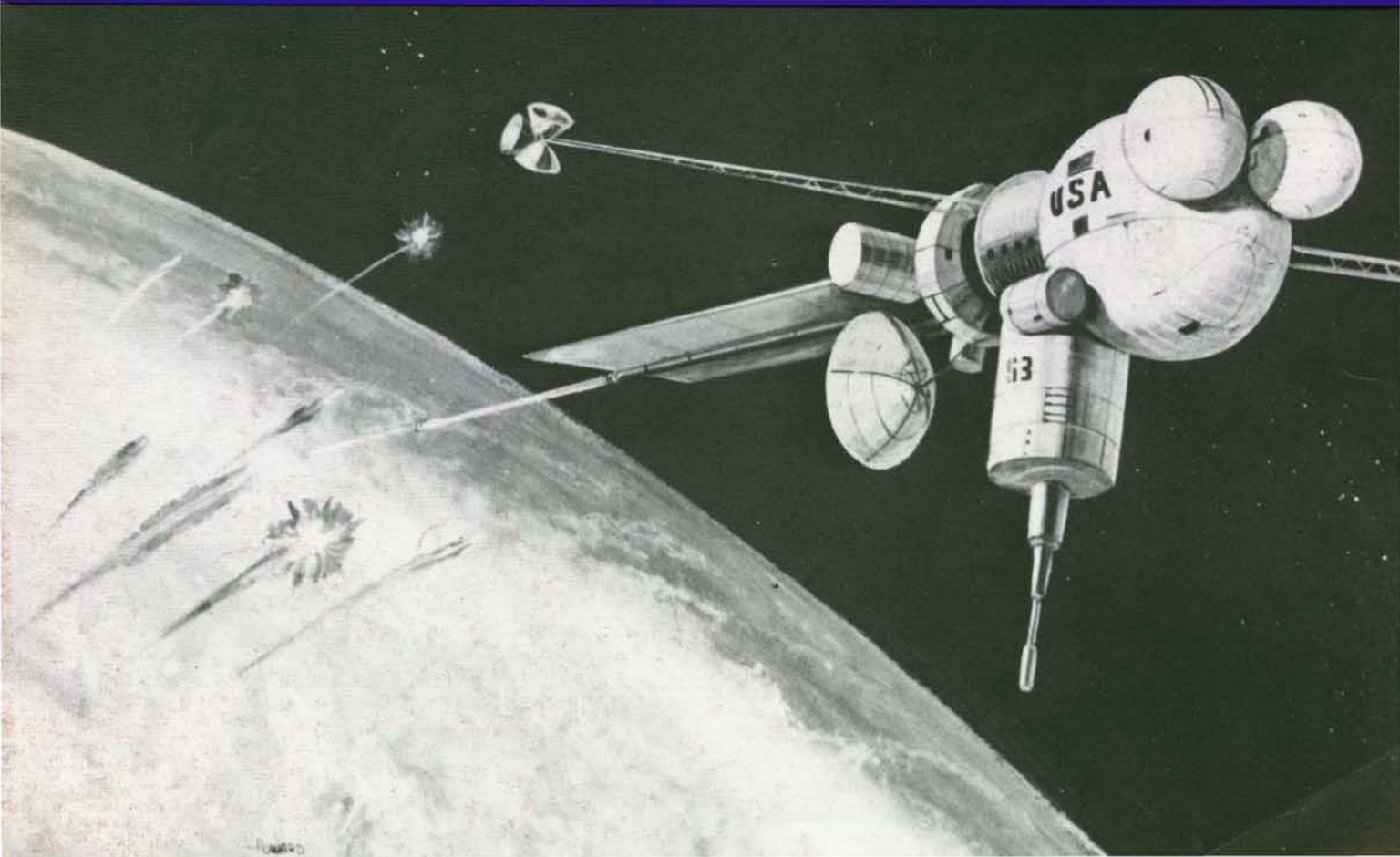
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The Greek Premier: a 'roman à clef'

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EIR

From the Editor

Perú's minister of economics and finance, Luis Alva Castro, delivered the formal funeral oration for the International Monetary Fund and the collapsed financial order which that institution defends against all moral law. The burial services were pronounced, appropriately, at the Annual Meeting of the IMF itself, in Seoul, South Korea, on Oct. 10. "We declare that the conceptual basis on which the Bretton Woods system was built, is bankrupt, and that the IMF, therefore, has lost its legitimacy," stated Alva Castro. (For other quotes, see p. 4.)

The challenge to construct a new world economic order comes not a moment too soon, since the greatest danger to our civilization is not thermonuclear war—hideous as that danger remains—but the biological holocaust of which the leading edge is the AIDS pandemic. This threat to humanity's survival is directly due to the World Bank-International Monetary Fund policies of looting the productive economy, starting with the tropics—where AIDS is already raging out of control.

How the enemies of the West may be exploiting that threat is the subject of this week's *EIR Investigation*. Warren Hamerman, director of *EIR*'s Biological Holocaust Task Force, reports, "The 100% lethal disease Acquired Immune Deficiency Syndrome (AIDS) has hit the Western world like a bombshell. If its spread is not arrested, the experts fear, its devastation will soon be worse than that of nuclear war. Has this fact escaped the notice of the Kremlin? What is the Soviet angle in the spread of AIDS?" He then reveals, "The coordinator for all AIDS task-force work at the Swiss-based World Health Organization (WHO) is none other than a Russian named Sergei Litvinov, the assistant secretary general of WHO for Communicable Diseases." (See p. 52)

Please note that *EIR* has added a new column, "United Nations," whose author writes under the name McFadden—an American political figure from the early part of this century who was celebrated for his opposition to one-worldist political schemes and supranational institutions like the later IMF. Another innovation is our first fictional offering, the "roman à clef" titled *The Greek Premier*, on page 28. We'll leave it to readers to decide what relationship it might have to real events.

Nora Hamerman

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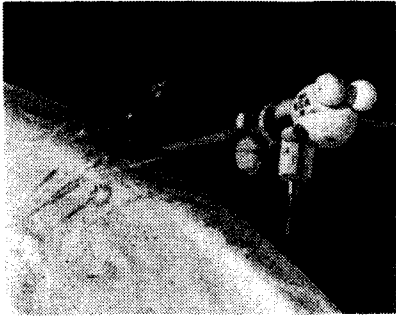
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The congressional Office of Technology Assessment has a new report out—they've silently buried some of last year's lies, but they're still concocting fraudulent claims to try to derail the SDI.

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This early, futuristic, literary manuscript, found somewhere near Qasr al-Nil, in Cairo, came to the attention of our occasional contributor Phocion, who has deciphered the handwriting and offered it for publication.

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Correction: In the interview with Dr. Mark Whiteside, "The real story of AIDS in Florida," published in *EIR*'s Sept. 27 issue (Vol. 12, No. 38, p. 54.) *EIR* incorrectly transcribed the name of the co-director, with Dr. Whiteside, of the Institute of Tropical Medicine in Miami, Florida. The co-director of the institute is Dr. Caroline L. MacLeod.

Peru hurls challenge to IMF at Seoul meeting

by David Goldman

Peruvian Finance Minister Luis Alva Castro's refusal to let the International Monetary Fund near its debt renegotiations with commercial banks, announced Oct. 10 before the IMF's annual meeting, has called the question on the Fund's 41 years of neo-colonial control over the Third World. Alva Castro warned the IMF's plenary session in Seoul, South Korea, "Peru has every intention of paying its debt to commercial banks and we are having talks with them now. But be it known to representatives of nations gathered here that Peru has no interest in nor is it convenient to belong to an organization that serves to benefit only one country."

Peru's challenge to the IMF has begun to spark a debtors' revolt throughout the developing sector. Peru's President Alan García, in his address to the United Nations General Assembly on Sept. 23, declared, "I hereby announce that at the next meeting of [the IMF] 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."

This is the first time a debtor country has faced down the threat of excommunication from international financial circles; only a day before Alva Castro spoke at Seoul, U.S. Treasury Secretary James Baker III threatened, in a less-than-oblique reference to Peru, that countries which "attempt to go it alone" in resolving their debt problems would not get new loans from governments, the IMF, or commercial banks.

Alva Castro did not merely reject the IMF's ruinous policy, but called for a "new world order" that would include a new international organization to replace the IMF, a new international currency to replace the IMF's Special Drawing Rights, and a plan under which the new organization would absorb the foreign debt of the developing sector. Peru's stance

corresponds to the recommendations of *EIR* Contributing Editor Lyndon H. LaRouche, in his 1982 book, *Operation Juárez*.

All indications are that the banking cartel, which has had nightmares about something like this for a decade, was taken entirely unawares. At least the London *Financial Times* did not believe Peru's nerve would hold. In its Oct. 10 edition, the morning of Alva Castro's IMF address, the newspaper claimed that he had adopted a "low profile" at the IMF meeting, "in marked contrast to the vehement way in which President García lashed into the IMF and its policies in a speech to the U.N. last month."

The article was entitled, "Peru Shunned For Adopting Hardline Payments Policy." It ranted, "Peru's hardline policy of withholding interest payments on its \$14 bn foreign debt has left it deeply isolated at the IMF annual meeting." Bankers, the *Financial Times* continued, denounce Peru as a "pariah," and express "disappointment" that Treasury Secretary Baker did not "single out Peru specifically when announcing his initiative on the debt problem on Tuesday."

Now the fight is on, not least due to Baker's dismal intervention. Baker's grim demand for "economic restructuring"—that the developing nations sell off national assets at bargain-basement prices—followed weeks of media build-up for a plan to provide new loans for the debtors, a plan which never materialized.

Baker's 'structural adjustment'

Reports before the IMF meeting of a \$50 billion U.S. lending plan designed to head off the debtors' revolt, suggested that the United States wanted to buy time before the international banking system blew up. Apart from demanding wholesale "structural adjustment" for the debtor coun-

tries, Baker proposed (with no timetable for a decision) \$9 billion in World Bank lending over the next three years—negligibly more than the World Bank would lend in any event. He also said the big American commercial banks, which now hold perhaps a quarter-trillion dollars of non-paying Third World paper, should lend another \$20 billion. But the chairmen of Citibank, Chase Manhattan, Morgan, and other big U.S. banks boycotted the IMF annual meeting for the first time in over a decade, saying they didn't want to even talk about more loans.

It appears the IMF steered the United States into confrontation with the debtors, ridiculing Baker's plan to use the World Bank, the IMF's sister institution, as a source of bail-out money. The World Bank's treasurer told the *Financial Times* Oct. 7 that it would "never be so cute or so naive" as to guarantee bank loans to bankrupt debtors, as Baker had suggested.

Reuters reported that day, "Major industrial nations are angry at the lack of consultation over U.S. initiatives to boost the role of the World Bank in the debt crisis and warn that the bank should not relax its lending policies. U.S. Treasury Secretary James Baker came in for 'diplomatic but firm' criticism last night when he unveiled proposals to a closed-door meeting of the five leading industrial nations."

Even before Baker's speech, "criticism from the industrial countries had already forced Baker to withdraw another part of the plan, a proposal to juggle IMF and World Bank funds to create a new lending pool for the poorest countries of Africa," according to one wire report from Seoul.

Brazil's Finance Minister Dilson Funaro, whose country stands at the top of the Third World debt list with \$100 billion in unpayable loans, dismissed Baker's plan as "timid." Commercial bankers at the meeting ridiculed Baker's demand that commercial banks cough up another \$20 billion.

The U.S. budget deficit

Perhaps the bankers stayed home in the knowledge that Baker, the morning after his threats against the debtors, might not be able to write a valid check on the account of the U.S. Treasury. In the absence of congressional approval of an increased U.S. debt ceiling, the Treasury borrowed \$5 billion through an "off-budget" vehicle, the Federal Financing Bank, in a move it had earlier described as "unprecedented and dubious." This emergency measure covered Federal finances for a few days, but tipped the applecart in Congress. A chagrined House of Representatives decided Oct. 10 to let the Treasury stew in its own juice, arguing that if it could borrow without approval, it need not pass any emergency legislation.

The disruption of government finances, however brief, will further what IMF Managing Director Jacques de Larosière demanded in the closed Interim Committee meeting: swift, brutal, drastic action to cut U.S. government spending.

The IMF says that the U.S. budget deficit, financed by almost \$150 billion per year in borrowing from abroad, is the big problem in the world economy, since it sucks up the

world's available cash, leaving Third World debtors unable to borrow. That is a hypocritical lie: IMF austerity, which wiped out at least 8 million jobs in the industrial nations by shutting down exports to developing countries, is the cause of the U.S. budget deficit in the first place.

De Larosière's lie has, nonetheless, an element of truth: The American economy now depends on a subsidy from the rest of the world, its trade deficit, equivalent to more than 15% of all goods consumed internally. The subsidy is financed, on the one hand, by debt-service collection from the developing sector, and, increasingly, by foreign borrowing, such that the United States is now a net debtor nation, borrowing \$130 billion per year.

A forthcoming study by *EIR* will show that in the crucial area of American trade with Ibero-America, i.e., in intermediate durable goods such as steel, chemicals, cement, and non-ferrous metals, the United States is now buying at half of the 1980-81 price of the same goods.

That is what Peruvian Finance Minister Alva Castro referred to in his charge that the IMF benefited only one country—meaning the United States. The sharp increase in U.S. interest rates in the late 1970s, he argued before the IMF meeting, forced up the value of the dollar, destroyed the developing sector's terms of trade, and opened these countries to IMF takeover.

All this demonstrates the idiocy of Baker's position: As the world's major borrower, and major dependent on concessional terms in international trade, the United States has every interest in a new monetary system and expanded export markets for capital goods.

A week before the South Korea meeting, America's delegation to a meeting of the General Agreement on Trade and Tariffs, the IMF sister-institution handling world trade, had already shown the instruments of torture to the debtors. U.S. Deputy Ambassador Michael Smith told the developing nations that protectionist barriers would go up against their trade with the United States, unless they agreed to let American banks move into their countries. Since most developing-sector countries have, under IMF orders, devalued their currencies against the dollar by 50-90%, giving U.S. banks the run of the place, this would amount to selling off their economies a dime on the dollar.

Yet, Ibero-America is no longer making the bulk of its money by selling raw materials to the United States, but rather the core components of an industrial economy, as well as consumer goods. The continent could live much better off what it produces, even under conditions of a virtual trade boycott, than now, when it must yield huge portions of its agricultural and industrial product to its creditors.

The bankers are not so stupid as to imagine they will avoid a debt crisis: Their failure to show up in Seoul proves they do not even want to talk about avoiding it. Their concern is to grab any national assets available—Mexican oil, Chilean copper, Colombian coal—before the debt bomb goes off.

'Alliance for Latin American Integration' will be founded in Lima

by Valerie Rush

Argentine Peronist party leader Juan Gabriel Labaké held an hour and a half-long meeting with President Alan García of Peru on Oct. 8, and announced afterward to the press corps that a time and place for the founding conference of his proposed "Alliance for Latin American Integration" has been set. The meeting will take place in Lima Dec. 6, 7, and 8.

Endorsed by three Presidents

Labaké, who met with President García in Lima while on the second leg of a tour organizing for the political and economic integration of Ibero-America, reported that his initiative has also received the endorsement of the President of Colombia, Belisario Betancur, and two past Presidents of Venezuela, Carlos Andres Pérez and Luis Herrera Campins. The list that Dr. Labaké gave to the press, of some of the other backers of the project, includes many of the top political, labor, business, military, and cultural leaders of Ecuador, Mexico, Peru, Colombia, and Venezuela; it has several university presidents and government ministers, and the presidents of the Chambers of Deputies of Ecuador and Venezuela.

His idea is to establish a private institution supported by multiple Ibero-American governments, and dedicated to fostering the rapid unification of the continent with the objective of guaranteeing the national sovereignties and economic development of all the nations involved, in the face of a shared economic crisis.

Before embarking on his current tour, Dr. Labaké traveled to the United States and conferred with American economist and political figure Lyndon H. LaRouche, Jr., *EIR*'s founder and contributing editor. LaRouche's 1982 "Operation Juárez" proposal outlined a plan for resistance to International Monetary Fund looting through Ibero-American economic integration, that has become famous throughout the continent.

Fight for national sovereignty

The Peruvian head of state's endorsement of Labaké's alliance for integration takes on special meaning in light of the courageous steps García has taken to rescue Peru's national sovereignty and end its long years of subjugation to the International Monetary Fund. Labaké said after his interview

with García, "I am favorably impressed by the clarity and firmness with which the President of Peru, Dr. Alan García, is aiming toward Latin American integration and the defense of the interests of our countries and of our peoples. Nobody since Perón has had such a courageous and lucid attitude as that of the Peruvian President, whose recent friendship I treasure as an Argentine and as a Peronist."

Labaké went on: "This true crusade for Latin American integration and for liberation from all foreign dependency, which today Dr. Alan García is waging, contrasts with the two other positions recently publicized in our region: that of Fidel Castro, on the one hand, which attempts to take advantage of our poverty to provide grist for the Soviet mill, which he represents; and, on the other hand, the compliant attitude toward the demands of the IMF and the creditor banks which is led, I am sorry to say, by the President of my country, Dr. Raul Alfonsín. Unfortunately, Dr. Alfonsín appears today as the best ally of the Fund and of the powers of the North.

"But the peoples of Latin America have a good political sense of smell," Labaké pointed out, "and will know how to choose among Castro's deceptions, Alfonsín's weakness, and the worthy example of Alan García. We, for our part, have already made our choice: We are on the side of the Peruvian President, whose work brings back fond memories of Oct. 17, 1945," the date Gen. Juan Perón became President of Argentina.

Labaké will be going to Rio de Janeiro, Brasilia and Sao Paulo in Brazil, and then to Panama, before returning to Argentina to pull together the preparations for the December conference in Lima.

'American System' economics

The Peruvian President's actions show that Dr. Labaké's confidence is well placed. In the tradition of the dirigistic "American System" economics of U.S. founding fathers Alexander Hamilton and Benjamin Franklin, and of Abraham Lincoln—the system of economics that was studied throughout Ibero-America in the last century—García has taken steps to take control of Peru's economy in order to foster its development, and to crack down on the organized-crime network that flourished under the previous Belaúnde regime.

These steps include:

- Imposing a ceiling of 10% of export earnings on foreign debt payments, shaking international usury to its roots;
- Waging all-out war on the drug trade which has served as a source of revenue for servicing that debt;
- Launching a ruthless anti-corruption drive within the military, police, and judicial system of Peru which heretofore provided a haven for the drug trade;
- Pledging to eradicate the Shining Path terrorists who would destroy Peru as a modern nation-state.

A package of economic measures announced by García on Oct. 5 shows the seriousness with which the Peruvian leader has accepted his responsibility. For the rest of the year, declared President García, "there will be no devaluations. The price of gasoline will not increase. Public service costs will not increase."

To guarantee that production steadily grows, domestic rates of interest will be reduced for the third time since García took office. From the 280% interest on inauguration day July 28, then to 110% and then to 75%, interest rates are now to be lowered by decree to 45%. Making it clear that the measure is intended to end rampant speculation, García noted that the interest-rate reduction "will mean a relief for those who have lost credit by creating productive wealth." He added, "We are at war against immorality."

Interest rates for peasants in the most devastated areas of the country will be set at 19%. Special funds will be made available to develop the poverty-stricken state of Ayacucho, the stronghold of the Shining Path terrorists. Unoccupied urban lands will be expropriated for housing sites for the poor. "I do not agree with [land] invasions," said García, but neither "do I agree with the wealth that comes from land speculation." This was the President's answer to the scenario for chaos scripted by the left and its "human rights" lobby around a recent government decision to evict 20,000 squatters led by the pro-terrorist Peruvian Communist Party, from land the government had been planning to expropriate.

A decree has also been issued removing essential products from a general sales tax, while income tax has been eliminated for the wage-earner, signifying a real wage increase of 4%. To help solve the dramatic unemployment problem, García is encouraging factories to take on additional work shifts, while using special credits to reopen bankrupt firms.

Will Mexico follow?

The country with nothing to lose and everything to gain by following García's example is Mexico. Devastated by last month's series of killer earthquakes and beaten down by three years of unrelenting austerity, Mexico has reached the point at which a moratorium on foreign debt payments cannot be postponed. As a result, the belief that abandoning IMF austerity prescriptions and suspending debt payments is becoming increasingly generalized. Mexican President Miguel de

la Madrid has announced the holding of a "popular consultation" on the debt crisis.

For the first time in Mexico, a wide range of spokesmen—from trade unionists to businessmen, from congressmen to church figures—has agreed that national economic policy must be reoriented before it is too late.

Statements have been issued by officials of the Mexican Workers Federation demanding immediate debt moratorium. The head of the Federation, Fidel Velázquez, stated on Oct. 7 that "Mexico cannot submit to a regimen of more austerity" and that "if there is no other choice, perhaps [moratorium] is the only solution." Angel Olivo Solís, president of the umbrella Labor Congress, declared that in view of the damage caused by the earthquakes, the labor movement could no longer abide a policy of continuing to meet debt payments. Several congressmen from the ruling PRI party followed suit.

Then, the president of the National Industrialists Council, Carlos Mireles, demanded a one-year suspension of interest payments on the foreign debt, which would yield \$13 billion for meeting the reconstruction task. Mireles then took a page from García's book, urging that Mexico allot to debt payment no more than the 10% to 15% of export revenues that come from non-oil exports.

Exemplary of the explosive nature of the situation in Mexico is the Sept. 30 resolution of the state congress of Yucatán to call for an immediate suspension of interest payments on the Mexican debt, declaring that, otherwise, "the country's international financial commitments can only be paid with the hunger of the people." A similar proposal is now under discussion in the Sonora state congress, and possibly other state legislatures as well.

And on Oct. 7, Mexican Cardinal Ernesto Corripio Ahumada declared that suspension of debt payments "would help our people." Simultaneously, a spokesman for the Mexican Bishops' Conference stated, "The Mexican Episcopate called yesterday for a moratorium on payment of the foreign debt, as the only option for ending the long crisis the country faces."

While the Mexican population is letting its opinion be known in no uncertain terms, the economic cabinet of the de la Madrid government continues to whisper in the President's ear that now is the moment to win the confidence of the bankers by holding firm with the IMF's austerity dictates.

Thus, in the week of Oct. 7, the director of Mexico's central bank, Miguel Mancera, was permitted to raise agriculture's preferential interest rates from 28% to a whopping 40%. Not only will this destroy what remains of Mexican agriculture and once again favor the drug mafia waiting to recapture whole chunks of Mexican territory, but it will also generate an anti-government rebellion within farmers' ranks. Such a rebellion can serve no other interest but that of the neo-fascist National Action Party and its communist collaborators, waiting in the wings for the disintegration of the Mexican republic.

Group of 77 developing countries calls for world conference on debt

The U.N. Group of 77 developing countries, whose foreign ministers met in New York Oct. 2-4, issued a statement calling for the urgent implementation of the late Indian Prime Minister Indira Gandhi's call for a "Conference on Money and Finance for Development," to initiate a political dialogue between debtors and creditors. The G-77 further condemned the International Monetary Fund's (IMF) austerity conditionalities, "which have resulted in enormously high social and economic costs, unemployment and recession, and the impairment of the capacity to grow and develop."

The statement was a clear victory for Peruvian President Alan García, who is leading the fight against the IMF. The ministers closed ranks behind his insistence that economic growth comes first, by establishing that developing nations should "limit debt-service payments to a percentage of export earnings compatible with their development needs."

The communiqué also reflects the year-long international mobilization of the Schiller Institute, whose founder Helga Zepp-LaRouche issued a call for the convening of an "Indira Gandhi Memorial Summit" on the debt, after the assassination of Mrs. Gandhi on Oct. 31, 1984.

The "Group of 77" now actually represents 127 nations, more than three-quarters of the United Nations.

We publish below the address to the meeting of the Peruvian ambassador to the United Nations and excerpts from the joint statement.

Documentation

Speech by Ambassador Carlos Alzamora, permanent representative of Peru to the United Nations, to the Ninth Meeting of the Ministers of Foreign Affairs of the Group of 77, New York, Oct. 3, 1985.

Mr. President:

My delegation is pleased to express to you its satisfaction with the constant and dynamic efforts that you are making to successfully lead the Group of 77, in an especially critical period. We take this opportunity to reiterate our solidarity

with the fraternal people of Tunisia, which we already expressed in the Security Council.

Once again we meet under the shadow of discouragement and failure. And it could not be otherwise, insofar as we witness a profound sharpening of the international economic crisis for the developing countries, upon which the burden and the cost of the policies of the industrialized countries fall, while we ourselves are incapable of organizing an effective, collective capacity for reaction and defense.

The stagnation in international economic negotiations, the absence of a North-South dialogue, the deterioration of multilateralism, and the erosion of its institutions are nothing more than a clear expression of this crisis.

The same is to be said of the failure of the exercise of examination and evaluation of the Charter of Economic Rights and Duties of the States, and the frustration of global negotiations, not to mention the shambles of the hopes and projects of the Development Decades, which only succeeded in setting back the standard of production and the standard of living of the developing countries by several decades.

My delegation welcomes with satisfaction, therefore, the substantial progress achieved in the political treatment of the problem of the foreign debt by the Consensus of Cartagena, the Declaration of the OAU summit and the Ministerial Meeting of the Non-Aligned Movement recently held in Luanda, and the collective efforts in order that this 40th General Assembly may formalize the treatment of this question in the context of the United Nations Organization.

Because, Mr. President, determination and action are irreplaceable values for the struggle of the developing peoples, as the present international situation is proving day by day.

We are seeing how, when the theme of the debt is treated with clarity and firmness, what appears to be an individual weakness turns into collective strength and begins to obtain effects and changes which only yesterday seemed unattainable. This action is today producing nothing less than the official disavowal of the recessionary and anti-Third World policies with which the International Monetary Fund treated the topic of debt, and its abandonment and replacement by other schemes, which also will not work if their effect is to

increase the debt instead of decreasing it, and to keep making only the developing countries foot the bill of adjustments and responsibility, under a different rubric.

The fact that the overwhelming majority of the speeches made up to now in the general debate—including those by the developed countries—have referred explicitly to the debt and have recognized its political nature, confirm that it is a great theme of this 40th Assembly, and the priority interest which it holds for the international community, which is thus revealing its determination to deal with this [political] nature within the interrelated reality of our Third World problems.

The coincident proposals contained in the OAU Declaration, that of Cartagena, and that of the Luanda Non-Aligned, are our framework of action and our political mandate, and therefore constitute our individual and collective commitment in this forum, giving us a firm, solid, and cohesive basis for joint action on the debt issue.

The delegation from Peru again pledges to this joint action its firmest determination to participate and its solidarity in the fraternal spirit which inspires the struggle of the 77.

We believe, therefore, that the celebration of the 40th anniversary of the United Nations Organization creates the right framework for the Group of 77 to initiate a process of reflection and analysis of the strategy used and the results obtained in international economic negotiations.

In that sense, we consider as a top-priority necessity that the Group of 77 hold a ministerial level conference which, with political good sense, leads to the restructuring and reorientation of its goals and mechanisms of action, with the goal of adapting them to present circumstances and demands. This conference should, moreover, evaluate with realism and frankness the state of South-South cooperation and incorporate the political ingredients which will give it the impulse and dynamics it needs to be converted into a central element of the Third World strategy and not into the secondary rhetorical alternative as in practice we have condemned it to be.

Both actions are required in the strategy of damage control that the process of deterioration of our position demands. Indeed, today the most powerful cluster of developed countries is imposing its iron-fisted domination over the world's economic life. The philosophy of cooperation has been abandoned, and the project of the new world economic order, formally repudiated. It is they who are now going on the offensive, taking back the few concessions they had made to the developing countries and demanding now the opening of their markets, "rationalized" concessions, and lopsided adjustments. While they assume all the roles of the division of labor without allocating to us any other role than that of the market, they gradually wipe out our competitive advantages by technological advances or arbitrary decisions of force.

And this same intent, of sharing neither power nor wealth, leads also to the shift from the multilateral scheme of international relations, in which we medium-sized and small

The problem of the debt takes on an especially grave meaning, because, on top of the devastating consequences to the economies of a great majority of developing countries, there is added a grave impact on the sovereignty and consequently on the independence of our nations, and this threatens to become the new form of colonialism.

countries find a certain protection, toward bilateral negotiations in which the weight of political, economic, or military might can be imposed without the annoying interference of international tribunals.

In these circumstances, the problem of the debt, in itself so important and overriding, takes on an especially grave meaning, because, on top of the devastating consequences to the economies of a great majority of developing countries, there is added a grave impact on the sovereignty and consequently on the independence of our nations, and this threatens to become the new form of colonialism.

Documentation

Excerpts from the draft declaration of the ministers of foreign affairs of the Group of 77:

... 3. The Ministers agreed with the assessment of the world economic situation made by the Ministerial Meeting of the Non-Aligned countries held at Luanda in September 1985, and welcomed the recommendations and initiatives adopted at that meeting.

4. Taking into account the increasingly interdependent character of global economic relations, the Ministers expressed their deep concern at the continuing decline in multilateralism and urged all governments to recommit themselves to the strengthening of the multilateral framework for negotiations and international economic co-operation for development. . . .

11. The Ministers reiterated the importance of convening an international conference on money and finance for development with universal participation, as proposed by the Seventh Conference of Heads of State or Government of Non-

Aligned Countries and endorsed by the Group of 77 at its fifth ministerial meeting at Buenos Aires. . . .

13. a) The Ministers examined the issue of external debt of the developing countries and recognized that the problem was a direct consequence of the prevailing world economic environment reflective of the existing inequalities and unjust economic order. They expressed their profound concern over the debt crisis and the crushing debt-servicing burden of the developing countries, which had to be viewed in a global context and in terms of its negative impact on the development of the developing countries.

b) They emphasized that the problem of the external debt of developing countries could no longer be viewed in relation to its narrow technical aspects or its economic characteristics alone; it had assumed serious political and social dimensions, aggravated by the drastic impact of the imbalances in the international monetary, financial, and trading systems, and thus required political treatment and a global approach involving debtor developing countries and creditor developed countries, as well as international financial and banking institutions which all had a shared responsibility in the solution of the debt problem of developing countries. . . .

d) They stressed that developing countries had undertaken strenuous adjustment efforts demanded by the international financial and banking institutions, *inter alia*, through IMF conditionalities which had resulted in enormously high social and economic costs, unemployment and recession, and to the impairment of their capacity to grow and develop. . . .

25. The Ministers urged the Governments of creditor developed countries and international financial and banking institutions, in a spirit of shared responsibility, to engage with debtor developing countries in a political dialogue to jointly find a mutually agreed, equitable, and durable solution to the debt problem of developing countries. Such a solution should address, *inter alia*, the following:

a) Co-responsibility among the Governments of creditor developed countries and debtor developing countries, as well as among international financial and banking institutions;

b) Equity and equality among developed and developing countries in the distribution of the costs and the economic adjustment process, reinitiation of financing for development and lower interest rates, significantly improved access to markets, standstill and roll-back of protectionism, and stabilization of commodity markets, and fair and remunerative prices;

c) Limiting debt-servicing payments to a percentage of export earnings compatible with the development needs and the economic and social requirements of each country;

d) Stretching out of payment, grace, and consolidation periods;

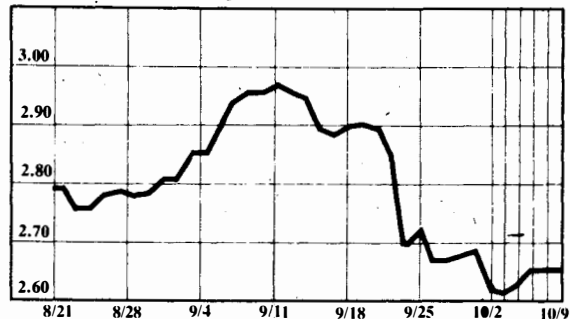
e) Easing of the conditionality applied, *inter alia*, by the IMF;

f) In particular, special treatment for the poorer and least-developed countries in the solution of their serious external debt problems. . . .

Currency Rates

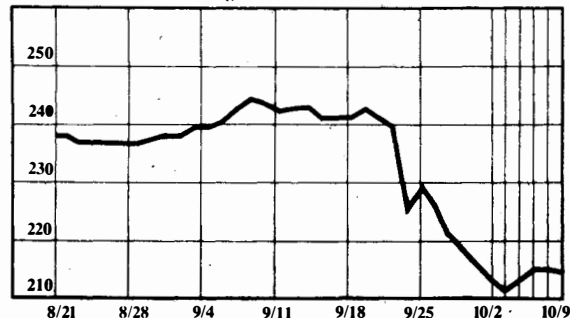
The dollar in deutschmarks

New York late afternoon fixing



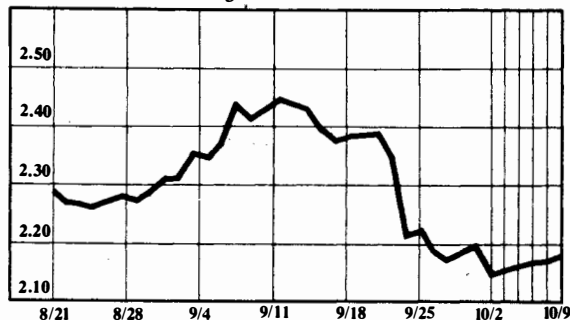
The dollar in yen

New York late afternoon fixing



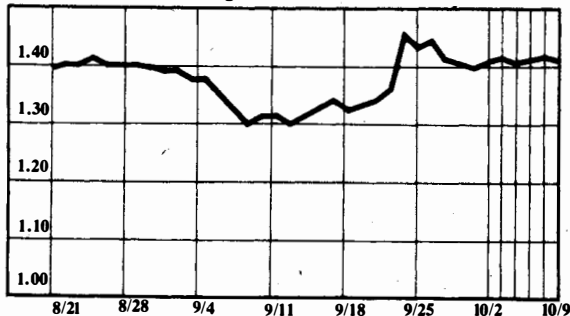
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing





Weakland

U.S. bishops' pastoral letter on the economy: an anti-Christian hoax

by Allen Douglas

Ever since Vatican II declared the episcopal office (that of the bishops) to derive its authority and continuity from the Apostles, as the Pope's derives from Christ through St. Peter, the U.S. bishops have been feeling their oats. Using what they feel to be their "sure charism of truth," the bishops have launched two major interventions into U.S. national political life in recent years: first, their 1983 pastoral letter on "peace" and now, their also much-publicized pastoral letter on Catholic Social Teaching and the U.S. Economy. It is difficult to tell which is the more evil, or the less Christian. But since the bishops, under the direction of the former chief of all the world's Benedictine abbots, Rembert Weakland, have embarked on a mass campaign to reorganize the U.S. economy on communalist, small-is-beautiful lines, coordinated at the top by the International Monetary Fund (IMF), some light must be shed on their activities.

