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