Claiming Christian orthodoxy for their foray into economic matters, the bishops are at great pains to argue that the core of their prescriptions is both Biblically based, and within the mainstream of Catholic social action teachings. The argument is a fraud on both accounts. The central dictate regarding economic matters, reiterated in papal encyclicals over the years, is the famous command in the first chapter of Genesis, for man to "Be fruitful, and multiply and replenish the earth and subdue it." This command, for man created in God's image to participate in the ongoing process of God's Creation, has been the pivotal organizing principle of Judeo-Christian civilization for almost 2,000 years. It is consciously, repeatedly, degraded in the bishops' pastoral to that of "faithful stewardship . . . in a world of limited material resources." Apparently the only unlimited resource in this newly defined Creation, is the arrogance of the bishops.

The real tradition the bishops are carrying on in their pastoral, is that of a 19th-century oligarchical concoction smuggled into Christianity, known as *solidarism*. Proclaimed as a "third way," neither capitalism nor communism, solidarism's chief premise is that, since the (anti-progress) guilds of feudal society, which worked so nicely, are no longer with us, we must create "mediating structures" be-

tween the individual and the state, to protect the dignity and living standards of man from the evils of industrial capitalism. While one could hardly argue with the premise that liberal capitalism, of the Adam Smith, hedonistic variety, is evil, nor that communism, for suppressing the individual dignity and creativity of man, is also evil, the sleight-of-hand of solidarism, which purports to define a "common good" absent to either of the other two systems, is its (sometimes unspoken) "small is beautiful," communalist premises. The application of solidarist theory is shown in the works of solidarist-trained E. F. Schumacher, author of *Small is Beautiful*, or in that faction of the Social Democratic-associated German trade union movement today, which believes that all profit (and therefore all ability to reinvest in expanding the economy) is intrinsically evil. This tendency in German trade unionism, now closely allied with the Soviets, was founded in the 19th century by solidarist theoretician Bishop von Ketteler through his funding of Social Democratic Party founder Ferdinand LaSalle.

More deeply, solidarism was concocted to oppose the doctrine within Christianity expressed by the 15th century Cardinal Nicolaus of Cusa in his *Concordantia Catholica*. Cusa, the founder of modern physical science, laid the conceptual framework for a Christendom characterized by cooperating sovereign nation states, freeing the world from oligarchical-run feudal socialism, the socialism of feudal agriculture and urban guilds. This type of concord, embodied in the American System of "harmony of interests" of labor and capital, which threatened to spread worldwide in the 19th century, was the real target of solidarism, not Adam Smith's capitalism or Karl Marx's communism.

Likewise, the alleged opposition to the bishops' letter, the Lay Commission on the Pastoral Letter, led by the Jesuitical Michael Novak and "AIDS rights" supporter, ex-Treasury Secretary Bill Simon, is in reality not opposed to the bishops, but to the nation-state operating to foster scientific progress (the American System), every bit as much as the bishops' letter itself.

The "new institutions of economic partnership" around

which the bishops recommend reorganizing the U.S. economy are standard for solidarist doctrine: "sharing by workers in the profits of an enterprise; enabling employees to become owners of stock in the companies for which they work; granting employees greater initiative to improve the quality of work; cooperative ownership by the workers," with an overall focus on "self-help programs for the poor" and "job creation for the poor."

But local control is not all the bishops have in mind. "Our public policy . . . should also work to strengthen those international financial institutions that can stabilize the international monetary system and directly contribute to meeting the basic needs of the poor of the world. . . ." At a time when those "international financial institutions," led by the IMF, have already killed more people worldwide than Hitler ever dreamed of, the bishops, in their infinite concern for the poor, call for precisely *those* institutions to be strengthened. Indeed, their prescriptions for the ravaged developing sector are almost identical, even in jargon, with the IMF's: "Progress toward development will require Third World governments to curtail spending on inefficient public enterprises, to reduce borrowing, to streamline bureaucracies, and to take very difficult steps toward empowering their people."

As a worldwide movement against the genocide of the IMF grows daily, Weakland is now making noises of "concern" about IMF conditionalities. Yet his crocodile tears for the nations being ruined by the IMF is simply one more fraud. The letter is characterized throughout by ranting against the institution of the nation-state, crushing the sovereignty of which is the major intention of the "international institutions": "Creation by God and recreation in Christ make us realize that the commonality we share with people of other nations is more basic than the barriers national borders create. A true Biblical vision of the human condition relativizes the claims of any state or government of total allegiance." While the German poet Friedrich Schiller proclaimed a true republican to be "both a patriot and a world-citizen," the sophistry of Weakland and his cronies aims to create a "biblical" acquiescence in the destruction of the nation state of the United States, first through their disarmament pastoral, and now through attacking what is left of the U.S. economy.

While the "claims of allegiance" go to the IMF and other supranational institutions at the top, the bishops point to their own 15-year-old Campaign for Human Development as the model for "claims of allegiance" on the bottom. "Though small, the Campaign for Human Development has achieved much in its efforts to empower the powerless. It provides a model that we think sets a high standard for similar efforts, especially in its support for new cooperative ventures." This operation, founded by two priests who were trainees and co-thinkers of the late Saul Alinsky, notorious for the creation of such local "self-help" and "empowerment" units as Chicago's black urban gangs, is recommended as the model

vehicle for pouring funds into. Never mind the \$1 trillion infrastructure collapse in the United States, the disappearance of machine tools and heavy industry, the ruin of energy production, the vanishing of the productive owner-operator farms. There is to be no credit flowing into production, but as is already happening in the nation's former steel belt in Pittsburgh and Ohio, workers are to be organized into Alinskyite self-help operations and encouraged to buy up collapsing plants, speeding themselves up in a vain attempt to keep industries afloat which the IMF has already consigned to oblivion.

'Insurance companies and priests'

Several years ago, Orio Giarini, the chief economist for the Venetian-Swiss reinsurance cartels as well as the genocidal Club of Rome, predicted that the emerging post-industrial "world will be run by the insurance companies and the priests." What the American bishops are doing, underneath the whited sepulchres of their "solidarity with the poor," is precisely what their solidarist forebears did: attempting to give an ideological, a "religious," basis, for a social structure run by the oligarchical families through their family funds, the single biggest pool of which are the reinsurance cartels. Not surprisingly, the bishops' letter on the economy was dreamed up in 1980 by Auxiliary Bishop Peter Rosazza of Hartford, Connecticut, a frequent "dialogue partner" of the insurance companies headquartered in his diocese. These companies played a prominent role in the "consulting" process of the letter.

Needless to say, not everyone in the Church is happy with the "charisms" which Weakland and his cronies, the bishops, are exercising. In a recent article in the Jesuits' magazine, *America*, "Explaining Myself to Rome," Weakland attempts to argue that his adult life was shaped by the struggle against fascism. After discussing Mussolini and Hitler, he makes the astonishing statement that "By its very structure—hierarchical, that is,—the church can easily tend toward such fascistic traits," arguing that criticism from Rome against him is due to these "fascistic traits." Perhaps the good monk should be reminded that it was the flagship monastery of his own Benedictine order, St. John's Abbey of Collegeville, Minnesota, which served as the organizing base for a real live Nazi, Dom Bernhard Strasser, O.S.B., during and after World War II. According to declassified records of U.S. Military Intelligence, Dom Bernhard, whose brothers Otto and Gregor were key figures in helping Hitler to rise to power, was coordinating a far-flung "fascist international" from the Collegeville Abbey for deployment against the United States after the war. While agreeing with Hitler on essentials, Dom Bernhard noisily insisted that Hitler's fascism was not radical enough. What was needed, according to Dom Bernhard, was a *universal* fascism that would eliminate any vestige of nation states once and for all.

Moscow plays European Community corruption to advantage on meat sales

by William Engdahl

The largest corruption scandal since the creation of the European Community's Common Agriculture Policy (CAP) in 1962, broke when West German beef exporters exploded in anger over the terms of the Sept. 19 Brussels European Community Council of Ministers decision on the sale of an estimated 700,000 tons of beef which are expected to be in surplus this year.

The scandal points to a group around controversial French Communist Party financier, Jean Baptiste Doumeng, and also implicates the top level of officialdom in the European Community's Directorate-General VI of Agriculture, including immediate past general director Claude Villain. The scandal revolves around the rigging of the sale of at least 175,000 tons of prime surplus beef from the stores of France's Doumeng to provide Russian war economy stockpiles—at Western European taxpayers' expense.

West German and other European Community taxpayers in Italy, France, Britain, Belgium, Denmark, and Holland are giving the Red Army troops the best of West European beef at a price of 1.23 DM/kilo (\$0.20/lb.); German consumers pay an average of more than 12 DM/kilo (ca. \$2.00/lb.) for the same meat. Third World countries, where millions are starving, are forced to pay world market prices—if International Monetary Fund conditionalities allow them to import meat at all.

One West German industry-linked source revealed that a dirty deal was rigged in Brussels which guaranteed that only one company—Doumeng's Socopa—could sell the huge beef surplus, to only one potential buyer: Russia.

The red-meat mafia

"It's a commonly known fact that one mafia controls the sale of meat to the East bloc in Europe," a West German-based trader confided. "This is the mafia which has Jean Baptiste Doumeng at the center." Doumeng is the mysterious French billionaire who reportedly made his fortune through his favored links in the postwar period to Soviet KGB intelligence, and in particular to present Soviet strongman Mikhail Gorbachov and to Gorbachov's predecessor, Yuri Andropov, the longtime head of the KGB. Millions flowed to Doumeng and his export firm, Interagra, as a result of the KGB's specifying of terms of purchases which guaranteed a

lion's share to Doumeng's companies. As a result, Doumeng has built the single most powerful financial and industrial monopoly in French agriculture trading.

Systematically, since 1972, the European Community Council of Agriculture Ministers has increased price subsidies, termed the Orientation Price, for European Community beef by an average of 10% per year. This has created a situation where the European Community price is far higher than world market prices. As a result of byzantine European Community market support mechanisms and other factors, the European Community in recent years has produced some 600-700 thousand tons of surplus beyond European Community consumption. Regular volumes are sold to markets in North Africa and the Middle East countries. But Eastern European countries, especially the Soviets, are the largest single potential market for this surplus, especially with the drastic fall in Mideast oil revenues.

Under the bureaucratic regulations imposed from Brussels on export of European Community surplus agriculture, an export company must normally put up front a substantial deposit on its potential export sale. The European Community must have certified delivery of the surplus in the buyer country in order to receive European Community refund subsidy payment. During the period of up to 90 days of delivery and certification, the exporter must finance and insure the entire shipment.

How the deal was rigged

For the first time in European Community history, the European Community Council of Ministers, at the explicit urging of the Mitterrand government of France, voted on Sept. 19 to require a 75,000 ton *minimum shipment* size. In previous sales, according to informed industry sources, minimum volumes of 3-5,000 tons would have been considered very large. Many small- to medium-size meat exporters would be forced out of the export market because of the large deposit, insurance, and financing costs which must be put up before final refund and payment. Only large exporters can compete at the levels of 5,000 tons minimum.

The Sept. 19 Council of Ministers mandate of a *minimum order* of 75,000 tons, would apply to all surplus sales from the record 750,000 tons in storage. Under the Special Re-

game, they approved some 175,000 tons of surplus meat, from October 1985 through April 1986, to be sold in this special manner.

Perhaps most outrageous is the subsidized price of 1.23 DM at which the European Community sells its beef for this special export. European beef industry sources are stunned by the Brussels decision. One insider, intimate with the politics behind the present scandal, reports that the terms of the deal in Brussels were engineered by Claude Villain, the man who, until a few months ago, headed the secretariat of Division VI at the European Community which deals with Agriculture subsidies and export questions. Reliable reports indicate that Villain, a specialist in the byzantine regulations of the European Community agriculture bureaucracy, was personally responsible for the design of the Sept. 19 European Community decision.

What is most significant is that Villain, when he left Brussels, became general director of Socopa.

The official position of the West German beef exporters is, "We would rather that the European Community give the meat free of charge immediately, to countries in Africa and the developing sector desperately in need, than to do this. The European Community system of paying enormous storage and insurance fees to hold the stocks for up to 18 months, and then to give it to the Soviets at 1.23 DM/kilo" is unconscionable, according to their view. It is yet unclear why the German delegation in Brussels approved the 75,000 ton deal.

Socopa and Doumeng

Socopa, Société Générale Socopa, Paris, is France's, and Western Europe's largest meat cooperative. It is owned by a group which includes France's "King of Beef," Gilbert Salomon, and Jean Baptiste Doumeng, through his huge Interagra firm. Socopa is reliably reported to receive "secret" French government subsidies to allow it to capture select export markets, in strict violation of the Brussels European Community agreement. Such subsidies are especially aimed at securing monopoly on East European exports.

Doumeng also sits on the Board of the French state export insurance agency, Coface. Coface, according to industry sources, is the only such state export insurer which offers to cover 100% export risk at "insanely low rates" to the exporter. Because of the 75,000 ton minimum imposed by Villain's friends in Brussels, any potential exporter must be able to pay, beforehand, finance, deposit, and insurance costs of an estimated 11,000 DM/ton, or 827 million DM. This could be then tied up for months before he gets a penny in refund. Because of the Coface and Socopa combination, French communist financier Doumeng is presently the only man in Europe able to meet these requirements.

It can hardly be considered pure coincidence that the European Community export giveaway was timed just before the arrival of Soviet leader Mikhail Gorbachov in Paris, the first week of October. The European Community surplus sale comes as a windfall to further finance the Moscow-sponsored

takeover of the French state in the wake of the series of resignations over the "Greenpeace Affair," the ongoing scandal over alleged French military-intelligence involvement in sinking a nuclear-protest ship belonging to the Soviet-linked Greenpeace organization last July.

Because of the incestuous relation of Doumeng's meat exporter, Socopa, and the state agencies such as Coface, and now the Brussels complicity, Doumeng is theoretically able to sell his beef at premium prices to European Community stockpile surplus, rebuy it at immense profits, export it to Russia, and get back virtually the entire price of purchase, meaning profits of 200% or more.

Not surprisingly, when the Mitterrand government hosted Soviet leader Gorbachov, Jean Baptiste Doumeng was an honored guest at the state banquet. Doumeng personally arranged the 1966 visit of Gorbachov to France to inspect French agriculture, and has been an intimate of Gorbachov for at least 20 years.

EC subsidizes Russian war economy

This Soviet mafia is obviously dictating Brussels policy across-the-board on subsidized exports. At the end of 1984, a scandal broke when it leaked out in the press that the same Jean Baptiste Doumeng had manipulated to export 200,000 tons of European Community surplus butter to Moscow at similar "giveaway" prices of 1.35 DM/kilo. Now, there is evidence that Brussels plans a further huge giveaway to Russia of surplus European Community butter in storage. Exactly one week after the scandalous announcement of the "Great Russian Meat Robbery," European Community Commissioner for Agriculture, Frans Andriessen, told the European Parliament on Sept. 27, that the European Community is probably going to give another 200,000 tons of surplus butter from the more than 1 million tons in storage, to the Soviets. Jean Baptiste Doumeng is clearly waiting to collect his scandalous profits from this one as well.

Then, in the latest indication that there is a political "fix" between the Brussels Commission and Moscow, a kind of "Agricultural New Yalta," on Oct. 1, the Soviet Union, for the first time in ten years, confirmed that it would *not* honor its minimum purchase agreement for buying U.S. grain export. This comes as a political shock.

U.S. Agriculture Secretary John Block was in Moscow several weeks earlier to secure Russian affirmation of the grain agreement. Moscow has purchased 2.9 million tons of its agreed-upon 4 million ton minimum with the U.S.A. Now, Gorbachov dangles the enticing prospect of a huge market for European Community surplus grain export to the Soviet Union. In 1985, Russia imported a record 55 million tons of grain from the West, principally the United States. But, no hard-working European farmer who is not tied into the Moscow mafia of Jean Baptiste Doumeng, need get encouraged. The price for France's share of the Russian market is clearly intended to be total political capitulation to Soviet foreign policy. Is West Germany next?

California enacts 'workfare'

Single mothers are being put to work at slave-labor wages, and the unions are hopping mad.

On Sept. 26, President Reagan's home state of California passed legislation to establish the most far-reaching "workfare" program in the nation. The work-for-welfare law is the brainchild of California State Health and Welfare Secretary David B. Swoap, a longtime Reagan supporter who moved with the President from California to the nation's capital, where he rewrote much of federal welfare policy over the last five years.

According to the Oct. 3 *San Francisco Chronicle*, Swoap is the leading contender to replace outgoing U.S. Health and Human Services Secretary Margaret Heckler. Representative Silvio Conte (R-Mass.) told the *Chronicle*, after meeting with White House aides, that Swoap's role in pushing through the workfare program was a "remarkable achievement."

"A first-of-its-kind state law forcing most welfare recipients to seek jobs or job training will help California's poor take care of themselves while easing costs for taxpayers," Gov. George Deukmejian said, signing the bill into law. The legislation will affect an estimated 175,500 welfare recipients, mostly single women with children. It will require them to work for their government checks in return for increased child-care and transportation services. Women with children under age six will be exempt.

The legislation has been broadly denounced by trade unions, led by the American Federation of State, County, and Municipal Employees (AFSCME), whose October 1985 is-

ssue of *Public Employee* carries the front page headline, "Workfare: It Doesn't Work and It Isn't Fair."

AFSCME charges that "study after study has shown that workfare doesn't work—because it's administratively unworkable or because most people on welfare simply can't work because they are sick or disabled or have small children, or because there often aren't enough jobs to go around."

The California bill would affect roughly 32% of recipients of the Aid to Families with Dependent Children (AFDC) program.

The Reagan administration's backing for this bill, motivated by the President's misguided notion of "free enterprise," made possible an unprecedented coalition of "liberals" and "conservatives" in the state legislature to pass the bill. "We've done something that never has been done, and that is to bring the liberals and the conservatives together," Swoap told the *Washington Post* on Oct. 4. The bill passed by a broad majority in the Democratic-controlled legislature.

The "liberals" and "conservatives" backing this bill share the same Malthusian outlook that motivates the conditionality policies of the International Monetary Fund. The IMF forces the target nation to export such essentials as food and steel to pay the debt, as a condition for further loans. Both the IMF and the authors of workfare don the robe of righteous guardians of the public trust, "saving the taxpayer's dollar," demanding repayment of money "freely given."

Indeed, both are slave labor

schemes, designed by advocates of population reduction, whose only real concern is to wipe out of existence institutions like the trade unions, which stand in the way of their deindustrialization policies.

The New York case, the most advanced in the nation, proves that workfare is nothing but IMF austerity for the Third World come home to roost in the United States. New York City, which passed workfare in 1959, has pioneered in using workfare to recycle the workforce down from unionized, skilled labor into involuntary servants of the city's financial elite. Since the mid-'70s, New York has increasingly assigned workers from welfare rolls to fill vacancies in the public sector—vacancies which occur when city budgets can't cover necessary services.

AFSCME points to one case, Sam Chini, who worked in garbage collection until he was laid off three years ago. After six months on unemployment, and three months of welfare, he was put on workfare and sent to work in the same department he used to work in—only he earns the minimum wage and lost five years seniority. This situation is by no means an isolated occurrence.

The biggest, glaring fallacy behind workfare is the question, where do the jobs come from? There are only two possible sources: Either they are created in the public sector, which generates runaway inflation in the economy; or they are taken from somebody else. If they were created as a result of an expanding economy, workfare wouldn't be necessary, as full employment would occur by itself.

Swoap's role in passing the California law, rather than a ticket into the Reagan administration, should qualify him for a trial at Nuremberg.

Business Briefs

U.S. 'Recovery'

Collapse of employment in manufacturing

Approximately 338,000 manufacturing jobs have been lost in the United States since Jan. 1, 1985, including 110,000 in September alone, the Labor Department reported in October. The 110,000 loss in factory employment is the worst single month's decline since November 1982.

Additionally, the Labor Department reported that unemployment among blacks rose to 15.3%, from a reported 14% the previous month.

The Labor Department's reported 7.1% unemployment fails to include 1.2 million "discouraged workers," i.e., unemployed workers who supposedly have stopped looking for work, as well as other categories of unemployment.

International Finance

Ibero-American economic integration proposed

An Ibero-American currency has been proposed at the meeting of the Latin American Parliament, which began on Oct. 10 in Montevideo, Uruguay. The parliament's president, Argentine Sen. Luis León, said that the immediate tasks of the meeting of 100 legislators from 19 countries, were "to crystallize the Latin American Economic Community and try to give birth to a common Latin American currency" to facilitate increased trade within the region. "The central idea is to try with lots of imagination and political will to achieve integration."

Leon opened the conference with a call for the creation of a continental Central Bank. "We must elaborate the true integration of Latin America, leaving rhetoric behind, and creating a Central Bank which guarantees the financial discipline of our region." Capital for this institution could come from a "global, equivalent contribution," Leon noted, adding that the initiative would be further elaborated by "our executives, sup-

ported by our congresses."

In a related effort, finance ministers of the Andean Pact countries decided on Oct. 10 to raise the capital of the Andean Reserve Fund (FAR) by \$500 million. Representatives of Peru, Bolivia, Ecuador, Colombia, and Venezuela met in Seoul, South Korea, during the period of the IMF meeting there.

The Colombian spokesman declared that the expansion of the FAR is designed "to transform that institution into an international monetary fund." He said that the fund "could use the Andean peso as a regional monetary unit." The FAR is already giving more monetary support to countries in the Andean region than the IMF.

Mideast Oil

Price collapse destroys jobs

More than one million workers are being laid off in the Persian Gulf because of the crisis in the international oil market, according to a recent study conducted by the U.S. Central Intelligence Agency. Most of these foreign "guest workers" are being expelled immediately.

In a similar study by the International Labor Organization, it was revealed that, for the first time since 1948, there are more Palestinians coming back to the West Bank than leaving it. These are skilled workers, doctors, and engineers, who are being expelled from the Gulf countries. Egyptian officials quoted in the *New York Times* described this as one of the "most critical and explosive developments in our region's modern history."

Africa

South Africa proposes development bank

The Republic of South Africa's finance minister B.J. Du Plessis told the IMF meeting in Seoul that his government has given

"highest priority" to projects of the Development Bank of Southern Africa, which has almost doubled its commitments aimed at improving the living conditions of the poorest people in the region.

"If ever there was a time when man's morality should match his technology, it is now," Du Plessis said. "The challenge . . . lies in caring sufficiently to . . . materially assist developing nations on the road to sustainable growth."

The South African minister also denounced "opportunistic individual banks" whose "precipitate actions" have made the "international banking and monetary system more vulnerable than they have been in some time." He was referring, in particular, to the move at the end of August by Chase Manhattan and other U.S. banks to cut off short-term credit to South Africa. South Africa's response was to declare a four-month debt moratorium on Sept. 1.

The Invisible Hand

International fund for cocaine proposed

Vice-President Julio Garrett Aillon of Bolivia issued a call before the United National General Assembly on Oct. 8 for drug-consuming nations to create an international fund to purchase coca leaves from the developing countries. The drug-producing countries, such as Bolivia, cannot afford to give up the revenues from the drug trade, he said.

Approximately 75% of the official money supply is in the hands of the "drug-related" informal economy.

Garrett Aillon described his proposal as a "new, imaginative, and pragmatic" measure that would be "the most direct and immediate way of attacking the root of evil in the producing countries."

"An international control system would be established in this way without the peasant economy suffering," he said. He claimed that the government could not solve the economic crisis and also "fight the drug trade by itself as well."

The statement bears out *EIR's* warnings in the editorial of the Oct. 4, 1985 issue, that

Bolivia is being turned into the capital of the international drug mafia in South America.

Industry

Sweden phases out shipbuilding

Sweden is about to shut down the last of its shipbuilding facilities. Ten years ago, Swedish shipbuilding was exceeded in the world only by Japanese, and employed 33,000. Now, the jobs of the remaining 11,000 are threatened as Kockums of Malmö is reported on brink of shutting its doors.

No maritime nation has so greatly reduced its shipbuilding capacity so fast. This has all occurred under the blueprint of the socialist government of Prime Minister Olof Palme, which began a process of "asset-stripping" state enterprises, of which Kockums, arguably the world's most modern shipbuilding facility technologically, is the last to fall.

Sweden's share of world market fell from 10% in 1975 to less than 1% currently. In 1977, Gotaverken was transformed into making offshore rigs, while Kockums concentrated on building roll-on/roll-off container ships.

Shipping

Port of Houston grain exports slump

As the major port for the export of red winter wheat from the Midwest, the Port of Houston has been hard hit by the sharp decline in exported grain. Exports are down about 70% at the port so far this year. Rex Sherman, a special assistant at the American Association of Port Authorities in Washington, D.C., said the decline in grain exports is due to a drop in grain purchases by the Soviet Union: "If the Soviets have a good crop, there's not much you can do about it."

He said the Soviets failed this fiscal year,

for the first time in 10 years, to fully meet their obligation to buy wheat from the United States under a long-term grain agreement. Frank Hemenn, manager of the Cargill, Inc. grain elevator at the port, said: "There is no quick fix waiting around the corner. But ours is a cyclical business." Tonnage has fallen off 11% compared to the same period last year, including drops in certain types of crude oils imports and petrochemicals.

GATT

U.S. seeks to export post-industrial society

Reagan administration officials are using the forum of the General Agreement on Trade and Tariffs (GATT) to demand the export of the "post-industrial society" to the Third World. Senior officials are set to meet on Oct. 14 to plan a new round of GATT talks, to secure terms for expanding U.S. markets in the "service sector"—primarily banking, insurance, telecommunications, and electronics.

Third World countries, which are in need of basic industrial and agricultural infrastructure, have responded less than enthusiastically. Brazil, India, and Egypt, in particular, have argued against changing the orientation of GATT arrangements away from development of their goods-producing capabilities. Brazilian Trade Ambassador Paulo Nogueira Batista and Indian Commerce Secretary Prem Kumar said they had no objection to the setting up of an informal working group, but warned against false expectations. They insisted that any new rounds must be restricted to improving liberalization of trade in goods. Egyptian envoy Saad Alfarrargi warned that the inclusion of "alien themes" would split GATT and wreck its credibility.

"We have declared a truce, but we have not signed a final peace treaty," Nogueira Batista said.

U.S. GATT representative Peter Murphy retorted: "Brazil and India represent a minority view and we shouldn't focus on them so much."

Briefly

● **THE IMF** is offering Mexico \$300 million in emergency post-earthquake aid, according to IMF and Mexican officials in Seoul. This equals precisely 10 days of Mexican interest payments. Not a single banker has suggested that interest payments, which total \$13 billion a year, be redirected into reconstruction efforts.

● **LINCOLN LIFE**, the fourth largest life insurance company in the United States, told underwriters to determine if male applicants are "gay" or fall into the high risk group for AIDS. Lincoln Life prioritized single men living in New York, Los Angeles, San Francisco, and other cities. According to the American Council of Life Insurance, which contains 95% of all U.S. life insurance underwriters, this is now standard in the industry. Nine states already allow AIDS questions on insurance applications.

● **THE STATE** Administration of Exchange of China has announced that the new buy-sell range for the yuan is 299.33-300.83 to \$100 U.S. The yuan has been falling steadily over the last year, standing a year ago at 260 to \$100 U.S. One banker commented: "China has caused the yuan to fall because it wants to increase exports and cut imports."

● **DESPITE BRITISH** expectations of massive trade deals with the Soviet Union, promised by Mikhail Gorbachov during his December 1984 visit with Margaret Thatcher, the Soviets have dropped the U.K. and signed with Yamaha of Japan their first large-scale contract to provide 4,000 micro-computers and printers. Moscow claims it wants to use the units in its 150,000 state schools. A secret deal by the British ICI to build a computer production factory in the Soviet Union was blown by a press leak last January.

Foes of laser defense are caught lying again

Paul Gallagher analyzes the latest fraud cooked up by the congressional Office of Technology Assessment.

On Sept. 27 a Strategic Defense Initiative laser, ground-based in Hawaii, hit and tracked a missile 700 miles up in space, passing through the Earth's atmosphere without distortion or loss of power. So much for the congressional Office of Technology Assessment (OTA), which released in September yet another report attempting to debunk the SDI. This year's OTA evaluation of "Ballistic Missile Defense Technologies" was lucky in one respect, at least: It did not reassert the claim of last year's version, that lasers could not propagate through the atmosphere into space.

Even Capitol Hill's propaganda outlets do not work with quite the license of those in Moscow.

The OTA's new pronouncements are discredited merely by comparing them with its 1984 report of the same title, by Ashton Carter of the Massachusetts Institute of Technology. *All of the major lying claims against the technological feasibility of ABM defenses contained in Carter's 1984 review have been dropped from the 1985 report, with one partial exception—retracted because they have been demonstrated to be untrue.*

EIR refuted the Ashton Carter study point by point, in an Oct. 8, 1984 article headlined, "OTA Report Is Riddled With Errors." We analyzed the OTA's 12 false claims: that the Soviets will use fake silos to elude beam weapon tracking; that the Soviets can easily harden and protect their missiles against beam weapons; that testing of a beam weapon system is impossible in peacetime; that missile targets are invisible at great distances; that very large numbers of orbiting beam weapons would be needed to stop a Soviet missile launch; that x-ray laser beams cannot penetrate the atmosphere; that x-ray laser beams cannot be focused optically; that fast-burning boosters cannot be intercepted; that sensors cannot find post-boost vehicles after the booster burns out; that the disruption effects of beams upon missiles are unknown; that beam weapons cannot defend against submarine-launched, intermediate-, or short-range ballistic missiles; that other

means of delivering nuclear bombs are invulnerable to anti-missile defenses; and that charged particle beams cannot propagate through the atmosphere or in a straight path through space.

Using national laboratory analyses and other independent evaluations of these claims, EIR demonstrated that each one was patently false.

In the 1985 OTA report, only one of these claims is repeated in any form! Seven are admitted, explicitly or implicitly, to have been disproven, including the most important claims having to do with the number of beam weapons required, the ability to test them, etc. *Only one claim, concerning x-ray laser penetration of the atmosphere, is reasserted in any way, and this is watered down, to say merely that "there are natural limits to the propagation of x-ray lasers through the atmosphere."*

Dr. Carter is, mercifully, not listed in the group that produced this year's OTA report. The rush of technological advances in laser, particle beam, and other accelerator technologies has discredited his February 1984 fiasco within a single year, making it obvious that anti-missile defense *will* work.

So the SDI's opponents have adopted a new line, that anti-missile defenses are feasible indeed, but destabilizing, and may cause World War III. This has come simultaneously from three quarters: from the Russians to the Union of Concerned Scientists; from the Union of Concerned Scientists to the "objective" OTA; from the OTA to Rep. Les Aspin (D-Wisc.). The Project Director of the latest OTA report is Thomas Karas, a former active member of the Union of Concerned Scientists, which cooks up the anti-SDI propaganda for OTA, Aspin, and others. UCS leans heavily, in turn, on the tarnished military-science credibility of Dr. Hans Bethe, whose habit of debunking scientific weapons breakthroughs which he opposes for political reasons, has become well known.

This anti-SDI resistance front, closely linked to the re-emerging Zbigniew Brzezinski and the Trilateral Commission, does not hope to get President Reagan to drop the SDI or to bargain it away at Geneva. It is mobilized to make him "flinch" under Soviet pressure and *limit* the SDI, at least for the foreseeable future, to defense of U.S. strategic missile sites, rather than the entire area and populations of the United States and its allies. This they call "minimally effective ABM defense." All critics—except the Russians—have now miraculously become believers in it! Reagan's potential vulnerability to such pressures lies in his ideological acceptance of the austerity and budget-cutting drive, which is destroying the U.S. defense budget and ruling out an SDI crash program.

Should the President accept "minimally effective ABM defense," the U.S.-European alliance will split apart, as Soviet General Secretary Gorbachov intends with his "50% arms reduction" summit offer. A minimal ABM program would leave Europe on its own militarily, decoupling the United States from the defense of its allies, as Brzezinski, Aspin, Sen. Sam Nunn (D-Ga.), and Henry Kissinger desire. To Aspin and Brzezinski, the SDI has nothing to do with actual defense of the Western alliance; it is a subcategory of "conflict and crisis instability."

But to any competent strategic planner, the required

breakthroughs on the SDI are a matter of science and technology—and funds. Contrary to the White House's stated policy since 1983, the SDI is vulnerable to the Soviet mobilization to suppress it, because its funding has been held far below its potential technological pace.

Consider, for example, the significance of the Sept. 27 ground-based laser test: A four-watt Argon chemical (violet light) laser, fired from Maui, Hawaii, hit and tracked a small sounding rocket far out in space, and, said an SDI spokesman, "the rocket carried sensors that told us . . . that the laser did not lose power through the atmosphere." Lt.-Gen. James Abrahamson, announcing the success in a Philadelphia speech, stated that SDI lasers would be tracking missiles at ranges of thousands of miles, by 1987. He also pointed, as he has repeatedly, to the explosive advances in the free electron laser technology for ground-based anti-missile lasers. Charles Stevens, Fusion Energy Foundation SDI expert, will demonstrate in next week's *EIR* that the free electron laser program alone could profitably consume the entire current SDI budget, on a crash program of testing high-power laser prototypes, at different frequencies to destroy different missile and hardening materials; this defensive layer could be deployed well before 1990.

The Defense Department believes that the Soviet Union

OTA's new lies cover up for last year's fraud

The congressional Office of Technology Assessment's 1984 study, "Directed Energy Missile Defense in Space—A Background Paper," by Ashton B. Carter, was a pastiche of fraudulent claims that the Strategic Defense Initiative could never work, on technical grounds. A year later, in the OTA's "Ballistic Missile Defense Technologies," by Thomas H. Karas, all but three of the lies have been retracted or silently buried. Those three are presented in a far more circumspect and ambiguous manner.

For example, the OTA no longer makes the absurd claim that on the order of 1,000 space-based lasers would be needed to defend against the existing Soviet missile fleet. But, while agreeing with the 100 satellite projections of Los Alamos and Lawrence Livermore National Labs, the OTA continues to claim that the cost of meeting any increased missile capability would be at least equal to that of the offensive increment. All serious studies show that defense can meet offensive buildups at a fraction of the cost.

Here are other lies from the 1984 study, compared to where the OTA stands now, and what the Defense Department and other advocates of the Strategic Defense Initiative maintain (Cf. *EIR*'s Oct. 9, 1984 cover story):

'Too many beams would be required'—OTA 1985: "It is not likely that defensive technologies could so outpace offensive developments as to allow for a comprehensive defense against ballistic missiles." *The Defense Department*: "The SDI research program is examining the feasibility of defenses against ballistic missiles that would be effective and also provide clear disincentives to efforts to counter them with additional offensive forces."

'X-ray lasers can't penetrate the atmosphere'—OTA 1985: "There are natural limits on the distance to which x-rays can propagate within the atmosphere." *Dr. Lowell Wood, Lawrence Livermore National Laboratory*: "No technically informed person has supported the assertion that x-ray laser beams cannot penetrate the Earth's atmosphere sufficiently deeply to destroy the next century's ICBM's."

'Fast-burn boosters can't be intercepted'—OTA 1985: "If boosters are developed which burn out in the atmosphere in 50 seconds or so . . . some boost-phase defensive techniques would be seriously compromised, if

Continued on next page

already operates at least two ground-based prototype lasers, capable of hitting and damaging U.S. satellites in orbit—requiring a higher power than those tested by the United States so far.

Threat of a first strike?

The precisely formulated new lie on the SDI says that the first deployment of effective anti-missile defenses by the United States will cause the paranoid Russians to conduct a preemptive first strike in order to get their missiles in before the United States strikes them. This line surfaced in the UCS house organ, *Bulletin of the Atomic Scientists*, in August, just at the completion of the semi-secret U.S. organizing tour by Moscow's Georgii Arbatov and other top KGB operatives. The article was by UCS's Dr. Gerald Marsh, who wrote: "An opponent would perceive the deployment of a capable ABM system not as a defensive move, but as a first-strike threat. . . . A moderately effective ABM system exhibits crisis instability." According to this logic, a "minimally effective" system, attempting only to protect U.S. land-based missile sites, does not exhibit such "crisis instability."

Representative Aspin, the Council on Foreign Relations member who orchestrated the killing of the MX missile program in Congress and was suddenly catapulted to the chair-

manship of the House Armed Services Committee earlier this year, claimed in an Oct. 1 press conference that the OTA report proved that the SDI could cause a Russian nuclear first strike, and called for Congress to scale down the SDI before voting it any more funds.

The threat of a Soviet first strike is real, but not for the reasons Aspen cites; indeed, a U.S. breakthrough in the SDI effort is the only sure way to prevent it. As the Department of Defense has recently demonstrated in a pamphlet on the Soviet anti-missile defense program (see article, page 26), a first strike is a matter of capability and force configuration, and only the Soviets have it. To conduct a disarming first strike requires warhead delivery capabilities able to destroy hardened missiles and other military targets, in sufficient numbers to put two to three warheads on each target and wipe out the adversary's ability to retaliate. The Soviet Union, at last count, possessed about 5,000 such targeted, silo-killing warheads, many more than the total number of hard targets for a first strike. The United States, by comparison, commands 900 such warheads (on Minuteman III missiles), far fewer than the number of hard targets on the Russian side. The Soviet "SDI," far larger than the U.S. program, is speedily developing the "guarantee" of the first strike capability the Soviets are already tempted to use.

Continued from previous page

not rendered unworkable. These are the particle beam, and, probably, the x-ray laser, both of which might not penetrate to the required altitude without losing the ability to kill." *Los Alamos refutation of the OTA 1984 study is still applicable*: "The supposed fundamental limit on x-ray lasers is simply incorrect. . . . Neutral particle beams would have very high effectiveness against post-boost vehicles, which are heavily dependent on electronics and can stand little interruption in their function, and on re-entry vehicles, which are exposed for a very long time and very susceptible to particle beam effects in mid-course. . . . The OTA's own analysis actually supports the conclusion that particle beams of modest brightness could have a major capability against MX-like ICBMs. The neglect of the neutral particle beam's unique mid-course capability is a fatal omission from the OTA's analysis."

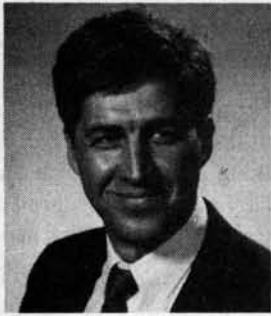
'There are other ways to deliver bombs'—OTA 1985: Circumvention . . . could take several forms. A heavy reliance on cruise missiles or other air-breathing delivery systems. . . . Depressed trajectory missiles launched from submarines. . . . The introduction of bombs into the United States by suitcases, commercial routes, or diplomatic pouches could be accomplished." *Los Alamos*:

"That BMD will not protect the U.S. from other means of delivery—is wrong. . . . The assertion that there are alternative schemes such as 'commercial air liners, ships, packing crates, and diplomatic pouches' is without merit. There are adequate techniques today for non-obtrusively monitoring the passage of nuclear materials in microscopic amounts, let alone the kilogram amounts in nuclear weapons."

More distortions

The OTA 1985 report repeats the error of the previous study in ignoring all phases other than the boost phase, after the missiles is launched. No detailed evaluation is given of post-boost-phase intercepts.

Further, in examining various methods by which beam weapons can destroy offensive nuclear weapons and their platforms, the OTA 1985 study makes the glaring omission of avoiding a discussion of electromagnetic pulses (EMP) and system-generated electromagnetic pulses (SGEMP). In the first place, x-ray lasers are quite effective in generating both of these effects, which can penetrate to any depth of the atmosphere. These kill mechanisms are particularly effective against precisely those offensive configurations which the 1985 OTA study claims demonstrate that defense won't work.



Interview: Gregory Canavan

SDI opponents' arguments contradict their own published reports

Dr. Gregory Canavan of Los Alamos National Laboratory, New Mexico, was interviewed on Aug. 22 at the fifth scientific conference on nuclear war at Erice, Italy, by Ralf Schauerhammer of the Fusion Energy Foundation and Paolo Raimondi of EIR. (Cf. EIR's coverage of the conference itself, Vol. 12, No. 35, Sept. 6, 1985, pp. 40-41.)

FEF/EIR: Recently, Hans Peter Dürr, one of the biggest opponents of the Strategic Defense Initiative program in Germany, wrote in the weekly *Der Spiegel* magazine what he considers to be the views of the supporters of the SDI. According to Dürr, SDI supporters are very stupid, because they want to move a large number of very heavy satellites into space, where they will only be easily destroyed by a potential offender using such simple means that it is the technical equivalent of throwing rocks.

You are, apparently, one of those "stupid" people who are in favor of the SDI. I would like to use the opportunity of this conference in Erice to ask you some questions. Why do you propose the SDI?

Dr. Canavan: First, I don't know Mr. Dürr and I am not familiar with the articles that he has written. I am, however, familiar with the arguments of the critics of strategic defense in the United States and I have been engaged in discussions with them ever since I participated in a study, called "The Defensive Technology Study," commissioned after the President's March 23, 1983 speech on strategic defense.

To my way of looking at it, the key issues associated with strategic defense fall into four main areas, of ascending order of difficulty both to understand and to quantify. The simplest level of discussion is the technical issue, the second is cost, the third is stability, and the fourth is morality.

The technical issue is the question: "Will it work?" The cost issue is: "Even if it works, is it affordable?" The third issue, stability, is: "Even if it works and is affordable, what would it imply for crisis stability, arms-race stability, or transitional stability, trying to move into a defensive world?" And then finally the issue of morality: "How would it change the morality of the strategic posture?"

Most of the debate in the United States has centered on the more mechanical issues—the first two issues, technical

feasibility and cost. It largely continues to center around them, although I believe that it is becoming increasingly clear to those who discussed the issues in the United States that these questions can be satisfactorily resolved in favor of strategic defense.

FEF/EIR: Can you explain to a European audience some facts about this debate, how it occurred? Who were the main opponents and proponents? What are the positions debated?

Dr. Canavan: There have been a large number of participants in the debate in the United States. The only participants who carried much weight on the first two issues, the technical feasibility and the cost issue, were groups called the Union of Concerned Scientists (UCS) and the Office of Technology Assessment (OTA).

About a year and a half ago, both of those groups produced reports very critical of strategic defense on a variety of issues, primarily, however, on technical feasibility and cost. The technical criticisms had to do with such things as the impossibility of scaling lasers to very high energy levels, the impossibility of producing particle beams of sufficiently high brightness, or the inability of communicating with the projectile systems to enable them to intercept successfully against fast-burn boosters.

There have been a number of discussions, debates, and correspondence back and forth, which were very lengthy and very intricate, but which have had the overall impact of satisfactorily answering the objections of the SDI opponents, to the point where they have shifted their arguments away from whether these concepts would work technically. If you listen to the chief spokesman for the Union of Concerned Scientists today, Dr. Hans Bethe, you will no longer see him arguing on the basis of simple physical arguments—such as the fact that the speed of light is finite or that the Earth is curved—that you can "prove" that strategic defense would not work. Now, he has shifted instead to the notion that perhaps the constellations of satellites would be so large as to be unattractive or cost too much.

FEF/EIR: Even there, some changes seem to be taking place in the assessments of these people.



Dr. Hans Bethe: He no longer argues that the SDI won't work, but now merely maintains that it is too expensive.

Dr. Canavan: There is a very interesting inconsistency which has developed in the discussions of these technical issues and cost issues. An example is the publication of a few months ago in the British science magazine *Nature*, of an article by Dr. Richard Garwin of IBM, who has been one of the prominent U.S. critics of strategic defense. In attempting to argue that strategic defense could be too complicated, Dr. Garwin actually demonstrated a number of factors which do not support his case.

Chief among them, I think, was that for the nominal conditions of performance goals of the Strategic Defense initiative within the U.S. Department of Defense—if one allows or assumes those performance parameters—that the constellation of defensive satellites required for strategic defense against a simultaneous launch of a very hardened, very advanced force of distributed missiles is not enormous. It is not in the hundreds of thousands. In Dr. Garwin's own calculations, the number of satellites required is under 80. . . .

A key issue in all of the argumentation over the last year on the extrapolations of the performance of the SDI to very hardened threats, had to do with how the constellation of defensive satellites scales with the number of missiles, or the way in which they burn out. The other report which I mentioned, the one by the Office of Technology Assessment, asserted flatly that the constellation size scales linearly to the threat.

It is amusing that Dr. Garwin's calculations scale in a

much more realistic way, roughly to the 0.6 power of the threat. This is much closer to the 0.5 or square root scaling that Los Alamos had produced in its initial comments on the OTA report at the time it came out last year. This is one of the inconsistencies that I was talking about, in which the critics of the SDI have now actually generally produced a large number of numerical results and estimates which support the favorable scaling of the SDI and contradict the statements of other critics of the SDI.

The most senior spokesman against the Strategic Defense Initiative in the United States is Dr. Hans Bethe. In reviewing a number of my reports over the last few months, he has now gone through calculations which corroborate the scaling that I had indicated as appropriate last year. Indeed, they show that had Dr. Bethe used a constellation altitude appropriate to the distributed threat of missiles, he would have gotten almost exactly the so-called square-root scaling that I put forward as appropriate for that case last year. The amusing thing is that now the principal spokesmen for the Union of Concerned Scientists have now produced results which broadly contradict those results which were defended by the Office of Technology Assessment of the U.S. Congress. These, amusingly enough, also contradict all the published reports of the Union of Concerned Scientists itself. . . .

FEF/EIR: Technological development will probably even improve the situation for defense. I was impressed by one of the presentations here in Erice, in which Dr. William Barletta from the Lawrence Livermore Laboratory explained how the free electron laser very rapidly developed from an exotic technology to one of the main candidates for the SDI. Is this a unique case, or can we expect more developments of this kind in the near term?

Dr. Canavan: I think that people are used now to the rapid pace of technology development. That some developments have caught people by surprise, is perhaps because not all this is discussed widely in the open literature. There have been some very impressive results.

There is a Lord Solly Zuckerman of Britain, who in a meeting a while back said to me that the thing that is wrong with strategic defense is that there is no new technology in it. As I was writing my letter to him after the meeting, I sat down and thought about the different technologies: lasers, particle beams, kinetic energy interceptors. I realized that all the technologies that we are talking about today—space chemical lasers, the ground-based lasers, the excimer and free electron lasers, the x-ray laser, neutral and charged particle beams and all of these non-nuclear-kill kinetic energy interceptors that are based on advanced sensors and computers—none of them had been really thought of at the time of the most recent debate on strategic defense in the United States, which was only 15 years ago. Everything that is subject to debate today has been invented in just the last 15 years.



NSIPS/Stuart Lewis

Dr. Richard Garwin: His own research demonstrates that his conclusions are wrong.

The free electron laser has made orders of magnitude of progress in just the last one or two years. The neutral particle beam, which is worked on at Los Alamos, has developed lately as a potential intercept platform and a discrimination platform, that is, a way of finding out which objects are real weapons and which are just balloons or surrogate targets, which has been a problem of classical difficulty. The most difficult problem in strategic defense has always been in eliminating non-serious targets, so that you do not waste your interceptors.

Tremendous strides have been made on discrimination with particle beams of impulse lasers. This also has happened in just the last two years. Since the "Defensive Technology Study," there are not only new technologies but also new insights on how to use these new technologies to solve traditional problems.

FEF/EIR: How does this technological progress reflect back to the economic effects of an SDI program?

Dr. Canavan: I think you have to break the economic effects down into two parts: the near-term and the long-term issues. The near term has to do with research; the long term with a possible deployment, which is being discussed, but is not now approved.

The near-term discussion over the SDI budget is very intense, but the amounts involved are not significant for a healthy economy. The budget of a few billion dollars a year

is large, but small compared to the defense budget of the United States, and does not have a direct, significant impact on the American economy. There is an indirect impact, and that is probably positive. Historically, the Department of Defense has been a very effective developer of technology, and it is to be anticipated that this would continue, and that the developments of new types of lasers, of particle generators, and, in particular, of computers, would have an enormous positive impact on the commercial economy.

As to the longer-term discussion about deployment, were it positive, we still do not have a major economic impact. If you take figures of the size that we have been talking about, even those estimated by the adversaries of strategic defense, you get numbers that appear to be only a few tens to hundreds of billions of dollars, which are figures less than, or at least comparative to, what would be spent over that period of a decade or so on alternative strategic concepts. I don't think that the dominant issue is economic, as long as reasonable cost goals for the strategic defensive concepts are met, as it now appears they could be.

FEF/EIR: There are several arguments brought up against the SDI, such as that it is immoral to build new weapons, or that one should not invest in new weapons while people are starving on Earth. Do you think that some of these arguments are valid?

Dr. Canavan: These are serious questions, but most of them are not unique to the SDI. They have to do with any sort of military expenditures, and there are always those who argue that no money should be spent on military technologies as long as there is hunger in the world. I would only point out that defense and freedom are also important values, as important in some ways as material wants. And the point I stress for Western democracies is that, even with their expenditures for defense, they have a much smaller proportion of material wants than do the totalitarian states from which they are attempting to protect themselves.

Sometimes these issues are amplified by connecting them with the issue of stability. There is a concern that there is not just a basic investment in testing and trying to deploy strategic defense, but that there is a possibility that we would get ourselves into an arms race, which would divert even further requirements from the unfortunate of our society. The numbers on the cost estimates we went through earlier, actually show the contrary. It has been pretty clearly explained by various spokesmen, perhaps most prominently by U.S. ambassador Paul Nitze, that if strategic defenses are cost-effective—that is, if it is more effective to develop defenses than to deploy further offenses—then one does not get into an offensive or defensive arms race. The net effect of the development and even the initial deployment of strategic defenses will be to give a positive incentive to both sides to reduce their offensive arms levels and, with them, their overall defense expenditures.

FEF/EIR: This sounds like a contradictory statement. Are you saying that the introduction of new weapons for strategic defense would reduce the number of weapons that will be deployed?

Dr. Canavan: It sounds contradictory, but let me back up a little and say a word to the seeming illogic of the offensive arms race. Over the last 40 years, we ourselves and the Soviet Union have observed that there is in fact a utility for strategic offensive weapons. And although it is hard to argue precisely what the utility of going ahead with the offensive arms race is, no one has ever had any difficulty perceiving the *disutility* of being behind in it.

And that generated, I would say, progressive pressure for upward levels of offensive arms. That is where we are today. The arms-control process has been unsuccessful, because of this positive upward incentive. If, on the other hand, you

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have an option of not really building more offensive systems, but building defensive systems, and if the defensive systems are less costly than the offensive systems which could offset them, then a rational economic decision is to build defensive systems.

As one starts to build defensive systems, there is also an unobvious, but real pressure to let down on offensive systems. After all, offensive systems are at that time less cost-effective even just to maintain. Therefore, one has an incentive to reduce those offensive systems. In particular, this is so if both sides are trying to build defensive systems.

If both sides have a defensive strategy, there is a positive incentive for both sides to reduce offensive weapons simply to minimize levels of defenses that are required for the defensive dominance. It sounds a little intricate, but the point is very simple. At the time it becomes cost-effective to switch from offensive systems to defensive systems, it also becomes

cost-effective to retire offensive systems, to maximize the impact of defense.

FEF/EIR: It is often stated that the American SDI program would automatically force the Soviet Union into aggressive opposition to defensive systems, force it to build even more missiles, and that there would be no way to go from the realm of Mutually Assured Destruction to that of Mutually Assured Survival. Is this true?

Dr. Canavan: In my experience, and I think in general experience, the Soviets are, despite their rhetoric, very logical in pursuing their arms programs. If defenses turn out to be more cost-effective than offenses, then, independent of their rhetoric, I think the Soviets will be inclined to build defenses.

The only situation in which they could be inclined to build further offensive rather than defensive systems would be one in which defensive systems were more expensive. This gives the definition for efficient defensive systems. Research work is being done on strategic defenses in the United States. Implicitly, part of that research is the exploration of what the costs of those defenses would be. In the United States, we have a very large Department of Defense, which spends most of its time in making decisions not to build things which are not cost-effective. If defenses turn out not to be cost-effective, I don't think they will ever seriously be proposed by the United States. Therefore the concern about the Soviets having a cost-ineffective defense to counter it is not a valid one.

FEF/EIR: In the meeting today, Dr. Edward Teller of the United States raised the question that the U.S. press has probably been more destructive to the SDI than the KGB, because of the massive disinformation that was funneled through the Western media on the matter of the SDI. What can you say to this?

Dr. Canavan: Dr. Teller is a very colorful fellow. He certainly has more experience with the American media than I have. One can try to guess what the motives of the press are. I don't have any particular insight into that.

The history of interaction has been that the critics of strategic defense have gotten along better with the press than the supporters and even neutral observers of the program. I do not attribute that to any particular bias of the press, although there are a lot of people who went through the previous ABM debate and who do have pre-formed opinions. My impression is that the critics received so much applause from the press because they very quickly organized, put out a series of reports, some by very senior scientists, with a number of very crisp arguments, like that strategic defense could not work because of the finite speed of light and because the Earth is curved. These were arguments that were simple, that were crisp, and that were *wrong*. But at that time, they seemed plausible and people could make good headlines of them.



NSIPS/Elisabeth Chambless

The critics of the SDI in the press made the headlines, but the supporters of the program were right. Here, a rally for strategic defense in Los Angeles in 1983.

The Department of Defense, because it is a big, slow-moving body, took a long, long time to put out a statement of its own. In addition, its arguments were not terribly direct and quotable. So the OTA report received headlines in the press, but I do not think that the DoD's rebuttal, which came out the following week, received coverage in papers outside of Washington, D.C.

Since the DoD process was fairly slow, some people who were interested, people like Dr. Teller or like myself, felt it necessary to get involved in some of the deliberations about defensive technologies, to think through technically what the arguments were and go out as private citizens or with laboratory publications and articles to try to argue these technical issues and put them to rest. . . .

FEF/EIR: Finally, I would also like to ask you what you think the SDI program means for Europe. There have been suspicions that the SDI might "decouple" Europe from the United States, by only shielding America and leaving Europe out.

Dr. Canavan: I think that not enough thought has been given to the impact of strategic defense on the theater. I personally had not given much thought to that, until a few months ago, when Dr. Fred Hoffmann, who had led the policy panel in response to the President's speech, asked me to address this particular issue. It was an issue which con-

cerned him: "What is the impact of strategic defense on the theater?" As I thought about it and worked through it, and wrote on the subject, I came to a series of conclusions, which were quite unconventional a few months ago, but which are becoming now much more widely accepted. I have written a paper on this subject, and it will be published by, I believe, the European-American Institute this fall in a book. Let me say what the conclusions were:

If strategic defense concepts are evaluated in terms of their applications as a theater adjunct to global strategic defense, you see several things. If one would develop a strategic defense and also try to use some of these same technologies to better defend the theater, you see that the limited threat and the selective Soviet objectives in the theater provide an attractive framework for the application of the concepts. That is, there is a rational engagement that you can understand how to fight, which tends to make the concepts a bit better. In addition, surprisingly to me, almost all of the concepts—the lasers, the particle beams, the missiles—are directly applicable in the theater generally, with significant advantages in performance and survivability.

Let me amplify on this. The performance has to do with the fact that, in the theater, it is very much more difficult for ballistic missiles to develop effective decoys or surrogate targets. In the intercontinental engagement, the principal problem with the mid-course phase of the engagement is the presence of large numbers of decoys for each real warhead that you need to intercept.

In the theater, none of the missiles like the SS-21, SS-22, SS-23 ever gets above the atmosphere; therefore, they cannot deploy effective decoys. So their interception is a fairly straightforward thing, with the non-nuclear concepts that have been developed and evaluated for strategic defense.

On the survivability issue, the main thing is that, even in Europe, with non-nuclear concepts, it is possible to disperse many of the interceptors over wide areas; it is possible to move them at times, so that the adversary does not know where to look for them and where to take them out. Many of the mid-range concepts could, moreover, be based either airborne or remotely, out of the theater, in part on a submarine, if you will. Therefore, it is the survivability [of the anti-missile weapons], which is the dominant issue; the strategic engagement is of much less importance for the theater interaction.

The third point that hit me is that the impact of defensive systems for the theater on stability is generally favorable; in particular, if they are evaluated in concert with global defense. This is a point that is quite confusing for a lot of people. People have a concern that as strategic defenses are evaluated, the United States and the Soviet Union might withdraw behind their strategic umbrellas and leave the Europeans very much out in the cold. Because of fundamental technical factors, which have to do with the performance of the different concepts, in actual point of fact, that would not be the case.

The theater probably would tend to be protected *first*, more so than even the U.S. homeland. The point is that strategic defenses, particularly space-based strategic defenses, tend to be very sensitive to the rate of attack, the missiles per unit time. Since the number of missiles in the theater is much smaller, by perhaps an order of magnitude than what is faced in an intercontinental engagement, what that means is that a concept that was just barely sized to handle the intercontinental engagement, would be oversized by a factor of 10 to handle the theater. Or, said another way, a system that was very marginal to handle the intercontinental engagement would be more than adequate to suppress ballistic missiles in the theater. And therefore the strategic umbrella actually would appear to be developed first over the theater.

FEF/EIR: Aren't the reaction-times much shorter, and isn't the battle management much more difficult in Europe?

Dr. Canavan: No, the burn-times for the theater missiles are not dramatically shorter than the boost times for strategic missiles. The time high up in the atmosphere, in which they are accessible, is quite adequate for engagement. The battle management problem is made complicated in the strategic engagement because of the need to handle a large number of objects, but this problem is much simplified in the theater.

There is a small auxiliary point that I should make with respect to the theater, and that is that should some concepts such as space-based lasers be available, those lasers could fire very far down into the atmosphere. Therefore, the presence of these lasers would not only suppress the delivery of nuclear weapons or conventional weapons by ballistic means, but they also could, given modest advances in the detection and the acquisition of air-breathing crafts, suppress cruise missiles and bombers before the delivery of either nuclear or non-nuclear ammunitions in the theater as well. So that is another bonus.

The fourth and final point is that it should not be overlooked that the deployment of global layered defense will have an unavoidable and beneficial impact on theater defenses. It must be evaluated whether theater defenses are to be deployed or not. That is to say that, even if strategic defenses were deployed, but there were no underlay of those defenses specified to the theater, the mere presence of that strategic overlay would have a profound impact on the way we would go about trying to defend Europe and the way the United States would try to perform its continuing role on the defense of Europe. It is extremely important to understand that interaction, whether or not strategic defenses are applied in the theater per se.

When you put all these things together, to me what that says is that there is tremendous importance in understanding better the application of strategic defense concepts to the theater; and in doing that evaluation I think there is no substitute for an involvement of the European allies in the SDI.

Documentation

Soviet strategic defense programs

The following are excerpts from Soviet Strategic Defense Programs, released jointly by the Departments of Defense and State in October 1985. The booklet demonstrates that the Soviet Union is ahead of the United States in strategic defense programs.

The Soviet emphasis on strategic defense is firmly grounded in Soviet military doctrine and strategy, which call for the following actions in the event of nuclear war:

- destruction and disruption of the West's nuclear-associated command, control, and communications;
- destruction or neutralization of as many of the West's nuclear weapons as possible on the ground or at sea before they could be launched;
- interception and destruction of surviving weapons—aircraft and missiles—before they reached their targets; and
- protection of the Party, the State, military forces, industrial infrastructure, and the essential working population against those weapons that survived attacks by Soviet offensive forces. . . .

Marshal V.D. Sokolovskiy, in *Military Strategy*—the basic Soviet strategic treatise, originally published in 1962—defined the aim of Soviet strategic defenses in this way: "They have the task of creating an invincible system for the defense of the entire country. . . . While, in the last war, it was sufficient to destroy 15-20 percent of the attacking air operation, now it is necessary to assure, essentially, 100 percent destruction of all attacking airplanes and missiles."

. . . The Krasnoyarsk radar is designed for ballistic missile detection and tracking, including ballistic missile early warning, and violates the 1972 ABM Treaty. It is not located within a 150-kilometer radius of the national capital (Moscow) as required of ABM radars, nor is it located on the periphery of the Soviet Union and pointed outward as required for early warning radars. It is 3,700 kilometers from Moscow and is situated some 750 kilometers from the nearest border—Mongolia. Moreover, it is oriented not toward that border, but across approximately 4,000 kilometers of Soviet territory to the northeast.

. . . The Soviets are also developing components of a new ABM system which apparently are designed to allow

them to construct individual ABM sites in a matter of months, rather than the years that are required for more traditional ABM systems. Soviet activities in this regard potentially violate the ABM Treaty's prohibition on the development of a mobile land-based ABM system or components. We estimate that by using these components, the Soviets could undertake rapidly-paced ABM deployments to strengthen the defenses of Moscow and defend key targets in the western U.S.S.R. and east of the Urals by the early 1990s. . . .

In the late 1960s, in line with its long-standing emphasis on strategic defense, the Soviet Union initiated a substantial research program into advanced technologies for defense against ballistic missiles. That program covers many of the same technologies involved in the U.S. Strategic Defense Initiative, but represents a far greater investment of plant space, capital, and manpower.

Laser weapons

The U.S.S.R.'s laser program is much larger than U.S. efforts and involves over 10,000 scientists and engineers and more than a half dozen major research and development facilities and test ranges. . . . Facilities there are estimated to include several air defense lasers, a laser that may be capable of damaging some components of satellites in orbit, and a laser that could be used in feasibility testing for ballistic missile defense applications. A laser weapon program of the magnitude of the Soviet effort would cost roughly \$1 billion per year in the U.S.

. . . The Soviets are also aware of the military potential of visible and very short wave-length lasers. They are investigating excimer, free-electron, and x-ray lasers, and have been developing argon-ion lasers for over a decade. . . .

Unlike the U.S., the U.S.S.R. has now progressed in some cases beyond technology research. It already has ground-based lasers that could be used to interfere with U.S. satellites, and could have prototype space-based antisatellite laser weapons by the end of the decade. The Soviets could have prototypes for ground-based lasers for defense against ballistic missiles by the late 1980s, and could begin testing components for a large-scale deployment system in the early 1990s.

. . . In the 1960s, the U.S.S.R. developed an experimental "gun" that could shoot streams of particles of a heavy metal such as tungsten or molybdenum at speeds of nearly 25 kilometers per second in air and over 60 kilometers per second in a vacuum. . . .

Currently, the Soviets have nearly 12,000 SAM launchers at over 1,200 sites, 10,000 air defense radars, and more than 1,200 interceptor aircraft dedicated to strategic defense. An additional 2,800 interceptors assigned to Soviet Air Forces (SAF) could also be employed in strategic defense missions. In contrast, the U.S. has approximately 300 interceptor aircraft based in the U.S. dedicated to strategic defense, 118

strategic air defense warning radars, and no operational strategic surface-to-air missile launchers. These figure do not include tactical air defenses deployed by NATO and the Warsaw Pact in Europe. . . .

Passive defenses

Soviet military doctrine calls for passive defenses to act in conjunction with active forces to ensure the wartime survival and continuity of Soviet nuclear forces, leadership, military command and control units, war-related industrial production and services, the essential work force, and as much of the general population as possible. The U.S. passive defense effort is far smaller and more limited; it is no way comparable to the comprehensive Soviet program.

Physical hardening of military assets to make them more resistant to attack is an important passive defense technique. The U.S.S.R. has hardened its ICBM silos, launch facilities, and key command and control centers to an unprecedented degree. Much of today's U.S. retaliatory force would be ineffective against those hardened targets. . . .

Soviet leaders and managers at all levels of the government and Communist Party are provided hardened alternate command posts located well away from urban centers—in addition to many deep bunkers and blast shelters in Soviet cities. This comprehensive and redundant system, patterned after a similar system for the Soviet Armed Forces, provides hardened alternate facilities for more than 175,000 key party and government personnel throughout the U.S.S.R.

Elaborate plans have also been made for the full mobilization to the national economy in support of a war effort. Reserves of vital materials are maintained, many in hardened underground structures. Redundant industrial facilities are in active production. Industrial and other economic facilities have been equipped with blast shelters for the work force, and detailed procedures have been developed for the relocation of selected plants and equipment. . . .

On April 2, 1983, a month after the President's announcement of the Strategic Defense Initiative, a published letter signed by more than 200 senior Soviet scientists denouncing the initiative appeared in the *New York Times*. It is interesting and instructive to note that a number of the signatories have been instrumental in the development of both traditional and advanced ballistic missile defensive systems: Petr D. Grushin, Vladimir S. Semenikhin, Fedor V. Bunkin, Yevgeniy P. Velikhov, Vsevolod S. Avduyevskiy, Aleksandr M. Prokhorov, and Nikolay G. Basov. Velikhov, for example, was for several years the director of the Institute of Atomic Energy laboratories at Troitsk, where lasers for strategic and tactical applications are being developed. Avduyevskiy has long been involved with strategic weapons research and now has responsibility for a number of projects concerned with the military use of space, including a space-based laser weapon. . . .

The Greek Premier: A 'roman à clef'

We publish below the text of a mysterious manuscript, apparently the early, futuristic, literary attempts of an unknown aspiring writer. According to the person who passed on to us the mutilated document, it was originally found "somewhere near Qasr al-Nil, in Cairo," during the Christmas season of 1982, thus making the item clearly of the futuristic genre. Our occasional contributor, Phocion, deciphered the handwriting and considered the item of some literary merit, perhaps worthy of seeing the light of publicity. We publish it under the title supplied by the original manuscript.

The Greek Premier was shaken awake at 5:30 a.m. on Sept. 13, by coincidence a Friday, as the Athenian dawn was about to break. When he took the phone receiver from his sleepy aide's hands and said, softly, "Hello," he was answered, at the other end of the phone, by a highly excited Major-General St. Batzanakis of the Athens Region Security Police. The general spoke haltingly, with excited voice: "Mr. President, I am pleased to report the arrest, a few minutes ago, of three of the most dangerous terrorists in the realm, perhaps the masterminds of most terrorist activities in the country in the last 10 years. At least, they could most certainly lead us to the masterminds."

"For this you call me at this ungodly hour?" the Premier groaned unhappily.

"But, Mr. President," protested the general, "you didn't ask me for their names."

"Well?"

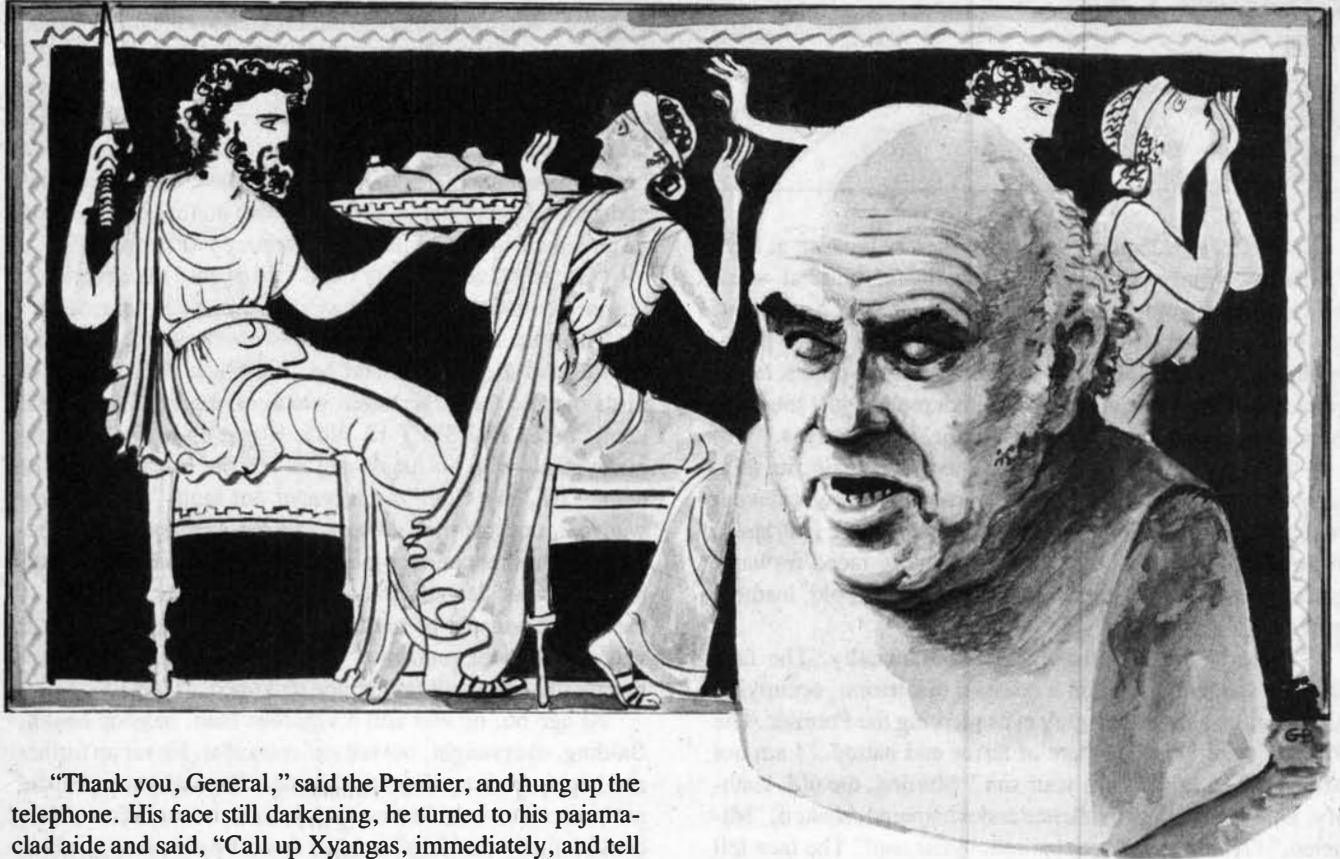
"They are: Theophile Bechtarakis, a Paris-educated mathematician, and George Sikelianos, the editor of the ultra-left magazine *Marxist Assembly*. . . ."

"General, I am going back to sleep."

"Mr. President, the third name is 'Dane Crystal.'"

The Premier's face suddenly tightened: "I see, General."

"I hope, Mr. President, that this success satisfies your request to tighten up the national security services."



"Thank you, General," said the Premier, and hung up the telephone. His face still darkening, he turned to his pajama-clad aide and said, "Call up Xyangas, immediately, and tell him that 'Dane Crystal' has just been arrested by the cops." "Xyangas is on the other line," the aide said, "and he says he is fully informed and there is no reason to worry, 'Dane Crystal' is too scared to talk, everything is under control."

"Let me talk to him," the Premier said.

"He just hung up," replied the aide. "He said he is driving down to KYP headquarters, just in case."

Raphael Xyangas was the Premier's private secretary and his national security coordinator, in charge of liaison with the KYP, Greece's Central Intelligence Service. Xyangas and the Premier went way back together, to the 1960s, when they shared political exile. When the Premier became the statutory head of the KYP, he appointed Xyangas to run the day-to-day activities of the service. In their earlier years, the two of them had shared adventures and bottles of scotch with the legendary "Pablo." The Premier trusted Xyangas.

The Premier was exhausted and drowsy. A terrible headache was banging at his temples and his tongue felt swollen and dry. It was only 5:45 and he had gone to bed just three hours earlier. He had been working late into the night with Xyangas and the deputy defense minister, bearer of the ludicrous name Johnny Cool, pouring over the "Bokhan list," gulping down large measures of scotch and smoking heavily. Xyangas had brought the "Bokhan list" a few hours earlier from Colonel Dyslexakis, who had just received it from his regular CIA liaison. It included seven names and a promise

of more to follow. These were names of Greek nationals operating as spies for the GRU, according to information supplied to the CIA by the captive Sergei Bokhan (Col. Sergei Bokhan, the Premier corrected himself), now undergoing extensive debriefings in a farmhouse in southern Virginia, U.S.A. Xyangas had known Bokhan prior to the latter's mysterious disappearance on May 25 from the Athenian scene. The plump first secretary of the Soviet embassy in Athens was known for his enthusiasm for fast cars and fast boys. He was also an expert on Cyprus, the Premier's favorite topic. Colonel Dyslexakis of KYP, another Cyprus aficionado, was rumored to have known Bokhan from wild escapades in Cyprus.

"My Dyslexakis!" mused the Premier, his affection mixed with fear. He thought of the "Bokhan list" again. Seven names. Four officers of the armed forces and three civilians. The senior civilian, a regional representative of the Premier's political party. All spying for the GRU. All fingered by the GRU's Bokhan. And the Americans promised to give more names. "Is this a promise or a threat?" the Premier wondered. Still, he couldn't stay awake any longer. He popped a couple of tranquilizers and turned off the light.

What followed might have been a living vision, had it not happened in deep, deep, sudden sleep.

Chapter One

Father!

A bitter, old, leathery face was intently looking at him. "Mineico, Mineeiiiiicooo," its cavernous, guttural voice howled, as if from an infinitely distant inferno. So distant, yet so deafening. It was a pale white face, of thick, thick, infinitely furrowed leather skin, three grotesque moles, large, proud, aquiline nose and no flesh underneath, just the large bones, bones that the Premier could feel with his eyes.

"MineeiiiiicoooOOOO," howled the face again, its thin, gray lips opening into a vast red cavern which grew to devour his entire field of vision. Then, an infinitely small, gray speck from the center of the red darkness, swifty raced forward, growing enormously into a replica of the bitter, old, leathery pale face.

"Father!" the Premier whispered frantically. The face stopped suddenly, fixed in a colossal dimension, occupying all space, its pale, hazel-gray eyes piercing the Premier. The Premier stared back, a stare of terror and hatred. "I am not Mineico," he said, "I am your son." Startled, the old, leathery, pale face looked in silence and whispered, shaken, "Mineico." "No!" the Premier barked, "your son!" The face fell silent, its furrows rearranging themselves into an expression of infinite sadness. The father's face began weeping quietly. The Premier looked on and on, for a long time, at the pathetic, weeping ancient face. Then, he repeated, harshly, "YOUR son!" The pathetic old face looked at his, plaintively, begging, at it slowly raised and thrust forward a pale, bony, long-fingered hand. "Say you have sinned. Ask my pardon. Kiss my hand," it pleaded softly. The Premier kept staring, silently, defiantly. "Say you have sinned. Ask my pardon. Kiss my hand," the weeping face repeated. More silence, more defiance.

"Say *hemarton!* to me," begged the desperate, old face, reverting to the soothing, ancestral language. Then, the Premier's body was overtaken by an infinite, mighty, convulsion of weeping. "*Hemarton, hemarton.* Forgive me father, for I have sinned," he whimpered and bent down to kiss the skeletal hand. Hot, soothing tears nourished the Premier's face, dripping down his nose as he continued to bend down, down toward the stretched, pale hand.

His burning, wet, and shivering lips were almost touching the cadaverous fingertips, when suddenly, the Premier's eyes dried into merciless cold steel. He sank his two sets of hateful, remorseless teeth, with fury, into the hand. The face howled in horror, not pain. The hateful jaws pressed on with wild joy, devouring the hand deep inside the mouth. The Premier, his head lowered to his waist level, could hear the

horrified howls of the father's face recede in the infinite distance. When silence fell, the Premier was startled by the taste in his mouth, for it was no longer the crusty, chalky taste of the cadaver's bones; it was warm blood and sinew and flesh and hairy skin stuck between his teeth. With new horror, he flashed his eyes upward and saw, towering above him, where Father's pale face should have been, the flesh-and-blood face of Pablo, looking down at him and the thing he had in his mouth, with a leery, triumphant laughter.

"Oh, my God! Oh, my God!" whispered the Premier in horror, opening his eyes and waking, soaked in cold sweat.

The fresh rays of September dawn were now bathing the Castle villa around him and he could hear the chirping of birds outside the large, open windows. He read the digital clock: 06:51 FRI SEPT 13 1985. He sat up in bed pressing his eyeballs with his hands and he felt the warm wetness of tears. "Oh, my God!" he repeated out loud, "the weeping was real, not just in the dream." He looked around the spacious, light-drenched room and he saw he was alone. Daisy, his wife, was sleeping in her own room at the other end of the villa. Suddenly he realized he was not sleepy or tired. It was as though the enormous weeping convulsion of his dream had washed away all fatigue, he reckoned.

At age 66, he was still a vigorous man, in good health. Balding, overweight, but tall and muscular. He sat up further and began thinking about the horror of the nightmare. He did not remember ever having had such a dream before. How could it then be so familiar? Are there dreams, really, which we see only once but we believe that they have always been with us? Thoughtfully, he began reviewing the old, long gone days, 26 years, 22 years, and 46 years ago.

When did it all start with Father? It must have been either one week before or one week after the assassination of President Kennedy in Dallas. In the November 1963 election, Father's Liberal Party had won a sweeping victory at the polls and Father was once again premier, but wishing to win an absolute parliamentary majority, he declared new elections for February 1964, while the immense wave of his popularity was still swelling in the land. On Jan. 2, 1964, the son visited the American embassy in Athens and declared that he was renouncing his American citizenship. The next day, he announced his candidacy for the Greek Parliament, to represent the Achaia district. The February election was a triumph and the son rode into Parliament on Father's coat-tails. Father was the premier. This time a premier on his own right, not appointed by the king, not imposed by the British embassy, but a premier riding the crest of an immense popular movement of his own making. And the son, despite his American citizenship, also a newly elected victorious Member of the Greek Parliament, representing the district of Achaia, the family's ancestral bailiwick. Back in 1964, father and son stood proudly next to each other at the campaign balcony, reviewing the triumph, acknowledging the popular acclaim, ready to take the nation's fortunes in their hands.



"Here I am, a prodigal, returned from Minnesota and from Berkeley, after 20 years of being an American citizen, now come repentant to Father's side, elected . . . to represent the district of Achaia. The ancestral Achaia of Pelops, the House of Atreus, where the wretched Thyestes had dinner made of his children's flesh and devoured them."

Yet, what had the son thought, during that moment of triumph? "Here I am, a prodigal, returned from Minnesota and from Berkeley, after 20 years of being an American citizen, steeped in the politics of the Boston foxes, now come repentant to Father's side, elected, by a wave of anti-Americanism, to represent the district of Achaia. The ancestral Achaia of Pelops, and the House of Atreus, where the wretched Thyestes had dinner made of his children's flesh and devoured them, thus starting the curse of the House of Atreus, the curse of Achaia."

"Would I have won in this election?" the Premier remembered having thought back then, when he was still only the son of the father, and the father, not he, was then premier. "Would I have won if I weren't his son? Would I have been a political leader on my own, without being the son of this all-devouring father?" He did not answer this question then, and still now, 21 years later, he did not dare answer it. "I hated you then, for it, and I hate you now," the Premier thought.

He wondered, though, if he really hated him as much as the horrible nightmare of a few minutes ago had suggested. Maybe. After that 1964 election, after the moment of triumph, the son went to work to prove himself against the father. He built a separate power bloc of 40 deputies, a wedge into the side of Father's almighty parliamentary majority. "The Son's Faction" was to have two existences. To the loving, remorseful Father, it was to be presented as the promising son's proof of growing political skill, in which Father should rightfully take pride, and which he should view as evidence that Father's life's work, the Movement, would be ably led and continue to thrive after he had passed on. In those days of 1963, Father, already in his 70s, was obsessively preoccupied with the posthumous continuation of his life's work, with the

matter of succession, continuity, and, above all, posterity.

Father's weakness for posterity became the son's weapon, which afforded him to build this faction under Father's prominent nose. But the son's design was not to become successor, but usurper. "And why shouldn't I have?" the Premier asked himself out loud, looking again at the digital watch. "The son-of-a-bitch never did anything for me. Shall we talk about Mineico, huh? Huh? Shall we?"

From 1963 to 1965, the son and his faction moved skillfully to take control of the government's greatest vulnerability at the time, foreign policy. The son asked Father to be given responsibility for the reorganization of the Central Intelligence Service, the KYP. He cited his extensive contacts with the CIA back in the United States, his intimate knowledge, via Pablo, of the Mediterranean "spook circuit," as qualifications for the assignment. It was a reasonable argument, as the KYP was, by statute, under the direct jurisdiction of the premier. Father knew he had to reorganize it in order to cleanse it of its right-wing, ultra-conservative, NATO-infected officialdom, his principal political rivals. What better assurance to the Americans and the other allies than his American-bred and American-connected son carrying out the changes? Of course it would have to be done quietly to avoid any charges of nepotism. But it would work.

So, it came to pass. The son gradually brought his own men into KYP. Some were his own acquaintances, others suggested to him by "Pablo," who was then in Algeria as Archbishop Makarios's "consul general," others suggested to him by his old friends in Boston and California. By the summer of 1964, the KYP was the son's, and the son was the KYP's. He then first met Dyslexakis. Also the others: Colonel Parapertos, Captain Louloukos, Captain Papagorgeopoulos, Captain Trombas, General Skotopoulos, and others. The entire Second Directorate of the KYP became the son's power base. Through it, he controlled the deployment of the Greek military contingent on strife-torn Cyprus. And there, the "great game" was played. The son broke the father's heart in Cyprus and there he destroyed him. Father may have later been buried in Athens, at the ancient cemetery, but he was slain, by the son, on the Cypriot shores, where the wily Lord Caradon had, inside the son's KYP, spawned the ASPIDA conspiracy.

"What does this ancient history of 1964 have to do with me now," the Premier asked, looking again at the digital watch still showing, FRI SEPT 13 1985. "That jackass Batzanakis said Dane Crystal has been arrested by the idiots at the Security Police!" The Premier suddenly shook out of his post-nightmare stupor. He was now ready for action, back in the real world of power—"and responsibility"—he added. Quickly, coolly, he calculated: "'Dane Crystal' is one of Colonel Dyslexakis's 'whores.' Dane Crystal knows some of our counterterror program and he must not talk. He also knows the 'G. Goat Vossis Ploy' and some things about Bokhan."

Chapter Two



The deputy director

“‘Dane Crystal’ and I, KYP, Bokhan, me again, the ‘G. Goat Vossis Ploy,’ Louloukos, G. Goat Vossis and the legendary Pablo, Bokhan and Cyprus, Makarios and Cyprus, Pablo and Makarios, Cyprus, it all goes back to Cyprus. . . .” mused Lt.-Col. John Dyslexakis as he sipped his bitter-heavy Turkish coffee from his favorite white, thick porcelain demitasse. This is the way he liked to think, stringing up names next to each other, each name laden with its own significances, memories, and emotions, his mind fitting the names together with connecting glues that only *his* mind would produce so inimitably.

The deputy director of the KYP was having his early morning coffee and glancing over the newspapers. Nothing of last night’s arrests had made it into the press yet, he noted with satisfaction. He knew his stoolpigeon “Dane Crystal” had been arrester by “Chickenhawk,” as he privately called Lieutenant General of the Hellenic Security Police Manuil Baskinakis. He had known for some time now that the arrest was coming. He also knew that the police general was arresting “Dane Crystal” merely in order to get at him, Dyslexakis. After all, “Dane Crystal” was his agent, “Dane Crystal” had been building a “legend,” on orders from KYP, of being a “terrorist” bomber, all over Athens, and, after all, it was the job of the Security Police to hunt down terrorists. “Dane Crystal” was the sucker whose whole handling had been designed to lead to this arrest, one day. The deputy director was amused at recalling how that flatfooted cop, that pimp and chickenhawk General Baskinakis, did manage to suspect that the whole wave of terrorism in the last nine years might be the work of the KYP, traceable back to the deputy director himself. And now, he fell for this “Dane Crystal” trap, as he was supposed to. The fallback strategy was simple: If and when the cops suspected the KYP of terrorist activities, they would be led to “Dane Crystal” and others like him. They would fixate on these decoys and investigate interminably all the tantalizing leads, all the clues inches away from proving their suspicions about the KYP. They would never get to anything because nothing was there, but they would be close enough to be obsessed for years. The real perpetrators were elsewhere.

So now, with “Dane Crystal” arrested, it was the Premier’s turn to sweat, the deputy director decided, fatalistically. He had to admit to himself, however, that this time, he was cutting it too close. Yet, he wasn’t really worried, be-

cause the Premier had no choice but to move to protect him. The deputy director thought of the hundreds of thousands of kilometers of magnetic tapes he had stashed away, containing the most devastating, incriminating, documentation involving the Premier’s person—the Premier working for foreign services; the Premier receiving bribes; the Premier in sexual escapades; with the Swedish woman; with the Canadian bodyguard. Also, secret conversations with “the Baker.” Deeply buried secrets involving the legendary “Pablo” and the “Curriel circuit.”

But the tapes were not only for the Premier, because the deputy director had also extensively covered the past lives of many other members of the Premier’s team. The “goods” on private secretary Xyangas were all right there on tape, and so were those pertaining to the deputy defense minister, Gen. Johnny Cool, to the minister of public order, to “Daisy,” to “Daisy” and the minister together, to a half dozen other ministers and three times as many deputy ministers and permanent secretaries, including that pathetic boy, the interior ministry’s general director Tsimbas, the “pinch,” who, in his younger days, couldn’t resist taking polaroid snapshots of himself training at the Al-Shaiqa terrorist training camp in Syria.

The deputy director felt an exhilarating sense of power surging up inside him. It came from the confident sense of knowing that with one simple telephone call, he could obliterate the entire first and second tier of his government. If not a phone call, then his untimely death, accidental or otherwise, had been arranged to produce the same results. The tapes had been programmed to be released in the appropriate manner. The Premier knew it and so did his principal collaborators.

However, the deputy director did have one worry: Apparently someone unknown, a mysterious person, was working against him. Since February of 1984, the deputy director began receiving reports that discreet inquiries were being made about his person in various odd places around the world. It first surfaced in Limassol, later, the mysterious inquiries started coming from London, Vienna, Durban, New York, Monte Carlo, Panama City. Matters became more serious when not only inquiries but also tiny little reports about his person started making the rounds in various gossip circles: Limassol again, and Prague, and Washington. He wondered why not London. But by now, his obsession was to find who it might be that was stalking him. All checks into the status of every one of his vulnerable and potentially vulnerable flanks produced negative results. Nobody he knew could possibly be behind this screening. But then, who was this discreet stalker? In his mind, the deputy director gave a name to his unknown enemy: The Predator.

His first break in this matter had come on May 24, 1985. One of the service’s informants, a Filipino whore working in the Troumba district in Piraeus, had passed on this two-sheet piece of Arabic handwriting. He had given it over for trans-

lation at the service and the result was astounding, for it was a memorandum about himself. When his people went to arrest the whore, she had disappeared; the search into her apartment produced another, larger, Arabic handwritten document, this time about the service, the KYP. This, he did not turn over to the service for translation, but gave it to one of his Lebanese friends, an arms trader named George. The deputy director was by now convinced that the Predator was deliberately slipping him the documents. Chances were not to be taken, however. Having retrieved both originals and all copies of the translations, he arranged for the KYP translator to die in a fatal traffic accident. The Lebanese, George, made headlines two days later, as he fell victim of assassination by "Libyan agents" who, after gunning him down at his home, vanished.

Chapter Three

About the KYP

The deputy director, having finished his coffee, was now looking at the sole existing copies of the two translations. He had burned the originals. Glancing attentively, he read over once again:

"About the KYP:"

"The Greek Central Intelligence Service, the KYP, is a rather laughable affair, whose justification for existence is not very clear to me.

"However, it has become worthy of note, since Dec. 23, 1975, when the CIA's Athens station chief Richard Welch was assassinated and the perpetrators never caught. From that date on, a considerable wave of terrorist activities took place in Greece, including 10 major domestic assassinations, 14 assassinations of foreigners, and over 250 bombings, until the date of this writing. Not one person has been arrested. Ineptitude, the most observable, striking, characteristic of the KYP, might be the explanation, were it not for an element which has been puzzling me, namely that each one of the major domestic assassinations was a well-timed removal of a critical personality, at a critical turning point of political events; and each assassination benefited not the assumed perpetrators, the totally fictitious, presumably 'anti-imperialist' 'N-17 Organization,' but rather the Trustees. The surgical precision of the political effects of all of these assassinations is impressive. The total failure to catch any perpetrators or to gain any knowledge of the 'N-17' terrorist organization, after 10 years of killings—this also is impressive.

"One of course must add to the 10 'terrorist executions' the twice as many accidental deaths of other crucial persons,

the timing of which had an equally precise and devastating political effect—also to the benefit of the Trustees. We are therefore faced with the ideal pair: an exceptionally refined and precise political assassination capability, side by side with an exceptionally inept and exceptionally laughable Central Intelligence Service. In no other country of the globe but in Greece has such a combination been observed since the Trustees began to move seriously, in 1966-67.

"Why has Colonel Dyslexakis so skillfully disseminated the self-deprecating designation of 'Inspector Clouseau' about his person?

"Syrian and Libyan intelligence are completely free to use Greek territory by agreement. Israeli intelligence also. The big leagues are, of course, all over the place. The best of the Trustees' field operatives from these sectors meet freely all over the 3,421 Aegean Islands, on Crete and Cyprus.

"I shall therefore attempt to identify exactly what the particular character of the KYP's 'ineptitude' is. What in the efficiency-oriented West is known as ineptitude, in the Levant has no application. The 'players' of Levantine cultural background, are not achievement-oriented. No 'objectives' are of any interest and there is no 'ineptitude' in achieving objectives. The play is the thing in the Levant, and beneath the play, the seething, hermetically concealed, secret world of memories, dreams, passions, and impulses of the players. To argue that the KYP has failed, as a service, to supply intelligence for the policy needs of its government, would be irrelevant. There *is* no policy and the government there, like in all the Levant, serves no policies. It serves the infernal, secret, needs of the Pit of the leading players. Break through the infinite care with which these passions have been concealed to resemble 'policies,' and you shall be able to pick up the threads.

"The KYP was founded in 1949 at the initiative of Thomas Karamessinis of the CIA (earlier, of the OSS), and its leadership, under General Natsinas, was all U.S.-trained. Its assigned mission had primarily been counterintelligence and protection of national security from foreign, communist, infiltration. As a result, over the years, the KYP became a very significant factor in domestic Greek politics, as the distinction between domestic dissidents and foreign agents was never clear in any statutory sense. The KYP often found itself competing for turf with the domestic Security Police, the branch formally assigned with suppression of internal enemies of the state.

"Rather than being an intelligence service providing for the information needs of the government (which in the case of Greece are both minimal and can be supplied courtesy of NATO), the KYP became an uncontrolled outfit of very low efficiency, total lack of professionalism, which, innocent of any sense of either purpose or competence, was free to roam and play the political game. Whenever a serious operation was required for United States or alliance interests, the KYP

was always a convenient and effective instrument. Although as a service it started as a United States client, over the years, British SIS influence grew, especially as the Cyprus crisis began exploding in the 1960s.

"KYP personnel number approximately 2,000, none of them distinguished for any professional proficiency other than an innate levantine capacity for intrigue—a traditional handicraft in this part of the globe. The top 200 ranks are, by statute, officers of the Armed Forces and the gendarmerie or the police. Of the remaining 1,800, approximately 300-400 are drawn from lower ranks of the armed services and the remaining 1,400-1,500 are civilians. In addition, it has a large number of agents and part-time informants, probably up to 10,000-15,000. Many of the KYP's past directors have complained that there are too many citizens who like to volunteer their services, information and gossip to the KYP. Historically, the communist and left parties are heavily infiltrated by KYP agents. As a result of this overabundance of informants, the KYP had, in the 1960s, compiled political dossiers for about 10 million individuals, out of a population of 8 million. They were compiling political dossiers for deceased citizens!"

"It has four directorates:

"First Directorate, Intelligence. Its principal source of acquiring intelligence about other nations of interest to Greece is by means of official information exchanges and reports of diplomatic attachés.

"Second Directorate, Counterintelligence, the "real" KYP. By far the largest directorate, politically the most active and meddlesome in manipulating domestic politics. Its assigned mission, per statute: 1) monitoring, identification, and neutralization of foreign espionage activities, 2) collection of data, in cooperation with other government agencies, pertaining to counterespionage, 3) cooperation with the intelligence services of other nations, 4) disinformation of hostile intelligence services, 5) conduct of operations for the purpose of neutralizing espionage targets.

"Notably, the currently controversial Colonel Dyslexakis is director of the Second Directorate. G. Goat Vossis's earlier manipulator in the 1971(?) to-1974 period was the then director of this directorate, Col. Constantine Daoudakis. The brains of the 1964-65 ASPIDA conspiracy was its then-director Colonel Parapertos. The ASPIDA conspiracy involved over 250 officers, among whose ranks were included almost all the officers serving in this directorate. . . ."

Each time the deputy director read the mysterious report, he stopped at this point. Why was the Predator focusing on the ASPIDA affair, and why did he seem to somehow connect ASPIDA with the G. Goat Vossis Ploy? If he knew that, he would learn something about how the Predator's mind worked.

The report continued:

"Approximately 80% (1,500-1,600) of all KYP person-

nel serve in this directorate. Virtually all of the service's informants are this directorate's assets.

"Third Directorate, Archive Maintenance.

"Fourth Directorate, Personnel and Administration.

"KYP has permanent regional offices in the following cities: Athens, Thessalonica, Yannina, Patras, Heraklion, Rhodes, Mytilene and Alexandroupolis. It also has temporary 'echelons' according to mission, in various other locations of the country. When the socialist government of the Premier was elected into office, in October 1981, the following reorganization was effected: An innocuous, and inoffensive, retired Lt. Gen. Gregg Pauletes was appointed chief. He is a trusted family friend of the deputy defense minister, Gen. Johnny Cool, and of the Premier. His virtue is that he doesn't know and doesn't wish to know, but will do anything the deputy defense minister and the Premier tell him to do. The post of deputy chief went to Brigadier Willi Grastis, a military incompetent who was retired by the junta, exiled himself to Italy during the Premier's years of exile, where he established contacts with the Propaganda-2 masonic lodge of Dr. Kissinger.

"As a result of Colonel Dyslexakis's intrigue, deputy director to head the Second Directorate was Brigadier Michael Deodatakis; chief of staff for the directorate was another non-entity, Brigadier Kallas. Dyslexakis himself picked the post of chief of the Security Section of the directorate, chief of the counterterror unit, and liaison with the CIA. It suddenly emerged that the 1981 hierarchical structure of the KYP was manufactured to be a mere buffer, composed of non-entities, which provided cover for Dyslexakis. The arrangement was made possible by Dyslexakis' mysterious hold over the Premier and the Premier's private secretary, Xyangas.

"The assassination of the ranking American intelligence officer in Athens, Captain Tsantes, took place in December of 1983, and immediately afterward, Colonel Dyslexakis, Xyangas, and the Premier moved to radically alter the public laws governing the KYP. According to our information at the time, Dyslexakis persuaded the Premier that without such a move and reorganization, the planned legal 'coup d'état' against the President of the Republic, Constantine Copronyomos, would be impossible. The new law was rammed through Feb. 7, 1984. Xyangas, within days, had 'Dane Crystal' appointed to the state-owned National Television Organization, with instructions to commence certain operations among journalists. Three weeks later, the KYP's Deputy Chief Brigadier Willi Grastis, was forced by Dyslexakis to resign.

"The remainder of 1984 unfolded with extraordinary developments. For the first time in memory, the Greek government prohibited the entry into the country of the CIA's deputy director, after repeated requests. A dramatic increase of terrorist bombings, targeting foreign embassies and domestic national institutions, maintained the center stage of public

attention. Dyslexakis appeared to be the person orchestrating the entire activity, which included the near assassination of the head of the opposition party. The KYP successfully orchestrated two fake military coup d'état threats and, with help from the CIA, thwarted a third one which was real. Dyslexakis's activities acquired a new element of intrigue when Igor Andropov arrived in Athens as Soviet ambassador.

"This particular campaign culminated with the assassination, on Feb. 21, 1985, of an intimate personal friend of President of the Republic Copronymos, a widely respected publisher named George Montferrat. Dyslexakis had arranged for delivery to President Copronymos of certain audiotape blackmail materials pertaining to his compromised role in the 1974 Cyprus invasion—at exactly the moment that his friend Montferrat was being felled by a hail of bullets. The affair resulted in the President's resignation, immediately followed by premature elections in which the Premier won by an artificially manufactured landslide.

"Immediately after the June 1985 election, Dyslexakis made himself deputy director of the KYP in charge of the Second Directorate, dismissing Brigadier Michael Deodaktakis. He also recalled from the embassy in Washington an Air Force brigadier nicknamed "Philip of Macedon," a fool under the influence of Leonard Boudin, back to Athens, and named him deputy director at large. General Pauletes, the innocuous, obedient chief of the service, remained as traffic manager of messages between Colonel Dyslexakis, the Premier's secretary Xyangas, and the deputy defense minister.

"Dyslexakis, the official permanent liaison with the CIA, elevated himself to near notoriety in the ranks of the service, approximately one week after the most interesting defection to the CIA, of GRU Col. Sergei Bokhan, who had operated under the cover of first secretary of Mr. Igor Andropov's embassy in Athens. What remains to be seen is what, if anything, Dyslexakis now intends to do with the KYP. So far, he appears to have had extraordinary success in creating, in the public's mind, the illusion of a formidable, invincible, clandestine terrorist organization which conducts spectacular bombing operations. Within the spectacular tensions of these bombing campaigns, Dyslexakis's agents and cut-outs carry out precise political assassinations. For example, the assassin of publisher Montferrat, according to our inquiry, turns out to be a psychotic but highly skilled murderer who was in jail awaiting execution of his death penalty. He accepted the contract to kill Montferrat on the promise that the death sentence would be waived. He is still alive and in jail.

"We must therefore pose the hypothesis that every single incident of terrorism in Greece, fatal or otherwise, from the Dec. 23, 1974 assassination of CIA station chief Richard Welch, to date, have been carried out, not by any clandestine terrorist organization, but either by KYP professionals or by other, non-service, commercial professionals under contract by Dyslexakis's KYP and allied foreign agencies. If this

hypothesis is eventually verified, further conclusions ought to be drawn respecting the Trustees and the Trust."

The deputy director finished his reading and once again puzzled over what this "Trust" and "the Trustees" business might be. They were a puzzle to him as big as the Predator himself. If this whole weird affair did in fact pose a threat to him, as he suspected, he would have to learn. Not only about the Predator, but also about the others. There is no enemy you cannot befriend—this is the only eternal truth the deputy director subscribed to, but he thought he had a problem now. Should he befriend the Predator or the Trustees, whoever either might be? Unless he learned who both were, he couldn't know which of the two was stronger, and therefore wouldn't know whom to befriend, and this would be a mistake. He was about to light a cigarette, when his train of thought was interrupted by the ringing of the telephone.

"Colonel," the voice said, "'Dane Crystal' is being held incommunicado at the Security Police headquarters."

"What do you mean, incommunicado?"

"Mr. Xyangas made three inquiries with the cops and all they told him was that it is now in the hands of the Public Inquest Authorities."

"The *who*?" the deputy director shouted.

"You heard me, Colonel. We shall be reading the text of 'Dane Crystal's' full testimony in the newspapers Monday. We have no access, and Mr. Xyangas has no access."

"Leave Xyangas out of it. What do our people inside police headquarters say?"

"No access. Baskinakis has them all marked and they are assigned to street duty for the week. It's sealed. Nobody knows what 'Dane Crystal' is saying."

"Tell our people in the press to start screaming about police brutality, charge that 'Dane Crystal' is being tortured, the works. Start now, and I am coming in. Tell Xyangas to wait right there," the deputy director said, and he got up to leave. In his hurry, he left behind, on the kitchen table, the Predator's other note, the one with the heading "Lt.-Col. John Dyslexakis." It was the sole existing copy, and it would not be there when he returned home that evening. His wife would find it, and keep it to herself, feigning ignorance.

Editors' note: There is a break in the mutilated manuscript at this point, and then the following two disjointed notes:

"... 'Dane Crystal,' in his official deposition 48 hours after his arrest, confessed that he was for at least eight years an agent of the KYP. . . .

"... Colonel John Dyslexakis and 'Dane Crystal' had been arrested together, and quickly released, by the Security Police in a routine anti-terror dragnet (in December 1984). . . ."

To be continued

Panama and Peru targeted by panicked U.S. bankers

by Valerie Rush

Both Panama and Peru, the nations leading the fight to defend economic national sovereignty against the drug-trafficking terrorists and their international banker friends, are being hit by a brazen campaign to overthrow their respective governments.

A "top secret" document prepared by Panamanian military intelligence and leaked to the international media on Oct. 8 charges that U.S. State Department officials, U.S. political figures, and members of the Panamanian "opposition," have put together a plan to create the conditions for a U.S. troop invasion to reestablish International Monetary Fund control over Panama. The plot is designed to overturn the new Panamanian President Eric Delvalle, who took office after the Fund's unpopular stooge, Nicolás Ardito Barletta, was forced to step down on from the presidency on Sept. 28.

According to a cable released by EFE wire service, "The document reports on a seditious scheme against institutional stability and the democratization process in the country, against the independent economic model proposed by Torrijismo [after the late nationalist leader of Panama, Omar Torrijos] and against Panamanian participation in the Contadora Group and an independent foreign policy. The document adds that the plot involves State Department encouragement of local opposition to create disorder, to culminate in a call for "intervention of forces capable of reimposing a 'new order,' a role to be carried out by U.S. troops stationed in the Canal Zone."

The Panamanian document charges that the conspiracy entails "isolating the Defense Forces with respect to the principal national sectors, to weaken its prestige and autonomy, with the final objective of turning it into a coercive instrument at the service of" the protagonists of the conspiracy. Further, the conspirators seek "to align Panama within the continental economic reordering proposed by the International Monetary Fund and World Bank, reorganizing the economic structures of the country for the benefit of the transnational corpora-

tions." The document concludes that the coup plot intends the "neutralization and collapse of the Contadora Group," through manipulation of Panama and "its military involvement" in Central America.

The loudest mouthpiece against Contadora (the alliance of Venezuela, Colombia, Mexico, and Panama for a regional solution in Central America) is Henry A. Kissinger. The ex-Secretary of State manipulates U.S. foreign policy in the Caribbean and South America on behalf of his Kissinger Associates' private clients in the world of international finance—the world of "dirty money" from drug-trafficking.

The document's information has apparently been taken seriously enough to warrant the convening of an emergency State Council meeting by Panama's President Delvalle. According to EFE, Panamanian authorities publicly charge that the conspiracy is being pushed by "certain U.S. State Department officials and some members of its embassy in Panama," probably including the U.S. ambassador to Panama, Everett Briggs.

The drumbeat for overthrow of the new Panamanian government and a return to IMF oversight has already begun to sound in the Eastern Establishment media. Immediately after Ardito Barletta resigned, the *New York Times* threatened editorially that "General Noriega should not underestimate this country's strategic interest in Panama's political future." Even more pointedly, the *Boston Globe*, voice of the U.S. financial "bluebloods," editorialized Oct. 5 that "Americans must back the forces of democracy . . . and bring maximum pressure on Noriega to end his sordid rule. This responsibility falls most heavily on the U.S. government. . . . The administration should suspend military aid. . . ."

Panamanians support Noriega

Panama is being hit with a wave of opposition demonstrations demanding the ouster of Defense Forces commander Gen. Manuel Noriega, the man who forced Ardito Barletta

to resign, for alleged complicity in the murder of terrorist Hugo Spadafora. Noriega had met with Peruvian President Alan García in early September to extend his support for García's anti-IMF initiatives, a statement of things to come in Panama.

Regarding the opposition protests, the Panamanian state council issued a declaration on Oct. 8 condemning certain groups which, "in open defiance of constitutional authorities, persist in the preparation and execution of a seditious plan to attack the government through the introduction of anarchy and violence." The Council pledged to take "all measures necessary" to preserve stability.

While the opposition, led by the professionals' association COCINA, gathered 20,000 on Oct. 9 to demand Noriega's head, the pro-government sectors of the population, including the CONATO labor organization, the PRD party and others, held a countermarch the next day in which 200,000 people rallied to express their approval of Ardito Barletta's abrupt departure from the presidency, and to dictate a new mandate for development and against the pro-drug austerity policies of the International Monetary Fund. One week earlier, the ruling PRD party had issued a document blaming Ardito Barletta's imposition of the Fund's despised austerity regimen for his overthrow.

Peru's García under the gun

Kissinger's heavy guns are still trained on Peruvian President Alan García, who continues to demonstrate how a developing sector nation can recover its national sovereignty and stand up to the Fund (see page 6).

Newsweek magazine, which speaks for the same Eastern Liberal Establishment as Kissinger does, conveyed no fewer than six death threats against the Peruvian President. In the Oct. 7 edition of *Newsweek's* Latin American edition, a feature story on García compares the Peruvian head of state to the assassinated former U.S. President, describing him as "the Kennedy of Latin America." The article goes on: "He is the hottest political star to emerge in Latin America since Perón—a comparison that some outsiders already find sobering."

Writes *Newsweek*, "In the end his activist course seems rash," and, citing an anonymous U.N. diplomat, "The history of Latin America is filled with the blood of those who tried to alter the system too energetically and too quickly." Yet another is cited, "the situation could boomerang against him." *Newsweek*, owned by *Washington Post* publisher and Liberal Establishment Katharine Graham, goes on: "The stakes in meeting these challenges are enormous, reaching far beyond García's personal safety." "Another fear is that left-wing rule will eventually spark a conservative backlash and, possibly, a military coup." Finally, notes *Newsweek*, "For García, the question is . . . whether he will fall victim to his own boldness."

Newsweek's comparison of Alan García to Argentina's Juan Perón—one of the continent's most slandered political figures—is not accidental. Peru's drug-legalization-promoting *Oiga* magazine has also attacked García for his similarity to the Argentine leader. Like Perón, García has taken on the responsibility of guaranteeing his nation's sovereignty and, in the process, has set an example for the entire Ibero-American continent. Also like Perón, he has defined a nationalist economic structure for his nation and has defied the International Monetary Fund.

García's meeting on Oct. 8 with Peronist leader Juan Gabriel Labaké suggests a basis to *Newsweek's* and *Oiga's* fears. After their lengthy meeting to discuss a project for continental economic and political integration, Labaké declared that "nobody since Perón has had such a courageous and lucid attitude as that of the Peruvian President."

Shining Path (*Sendero Luminoso*) guerrillas have been rampaging across Peru in recent weeks in an escalation of their declared war on the García government. On Oct. 7 alone, the 57th anniversary of the founding of the Peruvian Communist Party (PCP), Shining Path hit several parts of Lima at once, including two foreign firms, several banks and colleges, a high-tension electricity tower on the main highway, and five headquarters of the ruling APRA party. The toll was at least five dead, and millions in damages.

On Oct. 4, Shining Path prisoners at the Lurigancho prison set off a bloody riot to try to prevent official attempts to conduct a search of their wing of the prison, in anticipation of a possible escape attempt to coincide with the Oct. 7 Communist Party anniversary. When the republican guard arrived to carry out the search, they were met with a hail of molotov cocktails, and attacked with daggers and bows and arrows. When the riot was finally subdued, 30 prisoners were discovered to have been seized and burned alive by the Shining Path rioters. A full-scale arsenal was discovered in the terrorists' "bunker," and the Shining Path prisoners had actually built a cement wall separating their cells from the rest of the prison, with no one—including prison authorities and government officials—permitted to enter.

Perhaps most significant is the announcement of the Maoist "United Left" organization, led by pro-terrorist Javier Diez Canseco, declaring war on the García government under the name of "human rights." A paid United Left ad in the daily *La República*, denounces the APRA government for running a "dirty war," and calls for a nationwide mobilization and "plan of action" against García. The statement calls the Lurigancho raid a government-authorized "slaughter," and declares "full solidarity with the political prisoners."

The joining of the Peruvian left with Shining Path's violence can best be dubbed "Fidel Castro's revenge," in view of President García's success in stripping the anti-debt mantle from Castro and reducing him in the eyes of the continent to the opportunist that he is.

Second crisis in Middle East leaves pro-Western regimes in mortal danger

by Thierry Lalevée

Less than 10 days after a crisis in the traditional relations of friendship between the United States and Tunisia, a second crisis has been triggered between the United States and the other great friend of America in the region, Egypt. The two events appear to be different: an Israeli raid against the Palestine Liberation Organization (PLO) headquarters in Tunisia, and the American intercept of a 737 Egyptian Boeing carrying the four Palestinian terrorists who had hijacked the Italian *Achille Lauro* cruiser. However seemingly disparate, both episodes had the same aim: to drive the United States out of the region.

At the root of what can be described as an unfolding drama is Moscow's unchecked diplomatic offensive through the Middle East and Mediterranean region, and ominously growing signs of an Israeli-Soviet deal to cover the entire area. As revealed by the Israeli press, the Oct. 2 meeting between Soviet leader Mikhail Gorbachov and Israeli ambassador to Paris, Avaraham Sofer, was only the tip of the iceberg. Among the preparations for that meeting was the visit in September of World Jewish Council chairman Edgar Bronfman to Moscow, carrying Israel's official proposals. While Sofer was meeting with Gorbachov, discreet Israeli negotiators arrived in Paris to transmit concrete proposals to the Soviets. Based upon the resumption of diplomatic relations between the two countries, Israel offered Moscow a deal with Syria—an exchange of the Golan Heights for the West Bank.

How such a deal is to be implemented, remains to be worked out. However there is little doubt that it is sponsored by all of Israel's main political factions, right and left, and has direct bearing for the Middle East peace process in which the PLO's Yasser Arafat, Jordan's Hussein, Egypt's Mubarak, and America's Reagan have been involved. Not only are such peace initiatives obsolete in the framework of an Israel-Soviet deal—they are an obstacle. The aim of the deal is to wipe out Arafat, to end any further motion toward a peace settlement.

Washington has become a pawn in this game, so easy a prey to Israeli intelligence manipulations that the United States is immersed in policy contradictions from one day to the next. An example was President Reagan's de facto recognition of the PLO as a government-in-exile on Oct. 10 as, hours after the four terrorists surrendered; he told reporters that he ex-

pected the PLO to try and punish them—a function only a government can exercise. According to intelligence sources, the full meaning of Reagan's declaration was not lost on Israel and its friends in Washington. A few hours later and under extreme pressure, Reagan retracted his statement, saying that "I was mad. . . . I was thinking only in terms of revenge," before calling on the Egyptian authorities to hand over the Palestinian terrorists to authorities which could judge them. This statement managed to cast doubts not only on the PLO but on Egypt's ability to try the terrorists. Later the same night, he ordered the U.S. Sixth Fleet to intercept the plane carrying the terrorists.

What Reagan saw fit to describe later as a "slip of the tongue," has been in fact the crux of the fight within Washington and in the Middle East: Should the PLO announce the creation of a government-in-exile and seek worldwide recognition before sitting down to negotiate? PLO sources insist that Arafat, who is expected to speak later in October at the U.N. General Assembly, may just make that step. Others caution that the PLO chairman won't cross the Rubicon before having received serious indications that the United States is ready to dialogue with a joint Jordano-Palestinian delegation. The first test of such willingness, it is said, will be the American reaction after the first round of talks in London between the British foreign secretary, Sir Geoffrey Howe, and the two Palestinian West Bank representatives. To cross the Rubicon now, insist Palestinian sources, would imply for the PLO a definitive break with Damascus-based radical elements, and with their ally, Moscow, while it would not assure the PLO of U.S. recognition.

Washington is far from having sent encouraging signs. Key was its behavior toward Israel's raid against Tunisia, immediately approved by Reagan at the risk of rupturing U.S.-Tunisian relations. Only the Oct. 5 American decision to abstain at the U.N. Security Council, on a Tunisian-sponsored condemnation of Israel, avoided the worst: Had America vetoed the resolution, President Bourguiba was ready to announce a break in diplomatic relations between the two countries. Although that didn't occur, Tunisian Prime Minister Mzali stressed: "We now know that when America has to choose between us and Israel, it chooses Israel." Relations between the countries continue, but trust is just not there.

Furthermore, while President Reagan, in his Oct. 5 week-

ly radio address, praised Tunisian President Bourguiba, he again defended the Israeli raid, not once referring to the obvious fact that Tunisian sovereignty had been violated by Israel. As observers commented, in any normal world this would mean war between Israel and Tunisia, but this is no "normal world." Going further, a British diplomat was quoted commenting that the American approval of the raid meant that London would be justified "to bomb Dublin in retaliations for the operations of the IRA in Northern Ireland."

Such behavior left many friends of America stunned with disbelief, and has created a situation where most of them are being undermined and set up for overthrow. In the days following the Israeli raid, all of the Arab capitals were hit by anti-American demonstrations, more than anti-Israeli demonstrations. In Libya and Syria, this was a normal sight. In other places, like Cairo, these were organized by the secular and Islamic opposition, using anti-American ferment as a way of striking, again, at the government in power. In others, as in Tunisia, the government itself led peaceful demonstrations to express its anger, and prevent extremists from using the occasion.

The climate has been provided for the Muslim Brotherhood—the Islamic fanatics who engineered the Khomeini takeover in Iran and the assassination of Egypt's President Anwar Sadat—to mobilize throughout the region, with marching orders to strike at Israeli, Jews, and Americans whenever they can. On Oct. 5 an Egyptian soldier, later described as "mad," machine gunned seven Israeli tourists. On Oct. 8, a Tunisian policeman machinegunned several Tunisians around the Synagogue of the Island of Jerba, killing three, including two Tunisian Jews. Though the spotlight has been focused on Palestinian terrorism, Israeli retaliations, and counterretaliations, these two actions are ultimately more important.

If they go unchecked, it is the Tunisian, Egyptian, and other moderate Arab regimes whose survival will be at stake. Compared to a northern African region dominated by fundamentalists of the ilk of Qaddafi and worse, the present violence may begin to look like child's play. There may be very little time before the secular forces with whom a peace process can be developed either fall prey to the fundamentalist onslaught, or decide to join Moscow.

Trilateral plan: after Tunisia, Nicaragua?

President Reagan's quick endorsement of the Israeli military strike against U.S. ally Tunisia on Oct. 1 was read abroad as a sign that the United States plans similar action against Nicaragua, and thus could not criticize Israel's justification of its raid as a strike against terrorism. Radio Jerusalem broadcast on Oct. 5 that Reagan "wanted Israel to set a precedent that he can do the same in Central America."

New signs suggest the Trilateral Commission bunch has sold the U.S. administration on the idea that now's the time to take a "tough stand" in Central America. A provocation from Soviet assets in Nicaragua is to be watched for.

The Trilateral's ex-director Zbigniew Brzezinski floated a "new" proposal for a U.S.-Soviet deal in the Oct 6 *New York Times* Oct. 6: "a trade-off on Afghanistan and Nicaragua." Jimmy Carter's old national security adviser wrote, "contrived arrangements" between "the superpowers" on these two regions of the world are "the *sine qua non* for any wider Soviet-American accommodation."

He suggests that the Soviets might agree to let Afghanistan, now used for Soviet live war games, be policed by "international peace-keeping forces" made of troops from Islamic countries "not unacceptable to the U.S."—

such as Libya!

The State Department began gearing up propaganda to justify U.S. action against Nicaragua as a strike against "terrorist bases" in August, when it issued an unclassified document detailing Nicaragua's ties to Middle East radicals, playing the well-established links of Nicaraguan Sandinistas to the PLO as proof that Nicaragua is an "international terrorist haven."

A group of "neo-conservatives" around former U.N. Ambassador Jeane Kirkpatrick is promoting Brzezinski as a "talk tough" hardliner, promising to publish a longer version of his proposal in the first issue of their new magazine, *The National Interest*.

However, the "Afghanistan/Nicaragua" exchange is not exactly original with Zbig and his boosters. Soviet leader Yuri Andropov had made the *same proposal* in April 1983, in an interview with a West German weekly. Andropov said that the Soviets could accept U.S. security concerns in Central America, if the Soviet Union were granted similar privileges in countries along its borders, such as Afghanistan. Andropov's "offer" meant the United States had Soviet "permission" to run amok in the Western Hemisphere, while the Soviets seized domination of the Middle East, Europe, and Southeast Asia.

The Soviet game centers on enticing the United States into a military redeployment out of Europe, and into a Western Hemisphere crisis zone. Ibero-American leaders have warned Washington that U.S. military action in Nicaragua will hand the region over to the Soviets, provoking continent-wide "anti-imperialist" revolts.

Gorbachov goes west, in a Paris foray designed to sink Geneva talks

by Konstantin George

Soviet leader Mikhail Gorbachov has just concluded a four-day trip to France, his first visit to a Western nation since his installation as Party general secretary last March. The visit began on Oct. 2, when Gorbachov was received at Orly Airport by French President François Mitterrand with red-carpet treatment. During his stay, Gorbachov held three separate meetings with Mitterrand, addressed the foreign-policy committees of both chambers of the French Parliament—the National Assembly, and the Senate—had separate meetings with French opposition leaders, led by Jacques Chirac, head of the “Gaullist” RPR party, and—most interesting of all—had talks with former French Prime Minister Raymond Barre.

Barre is a leader of the French section of the Trilateral Commission, a close colleague of Henry Kissinger, and of leading Trilateral Commission figures who dominated the Carter administration. In six months France will be holding parliamentary elections, and most observers expect that the opposition to Mitterrand’s Socialist Party will win. Moscow’s hope in that situation is that Raymond Barre would dominate post-Socialist France.

This visit was not Gorbachov’s first to France. He and his wife had been there in a “private” capacity 20 years earlier, for an extensive visit. During that stay, they had been guests of Jacques Doumeng, the “French Armand Hammer,” old friend of the Gorbachovs, and financier of the French Communist Party, with his own private channels and friends from Gorbachov on down in the Kremlin. Under Gorbachov’s rule, France—and Doumeng personally as boss of the huge agriculture export firm Interagra—has been awarded huge Soviet contracts. The latest example, covered elsewhere in this issue of *EIR* (p. 13), is a Doumeng-Gorbachov-engineered sale to Russia of 175,000 tons of European Community surplus beef (out of France) at prices 10% of retail cost in any European supermarket.

Gorbachov’s talks with Mitterrand focused, according to Radio Moscow, on “key international and regional issues,” as well as bilateral Soviet-French matters. In the context of a massive loss of American influence in the entire Mediterranean and Middle East, which dramatically escalated following President Reagan’s unparalleled strategic blunder in endorsing the Israeli bombing of Tunisia, the phrase “key international and regional issues” may be key-and-code for

talks on redrawing the map of the region.

If Gorbachov made headway in his talks in France, it would have been on such issues, and on economic deals with Moscow. Gorbachov’s “offer” to hold disarmament talks with France was bluntly rejected, and, Mitterrand—although he himself opposes the American Strategic Defense Initiative (SDI), and has rejected France’s participating in the project—refused to co-sign any anti-SDI declarations with Gorbachov.

The visit produced two signed Franco-Soviet economic deals. The first was a \$50 million contract awarded to the state-owned French auto company, Renault, for machine tools and robots to modernize the Moskvich car plant near Moscow. French companies have also been awarded an \$80 million contract to modernize the signal system along the Moscow-Kaliningrad trunk railway. This modernization has important military-logistic ramifications, since this rail line forms the bulk of the rail line connecting Moscow and Russia-Byelorussia with the Lithuanian port of Klaipeda—which will soon be the key supply and logistics Soviet Baltic Sea port for supplies destined for East Germany.

On Tuesday evening, Oct. 1, the eve of his arrival, Gorbachov held a two-hour press conference in Moscow, televised in France and the Soviet Union. His words were anything but reassuring. He again demanded that the United States scrap the SDI, otherwise there would be no results at the Geneva summit, nor at any future U.S.-Soviet negotiations. Gorbachov threatened, “International tensions are increasing, and the threat of nuclear catastrophe is not getting smaller.”

Knowing full well that no one in the West is either preparing for or contemplating war, the Kremlin boss had the nerve call for “putting out the fires of war, before everything goes up in flames.”

It was useful, in any case, to see Gorbachov at length on television. Quite the contrary of the *Time* magazine portrayal of the Soviet leader as a Russian version of a movie star, he came across unmistakably as a mafia-style thug, the toughie from the provinces who’s made it to the top of the “corporation.” He exuded the image of a cold and brutal personality, “the smile with the teeth of iron” as former Soviet Foreign Minister Gromyko had once labeled him.

During this TV interview, Gorbachov promised that he would disclose the contents of his various "new" disarmament proposals during his Paris visit. Speaking before French parliamentarians, the Russian leader made public his "new offers." They bear two striking characteristics, besides being totally laughable in content; they guarantee that the Geneva summit will produce no tangible results, and represent a clumsy attempt to try and forge further divisions in the ranks of the Western Alliance.

The Gorbachov proposals are:

- If the United States abandons the SDI, then a supposed 50% reduction in "strategic" nuclear missile launchers by both superpowers can take place. In the ultimatum, the formulation on the American SDI alone is unacceptable enough for the United States. The percentage reduction con game (the Soviets have a vast superiority over the United States in strategic and other nuclear warheads, thus a percentage reduction would, first, freeze the existing overwhelming Soviet offensive weapon superiority, and, second, reduce the already relatively small U.S. warhead total down to exceedingly dangerous low levels) is likewise totally and insultingly unacceptable to the United States.

One would have thought that such demands upon the United States would already serve as pre-Geneva overkill in the Russian negotiating stance. The modern-day Stalin in tailored suits went further. Gorbachov's exact wording introduced a new and ultra-provocative Russian definition of "strategic weapons."

Gorbachov's exact formulation reads: "a truly radical reduction by 50% of all nuclear weapons systems capable of reaching the territory of the other [superpower]." With the phrase "capable of reaching the territory of the other," he is in fact demanding from the United States a unilateral cut of 50% in the Pershing II and cruise missiles stationed in Europe, plus parallel unilateral cuts in U.S. forward-based aircraft in Europe and the Pacific theater.

- With one stroke, Gorbachov, by incorporating the Pershings and cruise missiles into the "strategic arms negotiations," pulled the SS-20 out of the Geneva talks with the United States, de facto declaring the SS-20s non-negotiable. His statement that the number of SS-20s "in operational service" facing Europe now stands at 243 launchers—the June 1984 total—is laughable. It's like owning three new cars and declaring one of them not "in operational service" because it's parked in your garage.

Gorbachov also officially confirmed what Western defense experts have known all along, that the SS-4 medium-range missile, which the SS-20 allegedly "replaced," had never been removed from service. Only now, according to Gorbachov, Russia is starting to move them out of "operational service"—i.e., into SS-4 garages.

- Gorbachov asked for direct negotiations with Britain and France concerning their respective nuclear weapons systems. Under this schema, the mobile SS-20, which could be

The Soviet leader made a grandstand play, offering sweeping arms reductions and millions in trade deals—provided France break with the United States. But behind Gorbachov's urbane smile are "teeth of iron."

operationally reactivated in less than a day—no longer even theoretically up for negotiation with the United States—would be "negotiated" against fixed land-based French missiles which could not be readily redeployed, and British and French missile submarines, which could not leave their ports in an instant. Under this charming formula, all the Soviet SS-20s made "inoperable," could easily join the order of battle in the event of a Soviet surprise attack, whereas the French and British missiles would be out of the picture.

Russian ABM monopoly by 1988-89?

President Reagan has already denounced these latest Gorbachov proposals. Reagan, quoted on both U.S. and West German television, reiterated the U.S. refusal to stop the SDI, stressing that Russia has been working on its own SDI "for many years," that Russia is "already ahead of us" in developing a laser-based missile defense system, and that America has got to "catch up to them." (See *National*, pp. 58-59, for more on the U.S. response.)

While the final results of the talks between Gorbachov and Mitterrand will not be known immediately, Gorbachov received a cold reception from Paris mayor and RPR head Jacques Chirac, the leader of the opposition in France. Chirac was not impressed by Gorbachov's charm. *Au contraire*. Chirac told the Kremlin boss in no uncertain terms: "We had great hopes for human rights at Helsinki, and our disillusionment is very bitter. . . . I think of the Jews of Russia not being allowed to leave their territory."

Chirac then warned Gorbachov not to try and use his visit to drive a wedge between France and Germany. "France and Germany have been reconciled. France and Germany together make up Europe." Then Chirac asked the boss with the iron teeth, "Why is the Soviet Union building a massive nuclear, chemical, and conventional weapons arsenal against Western Europe? Why this threat?"

What wedges between NATO members will be driven remains to be seen. One has already surfaced from the Gorbachov visit. In contrast to France, which rejected Gorbachov's "offer" for direct talks on nuclear weapons systems, British Foreign Minister Geoffrey Howe signaled his support "in principle" for Gorbachov's offer of direct negotiations.

Elections slam State Dept., Socialists

by Laurent Murawiec

The upset that belied all prognoses and shook up the Portuguese political scene on Oct. 6 when the legislative elections returned results unexpected by any commentators, may start profound transformations along NATO's southern flank and the African continent.

A smashing defeat has been inflicted by the Portuguese electorate on the U.S. State Department's chief asset in Lisbon, Socialist Party head Mario Soares, whose party lost nearly half of its vote, from over 36% to barely above 20%, and had to yield its position as premier political force in the country to the right-of-center Social Democratic Party. The humiliating defeat suffered by Soares, whose campaign was richly funded by the Socialist International and especially the German Social Democrats' Friedrich Ebert Foundation, fell on the party associated with austerity policies imposed on Portugal by the International Monetary Fund (IMF). Soares, a symbol of political corruption and indecision, was deserted by much of the Socialists' traditional electorate, as well as by the middle classes badly hit by the economic depression. The warning is unmistakable for neighboring Socialist regimes that have toed the IMF's line—Spain's Felipe González as well as France's François Mitterrand.

After conceding his defeat and announcing his resignation as prime minister, Mario Soares suddenly reneged and insisted that he would stay on as head of a caretaker government—time for him to try and recoup by the January presidential elections, which were his true goal. The “slap in the face,” as the press calls his treatment at the hands of the voters, may however send him into early “elder statesman” retirement.

With 30% of the vote, the Social Democracy has emerged as the largest parliamentary force, after a dynamic and somewhat demagogical campaign led by its new leader, Anibal Cavaco Silva, a monetarist economist who conveniently saddled Soares with the sins associated with IMF austerity, while his party, which governed in coalition with the Socialists for the last two years, has failed to present any positive program for solving the most urgent national problem, the raging economic decay. The Social Democrats advocate measures

of denationalization, some of which are not without merit after the bureaucratic-socialist follies of the 1974-75 revolutionary period. The presence of advocates of a “Singapore-style offshore economy” within the Social Democracy nonetheless burdens its capacity to act. The 3% gained in the vote shows more the mandate for change—“get rid of the Socialists at all costs!”—than backing for a program which is itself vague, and reflects the internal divisions of a movement which is more an electoral coalition than a party.

The great surprise came from the party created only four months ago by Portugal's President, Gen. Ramalho Eanes, the Democratic Renovation Party, which tallied 17.7% for its first electoral appearance, nearing the Socialist vote. President Eanes, whose second mandate expires in December and who cannot run for a third term, had expected to pull together a new force capable of carrying his own political ideas after his departure from the presidency. The tidal wave of voters disaffected by the Socialist Party, and parts of the popular electorate which refused to vote solely in protest for the Communists, was unexpected by the Democratic Renovation Party's leadership itself. Before the vote, they considered that 10% would be a triumph. The Renovation Party is so new that it lacks the cadre force, the program, the organizational abilities—and it is still in shock. President Eanes's “image” of personal integrity, honesty, and competence—in contrast to Soares—was the Democratic Renovation Party's main campaign theme, and now needs to be traded in for more concrete proposals. The impressive campaigning led by the President's wife, Dr. Manuela Eanes, also enhanced the “mandate for change” image of the party, which has yet to change from a loose alliance into a party fit to govern.

On both extremes of the spectrum, the failure is obvious: The CDS, a shelter of nostalgia for Portugal's Ancien Regime (pre-1974), whose leader F. Lucas Pires was a member of the Trilateral Commission, has stepped into political insignificance with its fall under 10%. The Communist Party, led by veteran Stalinist Alvaro Cunhal, also lost 2.5% of its vote, to the general surprise. It was expected to bank on the exacerbated discontent of hundreds of thousands of unemployed or unpaid workers. In fact, the Communist Party lost a large chunk of its vote even in its traditional fiefs, such as the industrial city of Setúbal, or the “red” region of the land reform, the Alentejo.

The mandate for change is clear. What has been defeated is the coalition of the IMF, the Socialist International, the U.S. State Department, and the Comintern. But the level of abstention, an unusually high 25%, indicates that little hesitancy will be permitted to the government after the January elections.

Presidential perspectives

A great deal of confusion still prevailed in Lisbon, a few days after the legislative upset. Attention is focused on the presidential elections, and the impact of the Oct. 6 vote on the field of potential candidates. The presidential ambitions

of Mario Soares have virtually been ruined, as well as those of former CDS leader Freitas de Amaral, both of whom have nevertheless announced that they are maintaining their candidacies. The Communist Party has no candidate that passes muster, unless it wanted its chief Alvaro Cunhal to make a fruitless last stand before his impending retirement.

Sources in Lisbon say that Gen. Lemos Ferreira, the present chief of the general staff, a very prestigious military figure, may throw his name in for nomination. In the last few months, Lemos Ferreira has been approached by the Social Democracy to be the party's presidential candidate, and has been mentioned by President Eanes as his favored successor. Reputed for his integrity and breadth of knowledge—the reader may refer to the interview he gave *EIR*, April 16, 1985—Gen. Lemos Ferreira could rally around his candidacy the Social Democratic and Democratic Renovation vote, thus forming a center bloc that could prove an unbeatable combination. Whether the Democratic Renovation Party would fully support him is not yet clear; Lemos, who succeeded General Eanes as chief of general staff when Eanes became President, after having crushed the Communists and their attempted putsch in November 1975, is not liked by left-leaning circles in the military, said to have some influence in some Renovation party circles.

One already declared candidate is the former head of a short-lived "technical" government, Maria Lourdes de Pin-

tasilgo, a left-wing Catholic pacifist supported by some of the most obscurantist "Catholic" layers in the country, those associated with the insane Cult of Fatima, a fundamentalist, pseudo-religious sect centered in Portugal. Mrs. Pintasilgo, originally elevated by President Eanes, has long since distanced herself, and Eanes himself has spared no effort to marginalize her. A member of a nominally Catholic cult called "The Graal," she could be the ideal candidate for regrouping the Communist vote, the part of the Socialist electorate that would not trust in Soares's chances, and the backward, peasant-based fundamentalist vote. The expected replacement of Cunhal by the more "Euro-Communist" José Casanova as head of the Communist Party, as well as the gradual retirement of Soares, would favor the constitution of such a beastly alliance, whose chance would lie in the aggravation of the economic crisis.

Portugal is very close to Peru and the other Ibero-American debtor nations. A new Portuguese regime that would join with the anti-IMF offensive of the debtor countries, would open the door for the urgent regeneration of the Portuguese economy. A Portugal, backed up by the United States, that would use its expertise and assets in African affairs, could prove an invaluable ally to help solve the African and South African crises. Now that the State Department, and its favorite Soares, have been brushed aside by the Portuguese electorate, such an outcome becomes possible.

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Agricultural problems in Thailand

As the price of rice collapses, the fragile balance maintained following the September attempted coup threatens to join it.

Thai Prime Minister Prem Tinsulanonda left on a tour of the United States at the end of September, leaving behind a myriad of unsolved political, military, and economic problems. Upon his return on Oct. 10, he was faced with a thunderous uproar from the agricultural sector, which is now threatening the political stability of his regime, following the abortive Sept. 9 military coup.

As soon as the first of the rice crop hit the domestic market, strong protests were heard as the paddy price (the price of unmilled rice) plunged some 24%, forcing Social Action Party (SAP) ministers such as Minister of Agriculture Narong Wongwan and Minister of Commerce Kosol Krairiksh to take a stand. Unable to convince their rural constituencies to further endure austerity, the SAP, a major government coalition partner, has virtually issued an ultimatum to Prem: Either the government agrees to subsidize a floor price of around 3,300 bhat per ton (approximately the price level of 1984) or SAP ministers will resign from the coalition.

SAP leader M. R. Kukrit Pramoj has declared that money must be found to finance paddy price subsidies. If the government is unable to solve the present economic difficulties, Kukrit said, the SAP has an appropriate man for every ministerial post, including that of prime minister.

The opposition Chat Thai Party has also threatened to organize a conference in Bangkok of rice millers and

farmers representing 40 provinces if the government refuses to guarantee a floor price for paddy.

Meanwhile, the technocrats surrounding Prem would rather starve the farmers, who make up 70%-75% of the Thai work force, in the name of "free trade," than not have enough money to repay debts to international creditors. These men include Minister of Finance Sommai Hoontrakul, Sommai's protégé in the fiscal office; Nibhat Bhukkanasuth, Prem's personal economic adviser, trained at the Wharton School in Philadelphia; Dr. Virabhongsa Ramangkura; Dr. Snoh Unakul of the National Economic and Social Development Board (NESDB); and his deputy, Dr. Phisit Pakkasem. These most trusted technocrats surrounding Prem are also those most trusted by the International Monetary Fund (IMF) and World Bank to carry out whatever austerity policy is needed to squeeze the cash out of the general population in order to meet the debt payment schedule. Presently, 27% of Thailand's export earnings is allocated to debt service.

However, guaranteeing paddy prices is not a question of policy choice—it is stipulated in Article 67 of the Constitution of Thailand that the government must guarantee a floor price for agricultural products, thereby guaranteeing a certain minimal yearly revenue for the farm population. Further, the government must practice price control and take other measures to protect the interests of

farmers. Every effort must be made to help farmers produce and distribute their products. The Constitution also stipulates that farmers must increasingly be able to own their own land. Therefore, any government, party, or person not protecting the interests of farmers is acting unconstitutionally and against the interest of the nation.

Prem's technocratic advisers and the NESDB, by tailing the IMF/World Bank dictates, are heading for a confrontation with the SAP on the question of rice policy. Prem's advisers and the NESDB are submitting separate documents demonstrating why a rice price support is financially impossible and, in any case, would not work if implemented. The SAP, on the other hand, is handing an urgent memorandum to Prem on why paddy price guarantee, rice stocking, and rice export premiums must be maintained. With paddy production costs at 2,480 bhat per ton, and paddy selling price at around 2,500 bhat per ton, farmers are finding themselves in bankruptcy.

The Bangkok Fusion Energy Foundation has proposed that, instead of allocating 23% of the 1986 budget (50.7 billion bhat or approximately \$2 billion) for debt repayment, only 5% of the budget be used. The difference saved, approximately 39 billion bhat, could then easily finance the 9 billion bhat price-support program of 3,300 bhat per ton plus a comprehensive agro-industrial development program that would include key infrastructural projects such as irrigation and energy.

The Thai Trade Union Confederation (TTUC), the largest union with 120,000 members, is considering supporting the farmers on this issue and is discussing the FEF rice-policy proposal. The TTUC is headed by a moderate, Paisal Thawatchainan. Unlike the Labor Congress of Thailand (LCT), the TTUC did not get involved in the September coup attempt.

Bank of Italy wants more austerity

The IMF's demands are only the beginning of savage austerity—and everyone knows Italy's public services are already in deplorable shape.

On Oct. 2, Bank of Italy governor Carlo Azeglio Ciampi—the counterpart of U.S. Federal Reserve Board chairman Paul Volcker—trekked to the Italian Parliament and then to the office of Premier Bettino Craxi. His mission: to ensure that the economic policy the International Monetary Fund (IMF) has decided for Italy will be carried out. The Finance Bill for 1986 asks 15 trillion liras (\$8 billion) of cuts in the state sector, and is only the first step in a savage austerity program.

The Fund's line for Italy, which Ciampi passed on, is the following:

Italy's public debt exceeds the Gross Domestic Product of about 650 trillion liras, or \$352 billion. This debt, Ciampi said, is increasing because the state sector absorbs more than three-quarters of total internal credit, covering a 130 trillion-lira (\$72 billion) deficit, and only 25% of the credit is left to private investors. Ciampi concluded: "The problem is the huge difference between the oversized 130 trillion-lira public-spending deficit and a 650 trillion-lira GDP, i.e. three times higher than the European average, while the huge public spending deficit in the U.S.A. is only 3% of the U.S. GDP."

What Italy needs, Ciampi said, is to match the other European countries' average, i.e., to cut the 130 trillion liras by two-thirds. That means extending public spending cuts from 15 trillion liras (1986 Finance Bill) to 90 trillion, or, raising taxes by about 1.5 million liras (\$840) per taxpayer

in 1986—which is the same thing.

Concluding his presentation, Ciampi threatened: Because the Italian foreign debt has already reached \$30 billion, more than the Bank of Italy's gold reserves (\$21 billion), either the Italian government will implement this austerity policy, or, given the debt situation, the government will lose "sovereignty over its choices," which will be "painfully" imposed by the international financial institutions.

The cuts being discussed in Parliament—the 1986 Finance Bill—are only a small foretaste of what the International Monetary Fund intends for Italy. The school system, public sanitation, social services, and pensions will be simply dismantled over the coming months. Under the 1986 Bill, everyone will pay for medicine; school enrollments will cost more; utility bills will go up; taxes will rise. The cost of living adjustment for pensions will be wiped out, and unemployment insurance will be cut.

It is the harshest "sting" the Italian citizenry has ever taken. De facto, it means ending all public medical benefits, and benefits in general, and a large part of public welfare. In other words, as of 1989, Italy will leave the roster of industrialized countries which, during the postwar period, have built up a structure of social security assistance, and de facto will enter the more numerous group of underdeveloped countries that have never had social security.

Will Italy's government now put itself on the list of Third World countries asking for relief? Premier Craxi himself said that, even though the budget cuts add up to 15 trillion liras, the budget deficit of the current year will remain huge, more than 110 trillion liras—a South American level. The 15 trillion lira reduction of this 110 trillion deficit solves nothing. The only effective solution would be to relaunch the country's agro-industrial development and its exports, and thus expand national income to permit a natural increase in revenues that can reduce and eventually surpass the "deficit."

But Italy's economic ministers, Gianni De Michelis, Giovanni Gorla, Bruno Visentini, and Cesare Romita, under Bank of Italy pressure and the IMF diktat, decided to dismantle public services instead.

Healthsystem: Subsidies for purchase of pharmaceuticals will be cut except for individuals with an abnormally low monthly income of under 300,000 liras (\$167). Workers' sick pay will be canceled after five days of absence.

Pensions: The cost of living escalator is to be reduced. Retirees will have to pay 1.5% of their monthly income for health insurance.

Schools: Three trillion liras are to be cut from the budget, reducing the number of teachers and increasing class size. Tuition fees will increase.

Utilities and Transportation: Electrical and phone bills will go up. Four thousand kilometers of railway will be dismantled. Student and commuter season rail tickets will rise in cost.

Unemployment benefits: The payments will drop by 9% per month.

Taxes: New taxes are foreseen. In particular, city and regional governments will now be allowed to collect their own taxes.

Peru sets the agenda

The U.N. is celebrating its 40th anniversary, and Peru's fight on debt and drugs guarantees that this will be a hot one.

Because they are operating on the basis of will and action, rather than engaging in the interminable talk and "consensus politics" typical of United Nations gatherings, the delegation and leaders of Peru have become the epicenter of the U.N.'s current fall session. Of the three major issues which will define the events around the U.N.'s Oct. 21-24 fortieth anniversary commemorative period—debt, drugs, and the U.S. Strategic Defense Initiative—Peru has established the terms of debate on debt and drugs.

Peruvian U.N. Ambassador Carlos Alzamora, following his successful effort at the U.N. Group of 77 meeting on Oct. 4 to force through a strong declaration on the international debt crisis (see page 8), took the fight against the International Monetary Fund to the U.N.'s Economic and Financial Committee. Speaking at the same time that U.S. Treasury Secretary James Baker was trying to sell the Third World a batch of snake oil at the IMF meeting in Seoul, Alzamora exposed such maneuverings as a "fiction," a tactic for evasion and delay. Alzamora characterized the U.S. effort to shift away from the politically discredited IMF to a reconstituted World Bank, as nothing more than a "change in tactics."

Alzamora described how the looting of the Third World by the international bankers had caused the famous U.N. Decade for Development to work in reverse. In stark terms, he documented that the debt originally contracted by the Third World had already been paid many times over, and

that, for a nation like Mexico, its interest payments alone imposed a burden two-and-a-half times greater than the September earthquake.

This injection of economic reality into the normally impotent dronings of the so-called Second Committee, prompted a verbal shootout between the spokesmen for the United States and the Soviet Union, both of whom stood exposed by Peru's accusation and both of whom tried to point the finger of blame elsewhere.

U.S. representative Kyle Scott objected that, while the use of such phrases as "pound of flesh" might be "emotionally satisfying," they added nothing to the discussion, since the Third World had gotten into debt "voluntarily." Soviet representative V. A. Zvodin jumped in to try to blame the debt crisis on the "imperialist West," defensively arguing that the reason for the meager Soviet role in developing the Third World was the burdens imposed upon it by the "arms race"—which, of course, was the fault of the West.

Because of Peru's uncompromising fight against the international banks, the Soviet Union has been forced to try to cover for its own closet support for the IMF, by throwing Cuba's Fidel Castro into the fray. All indications are that Castro will make an appearance at the commemorative 40th anniversary session of the U.N., in an effort to take the lead on the debt fight. However, just as most debtor nations' delegates see through James Baker's transparent non-proposals, so do they see the fraud of Castro and his

Soviet masters.

Further indications of how hot Peru has made the debt issue are the reports that Mexican President Miguel de la Madrid will attend the commemorative session. He had canceled his General Assembly address because of the earthquake, and early reports had it that he would not come for the commemorative session. But with the debt issue placed squarely on the agenda by Peru, the political and economic fireworks promise to accelerate.

Peruvian President Alan García's challenge to the other nations of the world to join with his country to stamp out drug production, trafficking, and consumption, has established a standard of international action on the drug fight. Mrs. Nancy Reagan now intends to convene a second "First Ladies Summit" on drugs on Oct. 21, in New York City, to take advantage of the presence of other nations' first ladies. It appears that many wives of Ibero-American heads of state will attend, even if their husbands are not attending the commemorative session.

The key question now is whether the United States will orient toward Peru's shooting war against coca producers or toward the newly publicized Bolivian call for the creation of an international coca monopoly! Many diplomats at the U.N. were taken aback by the speech of Bolivian Vice-President Julio Garrett Aillone, who said that Bolivia, because of impoverishment, was unable and unwilling to stamp out coca production, and called for the consumer nations to buy up the coca leaves. Even more startling was President Reagan's letter to the Bolivian government, praising it for submitting to an IMF austerity program—an austerity program which in fact necessitates illegal drug production.

Chaos and confusion

Who's behind the obscure new terror groups that are suddenly cropping up? Ask in Jerusalem and Damascus.

With the Sept. 24 murder of three Israelis in Lanarca, Cyprus, by a group of "Palestinian" terrorists which has refused even to identify itself, the war of terror and counterterror in the Mideast has taken a bizarre new turn. Who is striking at whom? The participants themselves do not know, as new groups proliferate and vanish, and the intelligence services which deploy them do not hesitate to strike at their own expendable assets.

It was good propaganda, perhaps, for the Israelis to blame the Lanarca murders on the obscure "Force-17" group, and to assert that it belonged to Yasser Arafat's Palestine Liberation Organization; but no proof of this has ever been presented. How little the Israelis themselves believed that charge can be seen from the fact that, just days before their Oct. 1 "retaliatory" raid on PLO headquarters in Tunis, they had raided the headquarters of Col. Abu Musa, an anti-Arafat Syrian agent in the Baalbek region of Lebanon. Between the Sept. 26 raid on Abu Musa's headquarters and the strike against Tunisia, did Israel gather proof of Arafat's guilt? Doubtful.

The nature of the Lanarca murders was also singular. The three Israelis were not shot because the terrorists' demands were not met—they were killed even before any demands were put forward! These were cold-blooded executions, aiming at provoking Israeli retaliations, like the Abu Nidal-sponsored attempted murder of the Israeli ambassador in London in June 1982, which gave then-defense minister Ariel Sharon the pretext he need-

ed to invade Lebanon. The Lanarca murders had no other aim than to provide a similar pretext.

But for the cover-story to be accepted politically in Jerusalem, "F-17" had to have a history which could plausibly allow the blame to be placed on Arafat. Part of that history has been a systematic effort by Syrian and East bloc intelligence agencies to establish in Damascus exact duplicates of all of Arafat's organizations.

From the vantage point of Syrian President Hafez Assad, to deploy obviously Syrian-controlled Palestinians against Israel would be problematic; it would endanger Assad's courtship of Washington and provoke Israeli retaliation against Syria itself. But to deploy against Israel Syrian-controlled Palestinians *claiming to work for Arafat*, is another story. This creates chaos and confusion, gives the Israelis the pretext they need, boosts Assad's credibility, and confuses even Arafat's own ranks.

Syria and the Soviet Union know it; Israel knows it; but for others, the doubt remains. Hence the refusal of the Lanarca terrorists to identify themselves. Anything else said about them is either speculation or disinformation.

The same pattern can be traced in the Oct. 7 hijacking of the Italian cruise ship "Achille Lauro." The "Palestinian Liberation Front" claimed responsibility. But which PLF? The one based in Tunis and led by Abul Abbas, a member of the PLO and an associate of Arafat? Or the one based in Damascus and run by Talaat Ya'acoub, ex-

pelled from the PLO in 1981 and a founding member, with Georges Habbash, of the anti-Arafat "Palestinian National Salvation Front"? As Abbas has a more public profile than Ya'acoub, Abbas was blamed.

Confusion intensified, as the obscure "Revolutionary Organization of Socialist Muslims" was also implicated in the hijacking. The ROSM had bombed the British Airways office in Rome the week before, and came to notoriety in November 1984, when it assassinated the British vice-consul in Bombay.

The ROSM struck at British Airways just as the Abu Nidal terror group announced that it had condemned to death two Palestinians who had accepted an invitation from British Prime Minister Margaret Thatcher to come to London to discuss the peace initiative of Arafat and Jordan's King Hussein. Members of the Abu Nidal group were arrested in London on Oct. 4, at safe-houses filled with Libyan weapons. Abu Nidal himself met with Libya's Colonel Qaddafi on Sept. 28, according to the Libyan news service.

It seems that the ROSM and Abu Nidal's "Black September" group are operating with a common command structure, but a unique division of labor. The ROSM has targeted exclusively British-related interests, while "Black September," reactivated in the summer of 1984, has targeted Jordan.

And what is behind the sudden creation of the "Islamic Liberation Organization," which kidnaped four Soviet diplomats on Sept. 30?

The mushrooming of such organizations threatens to unleash a war of terror like that of the early 1970s, with a new Middle East war and a new division of the region. But the stakes may turn out to be much higher than the "clever" strategists in Moscow, Damascus, and Jerusalem anticipate.

Farm crisis hits Sonora

What the Nazi-communist PAN party didn't do to this rich agricultural state, the economic cabinet will.

Until recently, the northern Mexican state of Sonora, an agricultural state *par excellence*, boasted the motto that "in Sonora there is no crisis," but the situation has changed dramatically. What the dope-running, Nazi-communist National Action Party (PAN) failed to do in its terrorist electoral campaign—turn Sonora into a hotbed of sedition—is about to be accomplished by the federal economic cabinet, by obeying every order of the International Monetary Fund. The result will be to encourage the one crop lucrative enough to withstand the IMF strictures, illegal drugs.

Sonora producers were shocked to discover, as they prepared for fall-winter planting, that starting Oct. 1, interest rates for credit extended by the federal agricultural bank, Banrural, had been drastically hiked, from 28% to 40%. This new blow hit on top of a series of problems which range from low price supports, to higher seed costs and skyrocketing other inputs.

What follows is a report on a *single day* of statements by various sectors. It shows that the economic cabinet in Mexico City has simultaneously placed a bomb under the food supply and social situation in the country—and lit the fuse.

In separate appeals, the Union of Farm Laborers of the Coast of Hermosillo and the National Union of Agricultural Workers, asked for the hike in interest rates to be rescinded. Both groups argued that the measure "will add to inflation and increase the costs of production."

Equally important, the Association of Farmers' Organizations of the North of Sonora demanded that farmers participate in setting electricity rates, since a new increase for this month is planned, "which will seriously hurt the producer because it will go toward increasing the costs of production." In Sonora, for years special low electricity rates have been fixed by the government, because the water pumps for the irrigated agriculture that accounts for the state's exceptional productivity are electrical, and the seasonal extremes of hot and cold weather requires higher energy consumption than elsewhere.

Beef: "The lack of financial resources to support the livestock industry can mean harmful consequences for the future of this activity," according to the Regional Cattlemen's Union of Sonora president, Ing. Sergio Torres Serrano. "The credits from the nationalized banks," he went on, "are shut off to cattlemen, who can only get direct loans at interest rates of 72%. Such financing is prohibitive for cattle-raising activity, which can't absorb these costs." The Fund Instituted in Relation to Agriculture—FIRA—has upped interest rates to 59% for borrowers labeled "Other Types of Producers."

Cotton: The technical secretary of the Union of Laborers of the Coast of Hermosillo, Ing. Ortíz López, has asked for a new price for the cotton crop, noting that this year there will be no problem of manpower, thanks to the "low hectareage that was

achieved this year." Ortíz stated that "they trust that a reference price will be set for wheat, which fulfills the function for which it was created. . . ." He also exposed the government-fixed guaranteed prices for agricultural products as geared only to allow the farmer to meet his loan repayment obligations, and warned that "it will not be long before what happened to cotton will happen to wheat: It will stop being profitable," because of the high costs added by interest rates.

Soybeans: Conasupo, the federally owned food distribution agency, announced that it will buy soybeans at 88,000 pesos per ton. This affects the harvest in the states of Sonora, Sinaloa, Chiapas, and Tabasco. The announcement upset a number of farmers' associations, both cooperative and private, since they consider that the minimum acceptable price is 100,000 pesos per ton, in order to make a 30% profit, needed for the next planting.

The new manager of the northwest regional branch Banrural, Ing. Héctor Marcué Diego, has taken a hard line. Assuming office, he confirmed the announcement of the new interest rates that institution will collect, and said that his administration in the northwest will center "especially on overdue loan portfolios." This means that the bank administration will be limited to trying to collect old debts—and that the creditors are far, far beyond technical bankruptcy.

Awareness is taking hold among Sonoran producers that President de la Madrid must declare a moratorium on the foreign debt and abandon IMF "adjustment programs." Otherwise, by the spring-summer season, the most high-technology, productive agriculture in Mexico will be set back by 30 years—with everything that means for the country's nutrition and social stability.

When will the SDI agreement be signed?

The Teltschik team's report removed all obstacles to a German-American accord—except Genscher and Richard Burt.

Now that all the information needed to sign a formal agreement for German-American cooperation on the Strategic Defense Initiative is in the hands of Chancellor Kohl, why is Kohl still postponing the decision?

The problem lies not only with the anti-SDI nest in Hans-Dietrich Genscher's Bonn foreign ministry, but also with U.S. ambassador to the Federal Republic, **Richard Burt**—who, as *EIR* warned when we fought his nomination, is openly sabotaging the Reagan administration on this crucial issue.

The first reports given by the team of 30 experts who toured 22 American research institutes related to the SDI project between Sept. 4 and 13, have removed all the reservations raised in Bonn before. Members of the team of industry, military, and governmental representatives, as well as the team's head, Kohl's chief security adviser Horst Teltschik, reported that the Americans want cooperation with the Germans, favor a formal agreement between the two governments, and endorse unrestricted technology and information transfer between the United States and the Federal Republic. Teltschik reported to the Bonn cabinet that the team had "gained an insight into a fascinating new world of defense technologies," and several industry men evaluated the trip as having "yielded information which allows us to save five years of nerve-racking research."

There is no doubt that industry, and most of the military, greatly favor

a formal cooperative government-level agreement. This would also force the government to give some thought to the changes SDI will impose on strategic thinking. A German military man, discussing the implications with *EIR*, gave this striking characterization: "SDI leads us from the current NATO masochism to a doctrine of convincing defense against Soviet nuclear missiles."

But as usual, Kohl's pro-masochism minor coalition partners, the liberal Free Democrats (FDP), have lined up with the opposition Social Democrats in obstructing such an accord. Between the Free Democrats, the Social Democrats, and the Green Party, the numerical majority of the German parliament is anti-SDI, and the Free Democrats are the Trojan Horse inside the cabinet.

Before the Teltschik team's trip, the FDP and its chairman, Foreign Minister Genscher, argued that "not enough information" was available to allow a decision. With that argument blown away, Genscher and the FDP have come up with the new line that "Bonn should not make any definite decisions while the dialogue between the two superpowers leaves many things in the open."

Genscher has made it known that he welcomes the latest phony proposals by Soviet leader Gorbachov and that he considers Gorbachov's offer to reduce the number of "nuclear missiles in Europe" by 50% in exchange for curbing the SDI project a "good chance to achieve a substantial reduc-

tion of nuclear weapons." Genscher's ministry set up a task force to work out a "German view of the problem," to be presented to the two superpowers at the Geneva talks. Genscher said that his ambition was to "prevent a definite 'no' of the West" to the Soviet proposals.

The German foreign minister ignored the fact that Robert McFarlane, President Reagan's national security adviser, has characterized the Gorbachov proposals as a "foul trick." On the contrary, Genscher argues that a positive decision in Bonn on SDI could "disturb and aggravate the new momentum at the Geneva talks," could eventually "provoke the Soviets to march out of the talks," and thus even ruin the Reagan-Gorbachov summit.

The most scandalous aspect of this scarecrow policy is not even Genscher's strange views, which come so close to Moscow's, but the fact that in the first two weeks of October, the German foreign minister had at least three long private sessions with Richard Burt, who arrived in Bonn as the new U.S. ambassador Sept. 8. Burt took to the pages of several German newspapers to downplay the importance of an SDI accord. On Oct. 4, Burt used an interview with *Bildzeitung*, Germany's largest daily (circulation: 4.5 million), to air his opinion that "the SDI is no litmus test of the loyalty of the Germans to the alliance with the Americans," and to advise the U.S. administration against making a formal cooperation treaty "too much of a bilateral issue."

Almost down to the word, Genscher has parroted Burt in his public statements. In an interview to Bavarian Radio, he said, "SDI is no test of the German alliance loyalty," adding the formulation that "the issue should not become one that dominated the dialogue between Bonn and Washington."

International Intelligence

Mexico protests Gavin interference

Mexican Foreign Minister Bernardo Sepulveda on Oct. 4 castigated U.S. Ambassador John Gavin's interference into Mexican relief efforts following the recent earthquake.

When asked by reporters about Gavin's repeated declarations regarding number of casualties and extent of damage—statements which the Mexican government says are exaggerated—Sepulveda retorted, "It is up to the government of Mexico to decide the actions to be taken, and also the quantification of damages caused by the earthquake, based on the reliable information which it possesses."

Sepulveda also stated that Mexico did not have the internal savings required to rebuild, and that "additional resources" must be sought.

Gavin has repeatedly incurred the wrath of the Mexican government, for his warnings that the country is "unsafe" for tourists and for his not-so-secret support of the fascist opposition National Action Party (PAN).

Banker Ulloa loses suit against anti-drug fighter

A judge in Lima, Peru ruled Oct. 6 that there was no merit in the libel suit filed by former Peruvian prime minister and economics minister Manuel Ulloa against Luis Vásquez, director of the National Anti-Drug Coalition. Ulloa had objected to assertions that his monetarist economic policies were conducive to the destruction of legitimate industry and the takeover of the Peru by narcotics traffic.

Ulloa, formerly the Lima branch manager for David Rockefeller's Chase Manhattan Bank, is on record advocating the legalization of the coca trade—a position which he has not chosen to repeat, however, since the inauguration of President Alan García, who is arresting drug traffickers.

Ulloa had at first blustered that he would

go to the United States and sue Lyndon LaRouche for similar reportage in *EIR* and its explosive book, *Narcotráfico, S.A. (Dope, Inc.)* But his intentions were frustrated by the widely reported charge that he was using the suit as an excuse to flee from corruption investigations in Peru and Vásquez's challenge that Ulloa sue him in Peru.

Colombian labor leader warns of AIDS pandemic

Colombian Labor Minister Jorge Carrillo warned of the breakout of a global AIDS pandemic, in a speech to the Inter-American labor ministers' conference in Costa Rica on Oct. 6. He said: "Our greater nation, from Mexico to Argentina is in a critical situation: Either creative solutions are found or simplistic monetary formulas will aggravate the economic crisis in such a way that epidemics and pandemic explosions which are now raging across Africa and are wiping out millions show a mild foretaste of what is in store for Ibero-America.

"What we are witnessing is not another depression like that of the 1930s. What we are allowing to happen is something only comparable to the Black Death of the 14th century, which killed half the European population. The lethal AIDS is only a harbinger of things to come. If we stubbornly defend and justify usury, we will not be morally fit to survive and, in fact, we will not survive."

Carrillo declared that Great Projects for continental development are needed to reverse the economic breakdown, and called for an Ibero-American common market.

Greece bestows medal on East Germany's leader

Greek President Christos Sartzetakis conferred upon East German leader Erich Honecker the nation's highest decoration, the "Grand Cross of the Chevalier," during Honecker's visit to Athens early in October. Sartzetakis praised Moscow's long-time sa-

trap as a "fighter for many years in the cause of freedom, democracy, and peace."

Greek state-run radio described East Germany as a "freedom-loving, democratic state.

Meanwhile, an Athens court has ruled that President Sartzetakis is holding office illegally. Judge Katsaros issued the opinion that he could not enforce a law bearing the President's signature, "since the President himself was in office unconstitutionally." The ruling was featured prominently in the Oct. 5 editions of Greece's national newspapers and is expected to rekindle the controversy over Sartzetakis's election to the presidency by Greece's Parliament in March. Sartzetakis was elected by Parliament without the constitutionally mandated general elections being held. Sartzetakis himself has expressed the opinion that his election was illegal.

The government plans to appeal the ruling.

Terrorists, squatters in rampage against García

Peru's Shining Path terrorists (*Sendero Luminoso*) are waging a war against President Alan García, conducting prison riots and threatening with assassination any judge who imprisons terrorists. Peruvian Justice Minister Luis González Posada charged Oct. 10 that jailed members of Shining Path effectively run whole sections of Lima's prisons. For two years, he said, no one has been able to enter the Británico wing of the Lurigancho prison, because the prisoners "have established their own internal rules."

The terrorist campaign against García and his interior minister, Abel Salinas, has received support from both left-wing and right-wing political parties. One thousand police evicted some 20,000 squatters who had occupied land near Lima's airport on Oct. 3. Seven hours of armed resistance by the invaders, incited by the Maoist district mayor and a Maoist parliamentary deputy, resulted in 1 dead and 22 wounded.

The leftist parties immediately launched a campaign for the resignation of Salinas,

backed up by the rightist parties, who demanded that Salinas submit to congressional interrogation.

Salinas charged, "This action was totally premeditated; it was not motivated by the desire to have a space for housing, but by other intentions." Officials reported that only one-sixth of the invaders required emergency housing and that many already owned property. The rioters used dynamite, Molotov cocktails, sharpened implements and gunfire against the police. An investigation is focusing on the district mayor.

Greens calls for drugs, sodomy to be legalized

In the short time that the Green Party's Herbert Rusche has been in the German parliament, he has called both for the legalization of homosexual relations between adults and minors and of hashish and marijuana. Rusche recently became one of the Greens' 27 members in the Bundestag, succeeding a Green MP who resigned. He is also a member of an organization representing homosexuals and pederasts.

Rusche, who characterizes himself as "the spokesman of the homosexuals in the parliament," started his political career in the drug-sex counterculture of Frankfurt. His recent statement in favor of legalization was denounced by the Christian Democrats in Bonn on Oct. 7, who said Krusche's call was a "threat to law and order, and to parliamentary democracy as a whole."

The Greens' adviser on drug issues, Hans-Georg Behr, is a "Yippie" and journalist for *Overthrow* and *High Times* magazines.

Gandhi says Pakistan may have nuclear bomb

Pakistan may already have a nuclear bomb, Indian Prime Minister Gandhi said in an interview on Oct. 8 to the *Guardian*. "We feel that they're either on the verge of getting the bomb or they already have one and may not

need to test it. India has pledged to take countermeasures if it was established that Islamabad has nuclear weapons."

The prime minister said that "other countries" were financing Pakistan's alleged nuclear weapons program, and he expressed fears that Pakistan might foster the spread of nuclear weapons. "We have firm evidence that the bomb is being financed, not solely by Pakistan, but also by other countries. . . . Will this mean that the Pakistani bomb will be made available to other countries?" Gandhi asked.

Kissinger order: 'eliminate' Thai leader

The orders have gone down from Henry Kissinger to the government of Thailand, according to high-level sources, for the judicial murder of Gen. Kriangsak Chomanan (ret.), former prime minister of Thailand and parliamentarian. Kissinger told Thai Prime Minister Prem Tinsulamond during a meeting the week of Sept. 30 in New York: "Kriangsak is dangerous and should be eliminated," according to confirmed reports.

In an unprecedented move in Thailand's 53 years as a constitutional monarchy, General Kriangsak, along with three other leading military officers, is being held on charges of treason for his alleged role in the Sept. 9 aborted coup attempt against the Prem government.

Kriangsak states that he was forcibly taken and held by the coup plotters, led by Young Turk Col. Manoon Roopkachorn (ret.), at the rebel command headquarters. All attempts by Kriangsak's wife and his colleagues to obtain his release on bail have been denied.

Kriangsak and the other senior military officers are to be tried in civilian court. There are pressures from certain quarters, who evidently believe they must obey orders from Kissinger, to finish the process within weeks. The judicial murder of General Kriangsak will fuel the current political destabilization of this crucial American ally.

Briefly

● **HUGO SPADAFORA**, a former Nicaraguan minister, was killed by Nicaraguan "contras," according to well-informed Panamanians. According to these sources, the Nicaraguan Democratic Front (FDN), which operates with backing from the CIA and the right-wing Social Democratic apparatus of Jeane Kirkpatrick, has death squads operating throughout Central America. Spadafora was reportedly the first prominent victim.

● **EAST GERMAN** leader Erich Honecker "considers it important," that Bonn not make any official decision on participation in the U.S. Strategic Defense Initiative before his visit in West Germany, according to the *Der Spiegel*. Honecker may visit West Germany in December or January.

● **NORTH KOREA** received 10 MiG-23 supersonic fighter aircraft from the Soviet Union, raising the number of aircraft to 26, a Japanese paper reported on Oct. 6. The delivery was part of a secret military accord between the two countries.

● **LUIS ECHEVERRIA**, former President of Mexico, issued a forceful call for Ibero-American integration at the meeting of the Latin American Economic System (SELA) in Caracas, Venezuela. "To the current world economic crisis, I see no other solution but the implementation of a new international economic order," Echeverria said. "We continue to be the disunited peoples of South America."

● **LUIGI DE MARCHI**, a prominent Italian physician, warned in the weekly magazine *Oggi* that "moralism" about the issue of AIDS must be avoided. AIDS is a "health problem, and not an ethical one," and drug use and homosexuality should not be mixed into the AIDS issue. De Marchi is well-known for his calls for ways to reduce Italy's population by from one-half to four-fifths.

AIDS epidemic explodes: What is the Russian angle?

by Warren J. Hamerman

The 100% lethal disease Acquired Immune Deficiency Syndrome (AIDS) has hit the Western world like a bombshell. If its spread is not arrested, the experts fear, its devastation will soon be worse than that of nuclear war. Has this fact escaped the notice of the Kremlin? What is the Soviet angle in the spread of AIDS? Consider the following singular developments:

- The coordinator for all AIDS task-force work at the Swiss-based World Health Organization (WHO) is none other than a Russian named **Sergei Litvinov**, the assistant secretary general of WHO for Communicable Diseases. By his own admission to a European journalist, Litvinov is designated to coordinate all AIDS work globally for the WHO in Geneva. In other words, all statements and policies on AIDS from the WHO are issued through a direct Soviet chain of command. Litvinov, who was trained as an epidemiologist at the Institute of Tropical Medicine and Parasitology in Moscow, is to this day still an official of the Soviet ministry of health.

According to Litvinov, the Soviets have four institutions actively engaged in AIDS research: 1) the Zhdanov Institute, 2) the Soviet Institute of Virology, 3) the Soviet Institute of Microbiology and Immunology, and 4) the Gomaleya Institute. From Geneva WHO headquarters, Litvinov is responsible for "coordinating the activities" of Dr. Assad of WHO, Prof. Frederick Deinhardt of West Germany, and the Centers for Disease Control in Atlanta, Georgia. Under Litvinov's direct chain of command, the facilities for running the blood banks in Africa have been run from the Warsaw Pact. Pro-

fessor Deinhardt is now engaged in a special project to transfer a blood-serum bank to Africa from Czechoslovakia.

What is Litvinov's position on AIDS? He peddles the Soviet propaganda line. As he told a journalist: "There has been a panic and exaggeration emanating from the originating country where AIDS developed—namely, the United States of America."

Litvinov confirmed that the Soviets have been carrying out massive vaccination of their populations, while the U.S. programs have collapsed.

- **Rakhim M. Khaitov**, deputy director of the Soviet Immunology Institute in Moscow, journeyed to Atlanta, Georgia, in April, where he maintained, in an official paper, as well as in private discussions, that there were no cases of AIDS in the Soviet Union. He has insisted upon this point in statements to the Western media during recent weeks, and in interviews with Soviet publications he has maintained that "there is no reason to believe" that the AIDS virus can be transmitted through droplets in the air.

- Soviet Deputy Minister of Health **Pyotr Burgasov** was quoted in the Russian trade union newspaper *Trud* that the reason for the high number of cases in the West and the lack of cases in the Soviet Union was the sexual perversity and drug use in the degenerate West. The article, entitled "Portrait of a Sneaky Enemy," appeared on Oct. 6. Dr. Burgasov emphatically stated that there are "no cases of AIDS in the U.S.S.R."

- Yet, Poland has placed an *army general* at the head of a national task force on AIDS. **Gen. Jerzy Bonczak** has been

named the official AIDS plenipotentiary.

● We know that intensive laboratory research work on AIDS is occurring in the Soviet Union, including by Boris Labin, retro-virus expert at the Sukami Primate Center, and Professor Ivanovskii at the Institute for Virus Research.

An 'AIDS Curtain'?

While AIDS spreads like wildfire through the United States and its allies, the Soviet Union does not acknowledge any native-born AIDS victims. While West German scientists estimate the number of AIDS victims in the Federal Republic to be 1,400-1,500, with the epicenter being in West Berlin, East Germany claims to have zero cases of AIDS, according to East Berlin dermatology professor Niels Sönichsen.

How can there be such an "AIDS Curtain" sealing off East from West Berlin?

In the interview published below, British expert Dr. John Seale asserts that the Russians "would have to be morons" not to encourage the proliferation of AIDS, even though there is no evidence that they started the epidemic themselves. Perhaps the Soviets merely see an opportunity to foster the West's decline through what they perceive to be its "Achilles heel": the disease-spawning policy of economic austerity and the degenerate drug-rock-sex counterculture.

EIR's Biological Holocaust Task Force wants to know, given the outbreak of AIDS in the West, will General Secretary Gorbachov laugh his way to victory over the West without even firing a shot?

How could the Soviets "assist" the spread of AIDS in the West? There are four principal ways: 1) encourage and assist narcotics trafficking and supply; 2) encourage and assist the pornography industry; 3) encourage and assist prostitution; and 4) encourage and assist the dissemination of false and deceptive medical information on AIDS.

In light of this potential, the response to the issue by Lord Carrington, NATO's secretary general, to a question at a press conference at the State Department on Oct. 7, should raise eyebrows in the security services of allied nations. Asked by an *EIR* correspondent whether NATO was planning to follow the lead of the Pentagon and institute an AIDS screening test for new recruits in all the member countries, he exclaimed, "Of all the questions I thought might be asked me here, I never thought I would get this!" He said he thought it would be up to the individual nations in NATO to decide whether or not to institute such a test, "certainly not up to the secretary general of NATO!"

Blood supply: a national-security issue

There can be no more acute threat to a country's national security than the contamination of its blood supply with a deadly and highly contagious disease. Leading U.S. experts such as Dr. Myron Essex of the Harvard School of Public Health are now asserting that indeed America's blood supply,

despite the precautions recently introduced, is still contaminated with the AIDS virus. But despite the evidence at hand, government health officials and the Atlanta Centers for Disease Control are maintaining their cover-up.

At an extraordinary forum on AIDS on Oct. 3, sponsored by the Harvard School of Public Health, Dr. Myron Essex, chairman of the Department of Cancer Biology, warned that in the next 5-10 years, 4 to 5 million Americans could be infected with the AIDS virus. Dr. Essex declared: "We need to act fast if those numbers are not to be 40 million to 50 million Americans infected and 4 million to 5 million with AIDS outright." Dr. Essex further emphasized that, despite reassuring statements to the contrary from the Red Cross and other agencies, "unfortunately, our blood supply is not safe."

The Harvard forum was titled "Can AIDS Be Stopped?" and was opened with remarks by Harvey V. Fineberg, dean of the Harvard School of Public Health.

Dr. Essex asserted that it was "a gross exaggeration" to imply, as national public-health officials have done, that the "blood supply is now fully safe. I don't believe that. The blood supply is safer than it was a year ago, but it would be totally misleading to have people think the blood supply is safe. If I were considering the possibility of elective surgery, I would donate my own blood in advance." Dr. Essex added that, although tests might detect 95% of the contaminated blood samples, in the actual setting of a blood bank, "it's extremely unlikely that the test is picking up more than 90%, and my guess is it's 75-80%. I'd be shocked if it's any better than that."

Dr. Essex's statements directly contradicted the assurances of Dr. James Mason, the director of the Atlanta Centers for Disease Control (CDC) and the acting assistant secretary of health of the United States. At the Harvard forum, Mason testified, consistent with the CDC posture of scrambling to cover up the real story on AIDS, that the disease is "not spreading" outside the so-called high-risk population. Mason also claimed that the nation's blood supply was "in the range of 99% safe." Dr. Mason acknowledged that federal officials already have the authority to apprehend and examine any person with a highly communicable disease, but he stated that a quarantine might discourage victims from seeking treatment and discourage their doctors from reporting cases.

Dr. Mason has been *actively* dismissing the fact that AIDS poses a direct national security threat to the United States.

Dr. Essex was the second Harvard medical expert in the span of a few days to warn of the real threat to our national security. On Sept. 26, Dr. William A. Haseltine, the chief of the Laboratory of Biochemical Pharmacology at the Dana-Farber Cancer Institute at the Harvard Medical School, testified before a Senate subcommittee chaired by Sen. Lowell Weicker (R-Conn.). In his shocking testimony, Dr. Haseltine revealed that over 1 million Americans and more than 10 million Africans, in what he called the "AIDS Belt" of central

Africa, were infected with the AIDS virus. He reported that AIDS had raged as an epidemic for over 10 years in Africa before the first case had been diagnosed. (See *EIR*, Oct. 4, 1985, "Doctor tells Congress: Ten million Africans are infected with AIDS.")

The warnings of Dr. Essex and Dr. Haseltine are corroborated in recent interviews given to *EIR*'s task force by world experts on tropical diseases, including Dr. John Seale in England, Dr. Clymeck in Belgium, the Yves Montagnier group at the Pasteur Institute in France, noted West German scientists such as Dr. Hunsmann of Göttingen, and Dr. Mark Whiteside of the Institute of Tropical Diseases in Miami, Florida. (See *EIR*, Oct. 4, 1985, "Medical experts warn of a 'breakout' of AIDS disease," and *EIR*, Sept. 27, 1985, "We have a public health emergency": the real story of AIDS in Florida.")

Orders to lie

Every one of these world experts is courageously speaking out the truth in the face of massive counterpressures organized by the Geneva WHO and the Atlanta CDC. The assistant secretary of health of one of our nation's largest states recently confessed to a colleague of mine that, although she viciously tried to impeach our evaluation of the threat to the United States and Africa with preposterous lies before the media, she only did so because she was "under orders to do so," even though she entirely agreed with what we were saying.

Never before in the history of Western civilization has mankind been so threatened with such a deadly disease, while its public health institutions use KGB-style thuggery to prevent the implementation of the necessary public health measures. Why are KGB tactics of disinformation and intimidation being used? Who ultimately benefits?

Any official of the WHO—a notorious "cutout" institution that provides KGB and Western intelligence operatives with "health professional" covers—or the CDC, or any other institution which persists in covering up the real story on AIDS, may in fact be doing so to compromise national security. The true nature of the Swiss-orchestrated intelligence "courtesy arrangements" between East and West, orchestrated by the Swiss under WHO auspices, is of vital security concern.

We are dealing with a deadly gang of Malthusians who view lethal disease as a convenient way to drastically reduce what they consider to be "excess populations" and "useless eaters." They are in league with the Soviets, who have their own military-strategic reasons for crippling the West with the AIDS pandemic.

The first line of defense of the West is to declare a full-scale global war on AIDS, beginning with the implementation of traditional emergency public health measures. Any individual or official getting in the way of that effort must be held fully accountable for his or her actions.

Interview: Dr. John Seale

AIDS and the security

Dr. John Seale of London has been intensively studying the outbreak of AIDS in tropical areas, particularly Africa. Until the late 1970s, Dr. Seale was at the Venereal Disease Division of St. Thomas/Middlesex Hospital. He was interviewed by EIR's Dr. John Grauerholz on Oct. 3.

EIR: Do you think that there are any national security implications for the West from AIDS? Is there any Soviet angle to the spread of the disease?

Seale: Yes, I do. I have written a few things in relation to national security. I wrote as long ago as May 4, 1983, over two years ago, to the bureau chief of *Newsweek* in London, and to the bureau chief of *Time* magazine in London. In the letter, I wrote: "If my hypothesis is correct, and we wait perhaps 20 years before we take drastic preventive action, half the population of the Western world will be wiped out. Meanwhile, the communist countries, sheltering behind their closed frontiers, will watch capitalism collapse in a way never predicted by Marx."

I haven't changed my views. I did have a paper published in Germany, written at the same time that I wrote that letter to *Newsweek* and *Time*. Since then I've had a stream of requests for reprints, coming from countries behind the Iron Curtain, from Bulgaria, Czechoslovakia, Romania, Hungary, and one or two from the U.S.S.R. That made me think again. And I wrote a letter on Aug. 19 to the editors of the major London papers and to four or five of the major medical journals. It's headed "AIDS and National Security." What I said was:

"Once the AIDS virus gets into an intravenous drug abusing community, it spreads even faster than among homosexuals. Long before even half the NATO forces and their reservists were infected with the AIDS virus, the West would be a pushover for the Soviets. Employing the AIDS virus is much less messy and self-destructive than using nuclear weapons or nerve gas. Its spread is easily prevented in a totalitarian state, unlike incoming missiles containing nucle-

of the Western world

ar or chemical warheads. The Soviets did not deliberately start the AIDS epidemic as a form of biological warfare, but only a moron or an idiot in the Kremlin could fail to see its potential in the East-West power struggle, now that it is here. Gorbachov could easily contain the AIDS epidemic behind the Iron Curtain using methods far less draconian than those employed by Stalin in the '20s and '30s. And if he makes sure that heroin and cocaine keep flooding into the West, and the porno industry keeps pumping out propaganda glorifying ever more promiscuous and bizarre effects, he could be laughing all the way to world domination by about the year 2000."

I did write a letter for publication to the editors of the *Times*, the *Telegraph*, and the *Guardian* on Sept. 3, the 46th anniversary of the outbreak of World War II as far as the British were concerned. I asked a number of questions: Can the totalitarian Soviet system easily prevent the spread of the AIDS virus? The answer, I am sure, is "yes." Another very important question: Can the speed with which the AIDS virus spreads amongst our people be accelerated by actively encouraging a permissive attitude toward drug abuse, homosexual promiscuity, and various bizarre forms of heterosexual anal sex. And the answer is, obviously, "yes." And then, would the provision of disinformation and misinformation in the West about the many ways in which the virus is really spread, would that speed up transmission? And the answer clearly is "yes." My last two questions were: Does the Politburo in Moscow believe that the answer to all these questions is "yes"? Has World War III already started?

In the last thing, which I sent to the editor of *Time* on Sept. 12 and which was not published (my previous letter was not published either), I said that there are some people who are actively encouraging the use of heroin and deliberately accelerating the spread of the AIDS virus throughout our country (referring to England, but it applies to the Western world). It is merely naive to believe otherwise. And it is in their interests to give it a push, a helping hand. No one

could prove that they were, and secondly, there is no risk involved. Employing the AIDS virus, transmitted on a drug addict's needle, is an infinitely more cost-effective strategic weapon and far less self-destructive for the U.S.S.R. than using nuclear warheads or conventional forms of military might.

EIR: What is your assessment of the problem of AIDS?

Seale: We are dealing with a major new virus infection with an unknown mortality after infection which may well turn out to be in the order of 100%. We just do not know what the mortality is going to turn out to be. The second great problem is the enormously long incubation period between infection and the time that people realize there is anything wrong with them. It can take one or two years before someone becomes ill, and in some cases as long as 10, 15, 20, or 25 years. The problem is potentially enormous. As far as the magnitude is concerned, in various parts of the world, at the moment, the Central African area is the most affected, with by far the largest number of cases. As for South America, Brazil is particularly aware that it is a major problem in its major cities, with the cases initially appearing who are homosexual men, and to a lesser extent, drug addicts. The Brazilian authorities themselves accept that they just do not know what is happening in the slum towns, where it is so much more difficult to make a diagnosis of AIDS, under conditions of poverty.

EIR: How do you evaluate the vulnerability of various populations to AIDS?

Seale: The virus in tropical Africa started there some time in the 1970s and the most likely thing that happened is that the virus that is present in the green monkey, and caused no harm, went across to man. What has now happened is that the extensive use in Central Africa and other similarly poor parts of the world, of very large amounts of modern medicine, medicines, without sterilizing the needles in between, has spread the disease. The needles are used again and again. The ability to transmit the virus among intravenous drug addicts in New York City is very well known, and it is obvious that the same thing can happen with medical needles, if they are not thrown away each time.

EIR: Who exactly are the people at risk from AIDS?

Seale: We have to get people to realize the nature and the scale of the problem. As long as people think it is not a particularly big problem, or is not going to affect them, but only what are repeatedly called "risk groups," and that ordinary nice people don't get AIDS, then nobody will do anything. It is essential to get people to understand what the problem is, or almost certainly will be. People are not going to take any strong or effective measures, measures that would curtail their own or anybody else's freedom, or their behavior, if they believe it is really a problem that is very small or only affects other people.

AIDS has been known to be around for the last four years, and really no effective steps have been taken at all up to the present to curtail its spread.

I emphasize curtailing the spread because there is a very naive assumption going around that in two or three or four years' time, the clever scientists are going to come up with a vaccine and we won't have to worry. This is, I believe, just cloud-cuckoo land. From the nature of the virus, what we already know about it, and what we know about similar viruses, the likelihood of having a vaccine that is effective in the 20th century is, in my view, virtually zero, and the likelihood of having a cure is even less.

So the only practical way of dealing with it is to stop the spread. We must obviously look for a vaccine. But remember there are many other diseases, like malaria, where we have been looking for a vaccine for a hundred years, and maybe we'll come up with one soon, but we haven't yet. There are very few diseases where we actually have a vaccine.

If one accepts that we must not look for a vaccine and a cure just around the corner, when it's not there, and secondly, that we must get people to realize that it is a disease that affects everybody, potentially, irrespective of their behavior, then you can begin to talk about practical steps.

There is one step which is absolutely critical in my mind, and that is for the Western world to realize to what extent drug addiction, heroin addiction, is a threat to them. If you look at the United States, for instance, at women and children who have been infected, you find that about 70-80% of them are either drug addicts themselves or are living with drug addicts or are the children of drug addicts. One area where I would have thought that the general public would have no doubts at all, would be to take much tougher action against heroin addiction. You have the situation in New York City, where up to 80% of the intravenous users of heroin are already infected. With that percentage, any new person who becomes addicted is likely to be infected within a few weeks. I believe I am right in saying, as a rough estimate, that one is talking about several hundred thousand people in New York City alone. Some of the figures that are coming through now concerning European cities show similar situations.

In Milan, a study showed that about 60% were infected; in Zurich about 35%; in Madrid about 40%; and in London a year and a half ago about 2%—the reaction in England was, "Oh, aren't we lucky, our dope addicts were not infected"—but we haven't bothered to check again, and we might find now its 25-30%.

If one cannot act seriously as a society to stamp out heroin addiction, I don't think we can stamp out anything.

EIR: What is our understanding of the way an AIDS infection proceeds?

Seale: What has become clear in the last few months is that the AIDS virus has not just knocked out part of the immune system, and that people then die from other infections, which has been the conventional wisdom of the immunologists and

the medical profession. I think that this is fundamentally misconceived. It so happens that that's how it first showed up in the Western world, people dying of secondary infections or opportunistic infections because of immune deficiency. But the cause of the deficiency is the AIDS virus which is affecting certain of the white cells. But what is now quite clear is that it is transported in those white cells, and in most, and probably in all people who get infected, the virus quite rapidly moves up into the brain and there it very slowly develops and eventually itself causes a progressive destruction of the brain or encephalopathy. This is like what is known with other so-called slow virus diseases—one or two rare ones are known to occur in man—but is very like the disease known as visna, which occurs in sheep. What has now transpired is that the virus which causes this progressive brain disease in sheep is extremely similar in its nucleotide sequence, or genetically, to the AIDS virus. So more than half of the people who have died from AIDS have severe brain deterioration, and an autopsy in the majority of cases

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finds extensive wasting of the tissues of the brain because of destruction of the nerve cells.

What is now clear is that people are dying from progressive brain disease caused by the AIDS virus without in fact becoming immune deficient, to the extent of being diagnosed as AIDS as presently classified by the Centers for Disease Control in Atlanta. So people are dying from the AIDS virus destroying their brain, but they haven't got AIDS, as it is classified at the moment.

What is even more worrying is that the AIDS virus quite clearly also causes lung disease, irrespective of any secondary infection. This is rather belatedly being recognized by the Centers for Disease Control, who revised their definition of AIDS in their publication at the end of June of this year. They included in their definition of AIDS, children under the age of 13 who have what they call chronic lymphocytic interstitial pneumonitis, which is a chronic progressive form of pneumonia, which has been found in many of the children, before they die. In Haiti and in Central Africa, a lot of adults develop a similar pneumonia, and the probability is that if people are infected with the AIDS virus and their immune systems act up fairly quickly and then they die, then they

don't go on to develop this pneumonia; but if their immune system does not act up, then the chances of developing pneumonia are very much higher.

A further nasty twist to this is that most of the sheep that are affected by the visna virus, which is similar to the AIDS virus, do not actually die from brain disease, they die from a progressive pneumonia, and in the United States, the name of the disease, among farmers and veterinary surgeons, is progressive pneumonia.

That is how they spread the disease, since sheep do not go around injecting each other nor are they heroin addicts, nor, I understand, do the rams have very much fun with each other, they prefer to go to the ewes. The virus is spread by coughing and occurs in epidemic form when the sheep are kept in a very cold part of the world, like in Iceland, where they are crammed together in buildings to protect them from the Arctic winter.

Although I am sure it is not happening to a significant degree yet in the Western world, since the virus has only been in the West for about five years, whereas in Africa it has certainly been around for 10 years and possibly even longer, it could well be that already in Africa, in conditions of overcrowding and so on, that it could be transmitted by the respiratory route. It is quite clear that it is not transmitted like the common cold, but what I fear is that it will turn out to have the same sort of infectivity as tuberculosis, which is not highly contagious, but if you live with a person for weeks or months and the person is coughing, the chances of getting infected are high. You're very unlikely to catch it on the bus or walking down the street.

Another sinister thing that is coming up in Africa, is that, as one would expect, when patients become immune deficient, if they have got tuberculosis, then the tuberculosis goes ahead very rapidly and they are very likely to die from it. That has already been seen with the Haitians in the United States, many of them had tuberculosis. Very few Western Europeans or indigenous United States citizens develop tuberculosis when they have AIDS, because so few people have the TB bacillus within them. But if you have got it in you, then the tuberculosis becomes much more active, and you may then have a most lethal combination, in which a person is coughing up both the TB bacilli and the AIDS virus. And that is what could well be happening in the Third World before very long. And that has a horrific implication.

EIR: There has been a great deal of controversy about letting AIDS-infected children attend public schools. What is your view?

Seale: I think that this is posing one of the biggest problems that humanity has already been forced to face, because you have children that have been infected because they are hemophiliacs or because of blood transfusions, so that it is quite clear to everybody that in no sense can you say that these children have gotten the infection as a result of their behavior, which is what people tend to do in relation to other cases.

The anxiety and concern of the parents of other children is understandable. And one of the things that I think is causing so much panic is that the general public must be beginning to get the feeling that either the doctors and the health authorities don't know what they are talking about, or that they're deceiving them, because the story is changed so many times.

Look back on it. It was originally said that it was a gay plague, that only homosexuals got it. Then it turned out that the drug addicts might have it too. Then there were the hemophiliacs, and now they're talking about women getting it, about it being carried by heterosexual intercourse. Having been told so often before that these things were not possible, then very understandably people think that maybe it can be caused by kids playing in the playing field.

What we know for sure is that the virus is present in the blood and it persists in the blood. What we also know almost for certain is that once people are infected, their blood will remain infected indefinitely. In England, in relation to the children it has been said that there is absolutely no danger at all from ordinary social contact. This is a question of mucking around with words again. If two kids get in a scrap in a playing field, and one falls over and gets a bloody nose, is that ordinary social contact? Because obviously it is possible that with that sort of situation, the virus can be transmitted in that way. It is no good having the authorities or the doctors pretend otherwise, because the general public won't believe them much longer.

So to what extent can the children be protected, both the children that are infected, so that they can have a reasonable schooling and a reasonable, full life, a reasonable social life, and to what extent can other people be protected from them? If one is only talking about one or two children out of a hundred thousand, this is not a great problem, but if you then begin to find that we've got in a big city, hundreds or even thousands of children infected, then you might have to think of a special school for the children. I'm not giving a solution, I'm just saying that society is going to have to face this; there's no point in sticking their heads in the sand and saying it's not going to happen under any circumstances.

If this was smallpox, it would be so obvious that people were infectious. The only reason it is not clear to people *how* infectious this virus is under certain circumstances is because of the enormously long incubation period. If, like with some viruses, people died after seven days instead of after seven years, the effect the virus was having in the intravenous drug-abusing community in New York would have shown up very obviously, because they would have been dying like flies. Whereas in fact only about a thousand or so have died, while about a hundred thousand are infected. But this does not mean that in 10 years time, all hundred thousand may not well be dead.

We are dealing with a virus that certainly is as lethal as smallpox, and possibly much more lethal. Nobody in their right mind would do anything other than restrict the activities of a person with smallpox.

Arms-control lobby strives to save Gorbachov's offer

by D. Stephen Pepper

After five days of stunned silence at the poverty of the "Gorbachov offer" at Geneva, the arms-control lobby finally grimly set itself to doing the Soviets' work for them, to make credible the new Soviet offer.

The task was frankly acknowledged to be a heroic one. National Security Adviser Robert McFarlane had bluntly stated that the Soviet offer would increase Moscow's ability to achieve "a first strike capability." But Ted Warner, the Rand Corporation's analyst of strategic systems, a former U.S. Air Force expert on the subject, writing in the *Washington Post*, flatly contradicted McFarlane by describing the offer as "providing 'a better chance to make a retaliatory force highly survivable' after an enemy attack, thus adding significantly to strategic stability."

How could the same offer produce such diametrically opposed analyses? Because the arms-control lobby has an absolutely urgent task to redeem the Soviet offer in the eyes of the world; otherwise the administration will feel no pressure to retreat from its commitment to the research, testing, and development of the advanced technologies involved in the Strategic Defense Initiative.

The testimony of a highly placed White House official at a press conference on Oct. 8 made clear how impoverished the actual Soviet offer is. He ticked off the following points: "We are concerned that the Soviet first-strike capability would be strengthened. . . . It would insure that the Soviet Union would retain major advantages in the number of nuclear weapons, nuclear delivery vehicles, and ballistic missile throw-weight. . . . It would prevent key areas of needed U.S. modernization while it would allow the considerable Soviet modernization and buildup, which began 10 years ago, to be carried to completion. . . . The Soviet proposal seems designed to fulfill the long-standing Soviet goal of totally removing the United States nuclear deterrent from the protection of our friends and allies in Europe and Asia, while

not inhibiting the Soviet forces which threaten those allies. . . . Finally, the Soviet insistence that the U.S. drop its SDI program presents a serious obstacle to progress in Geneva, and must be dropped."

The Soviet proposal calls for the reduction of strategic arms by 50%, and then defines such arms as all weapons that can hit the territory of the other superpower. Under this definition, Soviet SS-19 and SS-20 missiles are excluded as tactical weapons, whereas U.S. Euromissiles, cruise missiles, and forward-based bombers would all be included on the grounds that they could reach Soviet territory. If, under the Soviet plan, the United States is entitled to 1,680 strategic nuclear delivery systems, 1,149 of these based in Europe would have to be eliminated or withdrawn.

The consequence of this proposal would thus be that the United States would be left with only 531 strategic missiles and bombers left for deterrence against a nuclear attack. Further, as the spokesman emphasized, it would leave Europe without U.S. protection, while leaving Soviet tactical missiles in place.

While this is the most obvious flaw in the Soviet proposal, it is not the key one. The demand to cease SDI research and testing is crucial. The ABM Treaty allows research and development of systems based on "new physical principles," and the administration has definitively accepted the interpretation of the treaty which says that this provision covers the antiballistic-missile systems now under development by SDI researchers. The arms-control lobby is screaming bloody murder; retired ambassador Gerard Smith, the negotiator of the 1972 ABM Treaty, declared that the treaty is now a "dead letter," for this interpretation would permit almost unlimited testing and even "building" of the space-based anti-missile system. Right on cue, House Foreign Affairs Chairman Rep. Dante Fascell (D.-Fla.) is demanding that Secretary Shultz appear before the House to "explain" the Reagan administra-

tion's "new interpretation."

But a far more sophisticated adversary of the administration's SDI policy has emerged, namely Lord Peter Carrington, secretary-general of NATO. Carrington after holding private discussions with President Reagan and Secretary Shultz emerged to tell the press, the latest Soviet offer was, "greatly to be welcomed," even though the specific proposals were clearly unacceptable. Carrington stressed that he had always described the Geneva talks as a long process, "and they [the Soviet proposals] are the beginning of a long negotiation. . . . And in a long bargaining process you have to give and take, and I imagine that both sides will give and take during the process of negotiation."

Arms-control spokesmen are quick to point out that, in the bargaining for the 1979 treaty, the Soviets stoutly maintained for months that U.S. European-based arms should be included, before finally giving way to allow for an agreement. Thus a long-range trap is set. Arms-control experts expect that the Soviet inclusion of medium-range weapons is just an opening gambit.

As Carrington says, in a long process there is give and take on both sides, and there is little doubt what the United States will be pressured to contribute as its side of the bargain: the SDI.

Documentation

Pentagon campaigns for strategic defense

As the Soviet propaganda campaign against the U.S. Strategic Defense Initiative intensifies in preparation for the November summit between President Reagan and General-Secretary Gorbachov, administration defense spokesman have taken to the stump to build support for the beam-weapon program, which the President has insisted will never be a "bargaining chip" at the Geneva arms talks. Defense Secretary Weinberger and SDI Director Abrahamson, in particular, are warning of an imminent Soviet "breakout" from the ABM Treaty.

Why we changed our strategic doctrine

Speech by Secretary of Defense Caspar W. Weinberger to the Philadelphia World Affairs Council, Oct. 3:

This afternoon, I would like to describe how we see our research into defensive technology fitting into our overall strategy for peace and stability, why we consider it such a

bright hope for mankind, and why we cannot regard SDI as a bargaining chip to be negotiated away.

My goal this afternoon is to correct a fundamental deficiency in the debate over SDI—a deficiency shared by expert and layman alike. And that is the lack of strategic perspective that is brought to bear on this complex issue. Too frequently critics isolate SDI from the international environment and the threats we face. They fail to look at strategic defense research as a part of America's over-arching strategic design. This tunnel vision is born of the simplistic idea that there is really no substantial difference between the doctrines and capabilities of the U.S. and Soviet Union. Indeed, if you read only domestic critics and Soviet propaganda, you would think that SDI emerged full-blown from our minds without reference to Soviet capabilities or strategic history.

In fact, our research into the possibility of a defense against nuclear attack results from the Reagan administration's broad assessment of our foreign and defense policies, which asked the question: What must we do after a decade of neglect of our forces? . . .

When President Reagan took office, one component of our strategy was in particular need of attention—nuclear doctrine and capability. Our broad examination of the strategic nuclear context led to a very troubling conclusion: The Soviet Union had rejected the notion of deterrence through agreed mutual vulnerability. In fact, the Soviets had been modernizing and increasing their offensive arsenal and simultaneously stepping up their defensive programs—all with the clear aim of gaining a first-strike capability. . . .

Since strategy cannot be isolated from the threat, we had to consider both Soviet doctrine on nuclear war, *and* their capabilities. And although a great many people joined us in this assessment, a good many stayed behind. A host of analysts persisted in calling for strategies and forces based on the amazing premise that the United States was largely responsible for the arms race, and that it was America who threatened the peace, and that it was we who sought to destabilize the delicate balance of deterrence. This is the "blame American first" school, and its thinking is characterized by a casual dismissal of Soviet doctrine, and the raw facts of the Soviet build-up. . . .

Though many Western analysts believe that offensive technology will forever dominate defensive efforts, that is not the case in Soviet military doctrine. Adopting a rather traditional view of warfare in the nuclear age, the Soviets did not let their massive build-up of superior offensive forces—like those now facing our allies in Europe and Asia—preclude seeking the advantages of purely defensive systems. They did both. And this is right in line with their doctrine.

Since history and technology do not stand still, the Russians believe a defense against ICBMs, though difficult to contemplate today, will be a reality in the future. Consequently, they have not locked their forces into an offense-

only strategy. . . .

The hope in the West for an end to the Cold War was pervasive and comforting. Unfortunately, this hope was based on illusion. The arms-limitation agreement proved little more than a fleeting record to the existing balance of forces. . . . This Soviet build-up flew in the face of what many had expected to happen after SALT I. In what can only be described as supreme arrogance, some policymakers thought they had educated the Soviets on the realities of nuclear deterrence. Defense against a missile attack, we were told, was impossible, and the only real deterrence was the threat of mutual annihilation or mutual suicide. But if the Soviets had agreed, they would not have engaged in this massive and costly build-up, and at the same time spent roughly as much on strategic defense systems as on their enormously expensive offensive strategic systems. . . .

The ABM Treaty

Had the ABM Treaty signified Kremlin acceptance of mutual vulnerability, their actions would have been roughly similar to our own. We abandoned our single ABM site, reduced expenditures on defense-related research, and virtually gave up our efforts in defensive systems of any kind.

We expected and bargained for one thing, but we got quite another. Far from abandoning the ABM site allowed under the treaty, as we did, the Soviets continued to improve it. Today they have the world's only operational ABM system—a system that is even now being upgraded. . . .

The Soviet Union has also developed rapidly deployable ABM engagement radars, and interceptor missiles. They have probably tested surface-to-air missiles, normally used against bombers, to intercept ballistic missiles. All of this threatens a very rapid Soviet "breakout" from the ABM Treaty.

Additionally, Soviet research into advanced strategic defense technology—such as particle-beam weapons, radio-frequency weapons, kinetic-energy weapons, and high-energy lasers—has been extensive. . . .

Our uneasiness with the strategic doctrine and programs developed in the 1960s is therefore perfectly consistent with our goals and principles. And with the Soviets clearly rejecting the concept of agreed mutual vulnerability (although many nurtured in the ways of the '60s still can't seem to admit it), there was only one prudent course of action: Change our own doctrine and programs. We must seek and secure a defensive capability that could ultimately lead to the end of nuclear missiles. This is not only prudent; it is far more in keeping with our democratic ideals, than a mutual suicide pact. . . .

If the Soviet leaders ever contemplated initiating a nuclear attack, their purpose would be to destroy U.S. or Allied retaliatory capability, and the military forces that would blunt Soviet aggression. Even partially effective defenses that could deny Soviet missiles their military objectives, or shake the Soviets' confidence in their ability to achieve such dire ob-

jectives, would discourage them from considering such an attack, and thus be a highly effective deterrent. . . .

And let me stress the choice is not between protecting military forces or cities. The goal of our strategic defense research program, the vision and hope of the President, is to stop Soviet missiles *before* they could destroy *any* targets—be they in the U.S. or anywhere. The goal is noble and straightforward: to destroy weapons that kill people. . . .

I know that some of our allies fear that our pursuit of the defense initiative would tend to "decouple" America from them. This is quite wrong. The security of the United States is inseparable from the security of our allies. In addition to strengthening our nuclear deterrent, such defenses would also enhance Europe's ability to deter Soviet aggression by reducing the ability of Soviet intermediate-range ballistic

Our broad examination of the strategic nuclear context led to a very troubling conclusion: The Soviet Union had rejected the notion of deterrence through agreed mutual vulnerability. In fact, the Soviets had been modernizing and increasing their offensive arsenal and simultaneously stepping up their defensive programs—all with the clear aim of gaining a first-strike capability.

missiles—both conventional and nuclear—to put at risk either our allies, or those facilities essential to the conventional defense such as airfields, ports, depots, and communications networks. The same is true with respect to Japan and Korea. An effective defense against ballistic missiles would create great uncertainty in the mind of the aggressor, reduce the likelihood of a conventional attack on Western Europe, and thereby reduce the chance the Soviet Union would contemplate such an attack in the first place.

If such a system can be developed, we will offer the Soviets a strong incentive to reduce their investment in offensive forces. And this is precisely what President Reagan is seeking—even now we are asking the Soviets to join us in deep reductions in offensive weapons. But if we stop our work on strategic defense, and give it away at the negotiating table, we will forever lose one of history's best chances to end the shadow and the fear of nuclear weapons. . . .

Progress in SDI research program

SDI Director Lt.-Gen. James A. Abrahamson gave the speech which we excerpt here to the Philadelphia World Affairs Council on Oct. 3:

The goal of our innovative science and technology program is to establish scientific feasibility and engineering validation of revolutionary concepts, concepts with potential for full SDI technological development. This forward-looking office has a broad research charter which focuses on such advanced directed energy concepts as gamma-ray lasers, on novel sensing and data-preprocessing techniques, on advanced materials for space applications, including exotic molecularly engineering dielectrics, innovations in burst-mode space power and power conditioning, and on emerging space-science applications and ultra-high speed supercomputing. . . .

During the past year, the surveillance-acquisition-tracking and kill assessment program has seen broad technology progress. They have initiated requirements-definition efforts and addressed some key problems, such as discriminating reentry vehicles from decoys. For key sensor elements, they have identified a need for advanced focal plane materials, cryogenic coolers to maintain operating temperatures, and signal-processing capability.

In the directed energy program, we continue to make excellent progress. Of particular note are the very encouraging test results of the large chemical laser (MIRACL) at White Sands Missile Range. The beam quality has been significantly improved as a result of tilting the modules a small amount and thereby eliminating problems with the uniformity of the flowing laser gas caused by strut wakes. This advance gives us greater confidence in our ability to focus the laser beam into a small spot at long range. . . .

Finally, we are planning to conduct a major program of space experiments to demonstrate target tracking with the precision necessary for a number of missions, including support of kinetic energy weapons and surveillance sensors, as well as directed energy weapons. This series of experiments is being conducted aboard the space shuttle. . . .

But there is yet another body of facts I believe are worth studying—in light of the propaganda campaign mounted by the Soviet Union to identify the President's Strategic Defense Initiative as the mortal enemy of world peace and arms control—as not hopeful, but threatening. And perhaps we should all note carefully that while the Soviets are eager to discuss *our* research on active strategic defenses, they are extremely reluctant to discuss their own expansive efforts in those same areas.

What of those Soviet programs? What are the facts? Experts have concluded that, since the ABM Treaty of 1972, the Soviet Union has spent about as much on strategic defenses as on their enormous build-up in offensive strategic nuclear missiles. Their air defenses are the densest and most

sophisticated in the world. They have made civil defense preparations for much of their population and all of their leadership. . . .

In addition, the Soviets have invested very heavily for more than two decades in other forms of anti-ballistic missile defense, including *precisely* those technologies encompassed by our own SDI research program. Given these facts, does it not seem hypocritical that the Soviets would excoriate the U.S. SDI program in tones of outrage and moral indignation? Is it not hypocritical that they are now constructing a radar in central Siberia which blatantly violates the very ABM Treaty they claim to want stringently enforced? And is it not also the height of hypocrisy that the very scientists in charge of developing Soviet nuclear strategic offenses, strategic defenses, and chemical-biological warfare programs

Since the ABM Treaty of 1972, the Soviet Union has spent about as much on strategic defenses as on their enormous build-up in offensive strategic nuclear missiles. . . . Does it not seem hypocritical that the Soviets would excoriate the U.S. SDI program in tones of outrage and moral indignation?

would publish and sign a *Pravda* statement deploring our SDI as a threat to world peace? I would note, parenthetically, that the U.S. SDI program is being conducted in full compliance with the ABM Treaty. . . .

But even as the program is borne steadily forward by the tremendous efforts of American science and industry and by those in government responsible for research and management, I would be remiss to suggest that *all* the news is good. In each of our two budget years thus far, Congress has determined that major reductions were necessary in an SDI budget request based precisely on President Reagan's March 23, 1983 mandate for strategic defense research. We have attempted, through innovative management and just plain hard work, to overcome these shortfalls and we will keep working with the Congress to keep the program intact.

It is essential that the President's program receive adequate support, so that, ultimately, we will be able to provide the sound basis for an informed decision on the future development and deployment of active defenses when it is needed. . . .

Political battles rage in major cities

by Marla Minnicino

New York, San Francisco, and Houston—the three cities where recorded cases of Acquired Immune Deficiency Syndrome are the highest in the country—have become major battlegrounds for the fight between “gay rights” activists and citizens trying to prevent an epidemic that could kill millions. In these cities and others, politicians and health officials have been forced to address the problem because of a popular outcry which shows no sign of abating.

In the most explosive development, New York Republican mayoral candidate Diane McGrath has issued a direct challenge to the liberal political establishment—including Mayor Ed Koch—which dominates New York City. In her first major press conference of the campaign, McGrath demanded that bathhouses, bars, theaters, and pornography shops catering to homosexuals be shut down to avoid the spread of AIDS. She said she would urge the U.S. surgeon general to intervene if necessary. McGrath’s statement, reflecting mass popular ferment on the AIDS issue, demonstrated an immediate potential to affect the shape of electoral politics not only in New York City, but on the state and national level.

Impact on New York politics was immediate. Mayor Koch, fresh from an overwhelming victory in the Democratic Party primary and considered unbeatable in the mayoral election, announced forthwith that he was reconsidering his long-stated opposition to the closing of the bathhouses and had asked the city health commissioner to re-examine the issue. Gov. Mario Cuomo, widely discussed as a possible 1988 Democratic nominee for President, also announced that he was reconsidering his position.

Both Cuomo and Koch had been on record as opposing the closing of the bathhouses on the ground that they serve as “educational institutions” for homosexuals, providing materials on AIDS and other health issues. A panel on AIDS set up by Governor Cuomo and headed by Bishop Paul Moore of the Cathedral of St. John the Divine, recommended that homosexual bathhouses remain open, but implement new rules for “safe sex,” including passing out “safe” lubricants, towels, and condoms. The panel also suggested doubling AIDS research money for “education.”

McGrath declared that children with AIDS “must not be permitted” in public schools and called for people whose jobs

bring them into intimate contact with the public—doctors, dentists, nurses, restaurant workers, barbers, and beauticians—to be tested for AIDS and barred from public employment if the tests proved positive. McGrath acknowledged that the testing for antibodies of those in close contact with the public and the possible loss of livelihood for those infected with the antigen was a “harsh measure,” but maintained that “the AIDS virus has no civil rights.”

She also raised the question of the relationship between economic depression conditions and AIDS, noting that New York City could be prone to an AIDS epidemic because of deteriorating housing and unsanitary conditions in many areas. She faulted local, state, and federal authorities—including the Reagan administration—for “inadequate” funding for AIDS research.

Given the immense implications of the issues McGrath is raising, an attempt on the part of the New York liberal establishment to regain control of the situation was not far behind. In an Oct. 7 editorial entitled “AIDS and Apartheid,” the *New York Times* labeled McGrath a “bigot” for saying that AIDS victims should be isolated from the public. Then, the top echelons of the Republican Party moved to dump McGrath. On Oct. 9, a host of Republican “heavyweights,” headed by former Treasury Secretary William Simon and State Senator John Marchi, publicly endorsed Democratic Mayor Koch. Simon and Koch are not such strange bedfellows as it might appear; Koch’s “Big MAC” austerity policies led to the collapse of health and sanitation infrastructure in New York, while Simon, as treasury secretary, imposed International Monetary Fund austerity conditionalities which brought the Third World to the point of economic breakdown and contributed to the spread of AIDS and other pandemic diseases.

In another stab in the back from the GOP, McGrath’s request for funds from the Republican National Committee was denied. This was on the same day that her running mate for City Council president quit the ticket. Within two days of her controversial statements, McGrath began to receive death threats, which she feared were from AIDS victims “with nothing to lose.”

In a related battle, the question of whether or not children with AIDS can be admitted to school is the focus of popular concern in the city. A hearing on the issue in State Supreme Court in Queens, New York, conducted by Judge Harold Hyman, has become a forum for profound questioning of liberal and radical truisms. Under questioning by New York City Corporation Counsel Frederick A. O. Schwartz, Jr., City Health Commissioner David Sencer testified that quarantine of AIDS victims was impossible because it would mean the quarantine of 400,000-500,000 people, and still would not stop the spread of the disease.

But Judge Hyman disagreed: “I can’t go along with that. If you save one person from getting the disease, that would be a wonderful thing.”

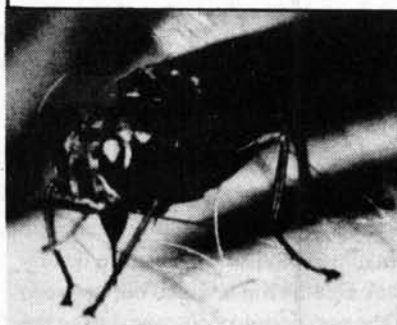
The New York liberals say it's against civil rights and not cost-effective to quarantine AIDS victims. But Judge Harold Hyman of Queens disagrees: "I can't go along with that. If you save one person from getting the disease, that would be a wonderful thing."

Similar fights are breaking out throughout the country. In Houston, Health Director James Haughton—who had denounced public health measures proposed by the National Democratic Policy Committee (NDPC) and other groups as an infringement of individual rights—recently called for AIDS to be placed on the state quarantine list, along with typhoid and plague, after public outrage and panic erupted in response to the announcement by a homosexual prostitute dying of AIDS that he intended to take as many people with him as he could. Then, within 24 hours, Haughton had qualified his proposal, saying that this would be used only to place AIDS patients under orders not to spread the disease—a virtual impossibility without enforcement measures.

In San Francisco, which has a particularly active and militant homosexual community, the acting public schools chief announced on Oct. 7 that he plans to seek mandatory AIDS testing for food handlers and possibly for teachers and other school district employees. Carlos Cornejo, the district's interim schools superintendent, said he will propose a comprehensive AIDS policy to school boards within one month. It is now rumored that Cornejo has been forced to back down. However, a large slate of NDPC-backed candidates for school board has been fielded in the San Francisco area, and two Republican California congressman, Robert Dornan and William Dannemeyer, have been leading the fight in Congress for public health measures.

Throughout the nation, action by parents and school boards is more militant. School officials in Warren County, New Jersey have filed suit to overturn the state policy of placing AIDS-infected children in public schools. A similar lawsuit is pending in Indiana, where the state has tried to force the local school district to admit a hemophiliac child with AIDS. This case could have major national repercussions. On Oct. 8, the Indiana School Board Association called on "federal, state, and local leaders [to support] a national moratorium" on the placing of AIDS victims in schools. Were this to gain momentum, both the "AIDS lobby" of "gay rights" activists and their supporters, and health officials who want to cover up the extent and danger of the disease, could be headed for real trouble.

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I announce my candidacy for the 1988 Democratic presidential nomination

by Lyndon Hermyle LaRouche, Jr.



The world today is threatened by the most deadly pandemic disease so far known to mankind, a disease far more deadly to its victims than the Black Death which wiped out between one-third and one-half of the population of Europe during the middle of the 14th century. This deadly pandemic is called Acquired Immune Deficiency Syndrome, or simply AIDS.

During the recent six months, a team of specialists has been advising me on the nature and the spread of this pandemic. These advisers have included teams of physicians, of other scientists, and of other specialists. These teams of experts have reviewed the facts with leading epidemiologists and institutions in a number of countries, and have cross-checked the opinion of each expert with numbers of the world's leading authorities. The experts emphasize that many important questions about the disease can not yet be answered, but certain facts demand very clear courses of action by governments. Most of the world's leading experts denounce the Switzerland-based World Health Organization and the U.S.'s Atlanta CDC [Centers for Disease Control] as behaving irresponsibly, and many accuse these institutions of circulating false information as part of a political cover-up.

The facts about AIDS

The facts which every citizen must know include the following:

1) AIDS is what is sometimes called a "slow virus."

The person infected with the AIDS virus may not develop AIDS symptoms for years, but during that long period of incubation, the infected person can transmit the infection to others, even though he or she does not yet show AIDS symptoms.

Such a slow virus, with such a high fatality-rate, is the most insidious kind of pandemic which could threaten mankind. An infected person can circulate for a year or more, spreading the infection to others, without revealing symp-

toms. They might die of AIDS-caused complications within a few years, or might die gradually of degeneration of the brain—since AIDS is an infection of the central nervous system.

2) The present best guess is, that as many as 100% of the persons infected with the disease will die, in either a few years or as many as 12 years after they are infected. This makes AIDS a more deadly pandemic than the Black Death.

3) The estimated number of persons infected with AIDS in the United States is estimated to be not less than 1 million persons. Some experts estimate that about 50% of the United States' homosexuals are infected, and at least an equal percentage of drug-users. In cities with high concentrations of homosexuals, 70% could be presently infected. Some estimates say that more than 1 million Americans could already be spreading the disease to others.

4) The number of cases of Americans reported as having the disease has been doubling every six months. This would mean that a minimum of 8 million could become infected by about the end of 1986, and a minimum of 32 million by the end of 1987. These estimates are only the best guesses which can be made on the basis of trends observed by medical experts so far, but they are accurate insofar as they indicate the seriousness of the danger to the entire population.

5) The argument, that AIDS can be transmitted only by sex or by needles, is already shown to be a dangerous fraud.

In central black Africa, teams of experts estimate that between 10 million and 32 million are already infected, with infection distributed without regard to age or sex. Medical experts report that AIDS is raging out of control already in Brazil. A similar pattern is found in parts of the United States where sanitation is extremely poor and the population badly nourished. It is absolutely clear, from these cases, that it is a fraud to argue that AIDS can be transmitted only by persons who are already showing symptoms of AIDS, or can be

transmitted only by homosexuals or by hypodermic needles. The tracing of most cases to homosexuals and drug-users, applies only to environments where levels of sanitation and nutrition are still within normal standards.

True, AIDS is a medical problem. It is also a political issue. No epidemic in progress was ever stopped by the discovery of a cure. Since the Black Death, which killed one-third to one-half of the population of Europe, during the middle of the 14th century, civilization has learned that the only way to stop the spread of epidemics is public health measures, especially sanitation and isolation of infected victims. Only public health measures by governments can halt the spread of a pandemic.

Public health and the law

At the beginning of the Constitution of the United States, the highest law of our nation, our forefathers compacted to "promote the general welfare." Until 1975, our Federal, state, and local governments enacted laws, and created public health institutions, to enforce public health measures against communicable epidemic diseases. Most of these laws are on the books; they are the law. Any law, any act of negligence by the Federal, state or local government, which attempts to overturn that provision of our Constitution, or to violate that law by negligence, is grounds for impeachment and other appropriate actions against any public official whose acts or negligence cause injury to the general welfare.

Yet, in violation of the law, today, agencies of our Federal government, as well as the municipal government of Los Angeles, are in such violation of their oaths to uphold the Constitution in the matter of the spread of the most deadly pandemic in the history of mankind. They are, in fact, guilty of complicity in mass-homicide, in defiance of established law. Every person who becomes ill, or who dies of infection with AIDS, under conditions fostered by such mixed negligence and obstruction of law, should hold such officials personally accountable under the law.

Therefore, those who violate the law, or who attempt to overturn the public health law of the United States, have made AIDS the leading political issue of 1985. The attack on the law has been made chiefly by two classes of persons. The first, is composed of lobbyists representing themselves as working in behalf of the "civil rights" of drug-users and homosexuals. The second group includes officials of governments who are acting in collaboration with certain supranational institutions to falsify the facts about AIDS. Both groups are acting to assist the spread of a pandemic worse than the Black Death, a disease more deadly to mankind than a full-scale thermonuclear war.

Yes, we must have medical research, but to do nothing until medicine discovers a cure, would be a criminal act of negligence. Let us suppose that a cure is discovered three years from now. At the present doubling-rate, that would

mean that at least 64 million Americans would be infected, many of whom would already be dead or doomed to die. Former Health Secretary Margaret Heckler proposed that 1990 is the target-year for a medical breakthrough. That means four years, by which time most Americans might be infected!

Medical support is necessary. We should be spending between a half-billion and one billion dollars for research, and should be providing hospital treatment-places for isolated infected persons, as we did for tuberculosis victims, adequate to the number of expected cases needing treatment. But, medical support by itself will not stop the deadly pandemic. Public health measures must be taken on the Federal, state, and local levels, immediately.

We must identify and isolate the carriers of the AIDS virus, until we are assured that those infected are no longer capable of transmitting the virus. We must, especially, be certain infected persons are not employed as food-handlers, or in service occupations which require them to make bodily contact with non-infected persons. We must provide treatment centers for these victims. We must correct lack of adequate public sanitation. We must improve levels of nutrition, including levels of animal-protein consumption consistent with the individual's immunological potential. We must recognize that drugs which depress the immune system help to spread AIDS; the consumption of such drugs for "recreation" must be stamped out ruthlessly. We must recognize that the spread of other epidemic diseases, including the recent explosion in spread of tuberculosis, contributes to the spread of AIDS.

It is the urgent public health measures which are the most costly actions we must take to control this deadly pandemic. Those public health measures are far more costly than the medical action needed. That is why government agencies are covering up so many of the facts about the AIDS pandemic, during the present fight in Congress over "balancing the Federal budget."

This is the first time in our nation's history, that so many in government have attempted to balance the budget by allowing a deadly pandemic to kill off the tax-payers.

Economic collapse and pandemics

Ten years ago, a team of my collaborators and I warned, that if the monetary policies which the U.S. government adopted in August 1971 were continued indefinitely, that by the second half of the 1980s, the world would be attacked by waves of famine and epidemic diseases like those which wiped out half of the population of Europe during the first half of the 14th century. We predicted that epidemics of cholera and other disease would explode in the Sahel region of Africa by the middle of the 1980s. That happened, exactly when we warned it would happen, unless our monetary policies were changed. We also warned that new varieties of

pandemics, previously unknown to medicine, would also break out in areas such as Africa, and would spread throughout Europe and the United States. That, too, has happened; AIDS is a new pandemic, which broke out in Africa, and which built up toward an explosion in the United States and Western Europe over the first half of the 1980s.

On July 1 of this year, the international newsweekly for which I am contributing editor, the *Executive Intelligence Review*, issued a special report, named "Economic Breakdown and The Threat of Global Pandemics." This report compared the 1975 forecast of pandemics issued by my collaborators, with the spread of famine and disease in the world today. Public Health officials of our government rejected that report. They admitted that the reasoning about the connection between economic conditions and the spread of epidemics is correct, but they insisted that these economic conditions do not exist, because, they said, the world is experiencing an economic recovery. That is the reason that CDC and other governmental institutions are now acting to prevent urgently needed public-health measures to control not only AIDS, but the rapid rise in old types of epidemic disease, such as the tuberculosis epidemic hitting slum populations in the United States today. They are trying to avoid the spending of the amount of money needed to control AIDS, and they are unwilling to face the fact that the world is on the edge of a general collapse of the banking-system, and sliding deeper into a worldwide depression in levels of employment in production of food and industrial goods.

During the 1984 presidential campaign, I delivered 15 half-hour broadcasts on national television networks. These broadcasts were devoted to issues of national defense, to warning of the 1985 wave of bankruptcies among farmers, to the continuing collapse of our industrial sectors, and to the deadly failures in our foreign policies. Those who remember those broadcasts, if they are men and women capable of learning lessons from experience, know that the facts and warnings I reported on those broadcasts were true. They know that those who doubted my warnings were mistaken. The same could be said of the several network telecasts I made during my 1980 campaign for the Democratic presidential nomination.

Suppose I had been nominated by the Democratic Party in 1980 or 1984. I might not have won the election, but the effect of my Democratic presidential campaign would have meant a better and much stronger Democratic Party than we have today. It would have meant a much stronger voice in government today, for the interests of our basic industry, our industrial workforce, our farmers, and our poor. Because I have earned more respect among countries friendly to the United States than any other presidential candidate, it would have meant that most of the terrible failures in the continuing conduct of our foreign policy, would be more easily corrected. Also, had I been the 1984 Democratic candidate, instead

of Walter Mondale, Moscow would have stopped its attempts to bluff President Reagan on the issue of the Strategic Defense Initiative.

The proper function of any candidate for the presidency of the United States is not necessarily to become the President in the next election. The most important role which a presidential candidate must play during the long campaign, is to provide leadership on the great issues of our nation's domestic and foreign policies. The duty of a presidential candidate is not really to win a popularity-contest; the sacred duty of a presidential candidate is to educate the citizens of our nation on the life-and-death questions of policy, and to work to ensure that whoever the next President may be, that President will be greatly influenced by the policy-issues raised during the campaign.

For more than 20 years, the United States has been dominated by the wrong policies on most major issues of the economy and on foreign policy. Whether the President was a Democrat or a Republican, that President continued the same direction in policy left over from his predecessor. The crowd we associate with the Trilateral Commission, ran the policies of the Johnson administration, the Nixon administration, the Ford administration, the Carter-Mondale administration, and has dominated the policies of the Reagan administration. Through all these administrations, only two important changes in policy have been made by any President; the one change was President Ronald Reagan's adoption of his change in strategic policy, the Strategic Defense Initiative; the other change has been the President's and Mrs. Reagan's commitment to fighting the "War on Drugs."

The ruin of America

Over 20 years, the kinds of policies we associate with the Trilateral Commission today, have dominated our government, and have been the policies of nearly every one of the major parties' presidential candidates. Over 20 years, under these policies, we have watched the United States collapse into a second-rank power. We have watched our industries collapsing, our exports vanishing, inflation soaring, and our nation's farms and banks driven into bankruptcy. We have watched tens of millions of Americans transformed into drug-users, wasting hundreds of billions of dollars a year on drugs and pornography, and the recruitment of millions of Americans into the ranks of AIDS-riddled homosexuality. Our cities are collapsing. Every year, the areas of burned-out slums resembling bombed-out cities in postwar Europe, increase. At least 30 million Americans are desperately poor. The material living standards of the majority of Americans are below the average of the 1960s, while the savings accounts of the 1970s have become the credit-card debt of the middle 1980s.

This ruin of the United States did not happen naturally. It happened because of bad policies of the Federal government,

the kinds of policies we associate today with the Trilateral Commission. The United States was ruined because of the Presidents most of you elected, and because of the majority of the members of Congress which most American voters voted into office, over and over and over again. The faces of the elected officials changed, but the policies stayed the same or became worse. Don't blame the government; blame those who voted, again and again, for politicians who followed the line of the Trilateral Commission crowd.

Now, as a result of Trilateral Commission-style policies over 20 years, the once rich and powerful United States is a ruined, nearly bankrupt nation, whose diplomats and politicians beg for mercy each time a Moscow official makes an angry face. As a result of the worldwide impact of those kinds of policies, over 20 years, you and your family today are threatened by an epidemic of AIDS which could potentially wipe out most of the population of the United States by the end of this century.

As Abraham Lincoln is famous for saying, "You can fool all of the people some of the time, some of the people all of the time, but not all of the people all of the time." The AIDS epidemic, and the growing signs of a government cover-up of this epidemic, are beginning to move the majority of the citizens to a mood of political revolt. The spread of righteous anger among the majority of citizens is not caused solely by their legitimate terror of the AIDS threat; AIDS is the last straw. The citizen's willingness to sit back and hope that things will gradually get better, is coming to an end. The condition of the economy, the unpayable mass of private debt piling up on many citizens, the decay in the society around them, popular contempt for politicians generally, and now the AIDS epidemic, are sources of a righteous discontent which will no longer confine itself to grumbling in private. The citizens are no longer willing to continue to be misled by the kind of political-party system which has existed the past 15 years.

You can't fool all of the people all of the time.

There is an earthquake in the political life of the United States in progress. People who, as I do, remember the moral standards and the pro-scientific outlook for which the United States used to stand, are thinking that over the past 20 years we have traveled down the wrong road. The course of events has determined, that the time for change is now ripe. My qualifications and my duty, are that I am the well-known political figure peculiarly suited to provide the kind of leadership for which a growing number of the citizens are now turning.

My candidacy reflects the rapid shift within the population, away from the radicalism of the past 20 years, and back toward the traditional American values of moral law and scientific progress. My candidacy for the 1988 Democratic presidential nomination, addresses that corruption in our political process which is echoed now in the continued cover-

up of the rapid spread of AIDS.

AIDS is the leading issue which every serious candidate must face, but it is also a symbol of the economic and foreign-policy issues in the mind of the majority of citizens. The justified terror of the deadliest communicable disease known to mankind, means that over the coming 12 months the two major political parties will be split apart over the AIDS issue.

The popular demand for massive action against the spread of this deadly disease, will trigger an explosion of traditional American moral and scientific values.

Those who share traditional American moral and pro-scientific values, are the kind of people I represent, whether they are Democrats, Republicans, or independents. Yet, I must continue my fight to rebuild the Democratic Party, because the American Constitution's promise "to promote the general welfare," and the principles of our Declaration of Independence, mean that only a party which represents the vital interests of basic industry, industrial labor, the farmers, and the poor, is using the yardsticks of the American System.

Although I would hope that my campaigning would help to strengthen the best currents and candidates in the Republican Party, my first commitment as a Democrat is to help free the Democratic Party of the sickness of radicalism, and to return control of the party back to those constituencies which choose the kinds of policies consistent with the yardsticks of our Constitution and Declaration of Independence.

It is also extremely important that I campaign for the presidency now, because of the succession of foreign-policy catastrophes created by the State Department. As an editor of an influential international newsweekly, I am in contact with governments and leading circles in Europe, Africa, Asia, and Spanish-speaking America. Our State Department is more hated by the friends of the United States than by our Soviet adversaries. Often, the Department's actions do the work of the Soviet empire. This growing anger against the State Department and the international financial policies of our government is more than fully justified on the most elementary moral grounds. Many foreign leaders have said that they like my approach, and wish I were more influential in Washington. My campaigning will, by itself, help to make possible improvements in the United States' relations with many countries which desire to be our friends.

I have decided to campaign for the Democratic presidential nomination now, because I know that it is indispensable that I exert greater influence on the 1986 congressional elections. What kind of a United States we shall have, going into the 1988 elections, will be decided by the conduct of the 1986 congressional campaigns. The most important of the political issues threatening us right now, AIDS, reflects the fact, that a 1988 presidential candidate who is not campaigning openly for the nomination now, is not serious about the future of the United States.

Leesburg, Virginia, Oct. 4, 1985

Senate adopts budget-cutting plan

The Republican-controlled Senate voted by 75 to 24 on Oct. 9 to mandate the Gramm-Rudman-Hollings amendment, a plan to balance the federal budget by 1991. It was passed as part of the legislative package to increase the debt ceiling from its current \$1.8 trillion to a little over \$2 trillion.

The amendment proposes that the federal deficit be eliminated in step-wise reductions of \$36 billion per year over the next five years, to achieve a reduction from the current official estimate of \$180 billion to zero by 1991.

The cuts are to come from discretionary spending, including defense and Medicare, but the exception will be that no cuts are planned in debt-service payments. At the most modest estimate, the deficits over the next five years will increase by \$350 billion, and the debt service on that additional debt will increase by another \$40 billion.

This has the following implications for the federal budget: First, the discretionary portion of the budget has to be reduced by \$180 billion, the official figure, although some experts claim the real deficit is closer to \$230 billion; second, the current debt service has to be protected, which is running at \$200 billion; third, the additional \$40 billion in debt service incurred between now and 1991 has to be similarly budgeted.

The fact is that the amendment may not pass the House. The Democrats there now see the legislation as a means to gouge the deficit entirely out of social programs, not without reason. However, the Defense Department is also now moving against it, because it

will be impossible to meet the mandated reduction of the deficit to \$144 billion in fiscal 1986, and still maintain the defense budget at current levels, much less achieve any increase equal to the rate of inflation. Finally, no one has taken into account that very soon the citizenry will be demanding urgent budget-busting appropriations for public health to fight the spread of the deadly disease AIDS.

Les Aspin maneuvers against U.S. defense

New York Council on Foreign Relations member Rep. Les Aspin (D-Wisc.), the man who smothered the MX missile to death and the new chairman of the House Armed Services Committee, has turned the HASC from its traditional postwar responsibility for congressional review of requirements of the U.S. armed services, into a stage for his "Defense Policy Panel," which airs new and arcane theories of deterrence and appeasement.

The meetings of the panel during the second week of October featured Aspin himself, theorizing that the Strategic Defense Initiative would destabilize the Soviet Union and might start World War III; and Congressional Research Service military pundit John Collins, who is widely published and lionized in Council on Foreign Relations publications and congressional circles. Collins presented the view that the U.S. capability for deterring a Soviet attack "is still solid across the board." He claimed the possibility of a Soviet first strike is "between zero and minus eight million."

No "force balance" figures based

on current reality would support this view, and Collins concluded his reassurances about "deterrence" with the surprising admission that "the forces the United States has bought for deterrent purposes probably are insufficient to execute wartime strategies against Soviet opposition."

Collins told the congressmen that the Soviets are "self-deterred" by the unrest in Poland which might spread to other Warsaw-Pact nations, making Soviet lines of communications and force support in Eastern Europe unsecure for an attack on the West!

Collins and Aspin are seeking to counter widespread congressional awareness of the Soviet first-strike threat presented in *EIR's Global Showdown* report, which sits in every congressional office.

On the Strategic Defense Initiative, Collins warned that, if we see the Soviet Union "even testing a potential strategic defense, we have lost." But he advocated SDI "research only" for the United States, opposing development or testing.

Grain cartels lobby to send Soviets food

On Oct. 8—the same day that the House passed a new farm bill—a House subcommittee heard some of the most extremist testimony in recent years on behalf of providing U.S. grain to the Soviet Union at bargain-basement prices. The famous-name cartel companies themselves came before Congress to request that the Soviet Union get special treatment.

The topic in question was the five-month-old travesty called the "export enhancement program," un-

der which government-owned Commodity Credit Corporation food stocks are given for nothing to the grain cartel exporters—Continental Co., Cargill, and others—to encourage them to offer discount grain to woo customers for the United States, such as Egypt, which normally buy a certain amount from West Europe.

The infamous cartel-serving program (also called “export PIK,” which stands for payment-in-kind), or BICEP, Senator Robert Dole’s (R-Kans.) favorite term for “bonus incentive commodity export program”) has received much criticism, and has not worked well in terms of sales, because of the inability of many nations to buy at any cost. So the cartel companies and commodity front groups trooped to Capitol Hill to make the argument that the priority should be to give the Soviets the best deals.

Myron Laserson, executive vice-president of Continental Grain Co., said, “The BICEP program fails simply because of its fatal flaw of discrimination against our major customers.” Leaders of the National Corn Growers Association presented the same line, saying that even limited implementation of the “export PIK” has antagonized the Soviet Union, which for the first time in a decade has failed to honor the terms of the U.S.-Soviet grain agreement.

For the year ended Sept. 30, the Kremlin bought 2.9 million tons of U.S. wheat, 1.1 million tons less than the pact specifies. The terms of the U.S.-Soviet grain agreement say that U.S. wheat and corn must be offered to the Soviet Union at prevailing and competitive international price levels—meaning, in practice, bankruptcy levels for U.S. farmers.

The cartel spokesmen stressed that the export program should be either broadened or bypassed to “avoid antagonizing” the Soviet Union and to avoid encouraging Moscow to buy from Western Europe. The same spokesmen failed to report that they also represent and broker the European-originated grain sales on behalf of their Soviet client.

New farm bill to cut production

The House of Representatives passed the new five-year farm bill 282-141 on Oct. 8, amid a din of USDA and media talk about how U.S. overproduction is causing the ruin of the American farm sector. The bill is therefore oriented to measures to cut production, and lacks any effective mechanisms to shore up the farm-sector collapse and restore capacity. Moreover, the bill contains an unprecedented program to entice farmers going under to lock up their land for 10 years—in fact, forever, in a quasi-public feudalistic entity to be created in the name of “conservation.”

The Senate bill, which will come up for floor debate and vote Oct. 15, has a similar conservation section—calling for taking up to 30 million acres out of production.

The House bill lowers price supports under the false rationalization that U.S. farm commodities exports will thus be “more competitive” in world markets. The bill calls for a continuation of some minimal floor prices for grain and cotton, and calls for some cash subsidies if the prices fall below targets, as they have done in the recent depression years. The House bill calls for \$34 billion in spending on com-

modity provisions over the next three years.

However, the entire farm-sector collapse is proceeding far faster than the span of this bill. The same time as the House vote, the eighth farm bank in Oklahoma failed in just this year. Out of 85 U.S. bank failures this year, 45 are farm banks.

In this context, the rhetoric of “concern” that is pouring forth from Congress sounds hollow, including that of House Agriculture Committee chairman Kika de la Garza (D-Tex.) who described the new bill thus: “The key word is survival. The House action includes what amounts to a five-year ban on reductions in target prices for major commodities. This says to the nation that we recognize the depth of the crisis in agriculture.”

Helms opposes naming of Winston Lord

The Senate Foreign Relations Committee approved the nomination of Winston Lord as ambassador to the People’s Republic of China 16-1, with only Sen. Jesse Helms (R.-N.C.) voting against it. But now Helms, joined by Sens. Paul Laxalt (R-Nev.), Jacob Hecht (R-Nev.), and William Armstrong (R-Colo.), has sent a letter to the White House and to Secretary of State George Shultz objecting to the Lord appointment, because Lord does not agree with or understand the Reagan administration’s policy on birth control, nor its opposition to forced abortion, which is practiced in China.

The senators are also uneasy about Lord’s role as head of the New York Council on Foreign Affairs and his role as top aide to Henry Kissinger.

National News

Kissinger blames Japan for U.S. collapse

Henry Kissinger has threatened Japan with trade war and "retaliation" unless it agrees to his schemes to bail out the bankrupt New York banks. In his syndicated column published early in October, entitled "Economic Collision Course," Kissinger blames Japan for the industrial decline of the United States, and calls for Tokyo to "serve both the world and its national interest by supporting generously multilateral institutions devoted to global economic growth." This is a euphemism for the International Monetary Fund and World Bank, institutions which have nothing to do with "growth," but whose austerity conditionalities have deprived the Third World of any capacity for development.

Kissinger writes: "Japan and the U.S. are on a collision course even while protesting the importance of their friendship. . . . Japan cannot go on hiding behind its opaque decision-making process. The strategy of wearing America down will sooner or later make retaliation inevitable. . . . No nation will permit another to deindustrialize it without seeking to arrest the process. . . . It would be far preferable to tackle the issue frontally, to seek to alter the Japanese consensus rather than to tilt against its manifestations."

New York Post slams the AIDS lobby

"Government has no business keeping bathhouses in business," editorialized the *New York Post* on Oct. 11, concerning the recommendation of a task force set up by Gov. Mario Cuomo, which called for the government to keep "gay" bathhouses safe from AIDS by providing free condoms, lubricants, and towels.

"Governor Cuomo should pick up the report on New York's homosexual bathhouses from his AIDS advisory council with

a pair of sterilized tongs and drop it into a burn-bag. It could spread the AIDS virus more readily than contaminated blood. . . . Those bathhouses must be closed. Today."

The previous day, the *Post* had called for the Republican Party to support GOP mayoral candidate Diane McGrath, an outspoken opponent of the New York "AIDS lobby." McGrath's request for \$375,000 in campaign funds was refused by the regional political director of the Republican National Committee.

"Now's the time for the GOP to come to the aid of McGrath," whose "lonely battle deserves more support than it's getting from the party that asked her to bear its standard." She's running against popular Mayor Edward Koch, the state GOP has ignored her appeals for financial help, and now city Republicans "high and low abandon her and endorse Koch."

Federal court to decide fate of William Weld

While the U.S. Justice Department claimed it found "no merit" in allegations that Boston-based U.S. Attorney William Weld has violated the Ethics in Government Act, a federal court case is still pending in Washington, D.C., to determine whether the Justice Department should be required to fire Weld.

In a complaint filed with the DoJ's Public Integrity Section in April 1985, Campaigner Publications charged that Weld, a Boston blueblood, was violating government ethics by covering up the drug-money-laundering crimes of the Bank of Boston, and by launching a grand-jury witchhunt into political associates of Lyndon H. LaRouche, Jr., whose writings are published by Campaigner. The complaint against Weld included evidence that he had received campaign contributions from officers of the Bank of Boston, which may have led him to negotiate a plea bargain for the bank on very liberal terms.

Attorneys for Campaigner Publications filed a mandamus action in September to

force Attorney General Ed Meese to remove Weld from the investigation of Campaigner Publications and The LaRouche Campaign in Boston. The Justice Department has 60 days from the date of filing to reply.

'Adult' book store closed in New Jersey

Health authorities in Denville, New Jersey, have closed an adult book store which was known as a "haven for homosexual activity" and posed an immediate threat to public safety. Authorities, who invoked public health statutes to close down the porn shop, described the move as the first action of its kind in the state.

Police Chief Howard Shaw said the Health Department had been alerted to the possibility of a problem at the bookstore in August when undercover detectives were sent to investigate. During the investigation, it was found that booths in the store were "literally covered with wet and dried semen" that could contain the virus that causes AIDS. Police and health officials wore rubber boots and surgical gloves when they entered the store.

Air Force: U.S. won't 'decouple' from Europe

Tidal W. McCloy, secretary of the U.S. Air Force, told the West German daily *Die Welt* that the U.S. Strategic Defense Initiative will not lead to decoupling the United States from its allies in Europe, as some critics of the SDI have charged. "I cannot imagine any circumstances under which we would withdraw larger contingents of U.S. forces from Europe."

He denied that any politician in the United States would support such a policy. Even critical voices who attack the current dimensions of the American engagement in Europe, are convinced that Europe must be defended "at any cost." A withdrawal of

American troops would only become thinkable, he said, if West Germany left NATO or the military organization of NATO.

McCloy did not explain how Europe could be defended "at any cost" if the demands of Henry Kissinger, Zbigniew Brzezinski, Sen. Sam Nunn (D-Ga.), et al. for a U.S. troop withdrawal were implemented.

Congress told: Drop Marcos

The United States should drop Philippine President Ferdinand Marcos, representatives of the CIA and the Defense Intelligence Agency told the House Intelligence Committee on Oct. 9, according to a report in the London *Daily Telegraph*. "Catastrophe was looming," unless Marcos stepped aside, the Committee was told.

Representative Dave McCurdy (D-Okla.), spokesman of the anti-Japanese protectionist lobby, said that Washington should start distancing itself from Marcos "to protect U.S. interests in the Philippines. . . . The United States must broaden its base of support and not be aligned narrowly with Marcos. We don't want to be in a position of having to choose between a tyrannical despot versus a gun-toting Marxist," he said. He revealed that the CIA and DIA displayed a "rare" agreement on this point.

LaRouche vs. NBC goes to appeal

"You might as well get rid of the libel laws," attorneys for Lyndon LaRouche told a federal appeals court in Richmond, Virginia, on Oct. 8, if NBC's right to rely on "confidential sources" is upheld by the courts. If the media can refuse to disclose their sources, but then use such secret testimony as the basis for charges such as those they have made about LaRouche, then a public figure who has been libeled cannot attack either the credibility or even the existence of such

peculiar "sources."

LaRouche is appealing Judge James C. Cacheris' ruling on NBC's confidential sources from the October 1984 trial of LaRouche v. NBC. The libel suit concerned NBC's Jan. 30, 1984 "Nightly News" and March 4, 1984 "First Camera" broadcasts in which LaRouche was characterized, among other things, as an anti-Semite and, by innuendo, as sympathetic to Nazi causes.

NBC was represented at the hearing at the 4th Circuit Court of Appeals by Floyd Abrams, considered a top "First Amendment" lawyer who has frequently represented the *New York Times*, among other clients. His arguments were surprisingly weak, particularly around the issue of whether NBC should have been allowed to rely on its secret sources at trial; he concentrated a good part of his oral argument on defending NBC's counterclaim judgment against LaRouche, claiming that LaRouche's entire suit constituted "harassment" of NBC.

It will be weeks, probably months, before a ruling is issued from the Appeals Court. Whatever the ruling on the "confidential source" issue, it will undoubtedly be appealed to the U.S. Supreme Court, because of its precedent-setting importance as a constitutional issue.

Doctor charges AIDS research cover up

Dr. John Beldekas of Boston University says the U.S. Agriculture Department has been stalling his AIDS research. Jack Anderson reported in his syndicated column on Oct. 7 that Dr. Beldekas was ordered not to talk about his research for "national security" reasons, even though the department has been leaking details. His work may identify a link between African Swine Fever and AIDS.

The publication of these reports reportedly resulted in threats to Dr. Beldekas from the pork industry. Referring apparently to the Atlanta CDC, Dr. Beldekas said, "They treat you like you're crazy. That's not the way to do science. Human life is at stake!"

Briefly

● **WORLD BANK** head A. W. Clausen will step down, making way to bring Federal Reserve chairman Paul Volcker in as head of what is rumored to become a vastly more powerful World Bank. Clausen said in Seoul on Oct. 8 that he will resign in June 1986, when his term ends. His announcement apparently was a last-minute deviation from his prepared speech, and it drew a standing ovation from delegates, led by Paul Volcker.

● **THE HOUSTON POST** got the following responses to a telephone call-in poll on the question of quarantining people for AIDS: (total responses, 2,855): 1,525, or 53.4%, favored giving public health officials the authority to quarantine; 1,330, or 46.6%, opposed quarantining. Readers were asked to call in to the special Listening Post number, where a "yes" or "no" response would be tabulated.

● **MAUREEN REAGAN**, daughter of the President, was expected to be on the "Achille Lauro," the Italian cruise ship hijacked by terrorists on Oct. 7, reported European intelligence sources.

● **OKLAHOMA** officials filed a class-action suit on Oct. 7 against the federal government to block a budget-cutting policy that would force 2,000 Medicaid patients to sell their homes. The 2,000 are Oklahoma nursing home patients.

● **GONORRHEA** resistant to penicillin is now spreading in New York City, Los Angeles, and southern Florida, according to Dr. Jonathan Zenilman of the Centers for Disease Control's sexually transmitted disease division says.

● **RICHARD NIXON** arrived in Hong Kong for a private visit following a trip to China where he met government leaders. Nixon was expected to pay a courtesy call on Governor Sir Edward Young.

Editorial

The budget deficit: a real solution

The Republican-controlled Senate voted overwhelmingly on Oct. 9 to mandate a plan to balance the federal budget by 1991. If this same plan passes the Democratic-controlled House, the federal budget will become the main instrument to destroy what is left of the producing economy of the United States.

The Gramm-Rudman-Hollings amendment was passed as part of a legislative package to increase the debt ceiling from \$1.8 trillion to a little over \$2 trillion. In 1981 the Congress had raised the debt ceiling to a little over \$1 trillion. In just four years, the government deficit has doubled, to equal the amount created during the first 200 years of the republic. This staggering increase is indeed a cause for concern. The period of the sharpest rise coincides with Paul Volcker's tenure as chief of the Federal Reserve Board, the agency that more or less determines interest rates, and hence the cost of the fastest-growing part of the budget, debt service.

It is exactly that portion of the Volcker inspired deficit, the debt service, which Gramm's legislation leaves intact. The amendment proposes that the federal deficit be eliminated in stepwise reductions of \$36 billion per year over the next five years. The cuts would come from discretionary spending, including defense, and from the annual adjustments in the entitlement programs (e.g., Medicare), with the exception of Social Security. Waivers would be allowed in case of war or recession.

The only other exception is debt service. Warren Rudman (R-N.H.), one of the amendment's sponsors, in a recent article, put current debt service at \$200 billion, and its growth at \$20 billion per year. If we assume the best case of the economy continuing to perform at its present level, and no major change in interest rates or inflation, even by the amendment's terms, the aggregate of budget deficits will go up by \$350 billion, and debt service on that additional debt by another \$40 billion.

The cost of deficit reduction and current and to-be-incurred debt service comes to a total of \$420 billion minimum, or 25% greater than the current military out-

lays. There is no way that the federal budget could stand this amount of chopping.

Is there another way? The answer is yes. Lyndon LaRouche has drafted legislation under the title The National Emergency Defense Act, which shows how interest on government debt could be reduced to an annual rate of 2%-3%, meaning cash outlay annually of around \$20 billion instead of \$200 billion. The key to this proposal is the issuance of some \$400 billion in new government credit through inflation-proof gold-backed bonds, whose term of 20 years would suffice to allow the credit to be returned in the profit from expanded agricultural and industrial production.

The question is a political one, and not in any limited sense an economic one. The Trilateral Commission, through its agents David Rockefeller, Paul Volcker, and Don Regan, is not going to let such a solution come to pass without a bitter fight. Behind the Gramm amendment there is a real political crisis. The U.S. debt has reached a staggering \$2 trillion; the world debt is now over \$750 billion annually. President García of Peru, adopting more or less the LaRouche proposal known as Operation Juárez, has proposed a solution to the international debt crisis, and is assuming international leadership against the IMF/World Bank.

The political fallout from the staggering domestic debt threatens to produce a similar political break with Trilateral policies. At this moment up pops Phil Gramm, the "ultra-conservative," to offer a debt-reduction measure to relieve the political pressure. In fact, the spiritual if not the literal authors, of this policy are the Group of Five industrial nations and the IMF, whose meeting takes place at the same time that Gramm unveils his plan.

Even if passed, the legislation will prove unworkable and will have to be repealed. The solution is an artificial one to real problems, namely that the U.S. real economy is in an accelerating downward spiral (see *EIR Quarterly Report*), and its credit system is bankrupt. Like all hot-house Trilateral solutions it is a hoax, and the real solution, the LaRouche proposal, will become all the more urgent.

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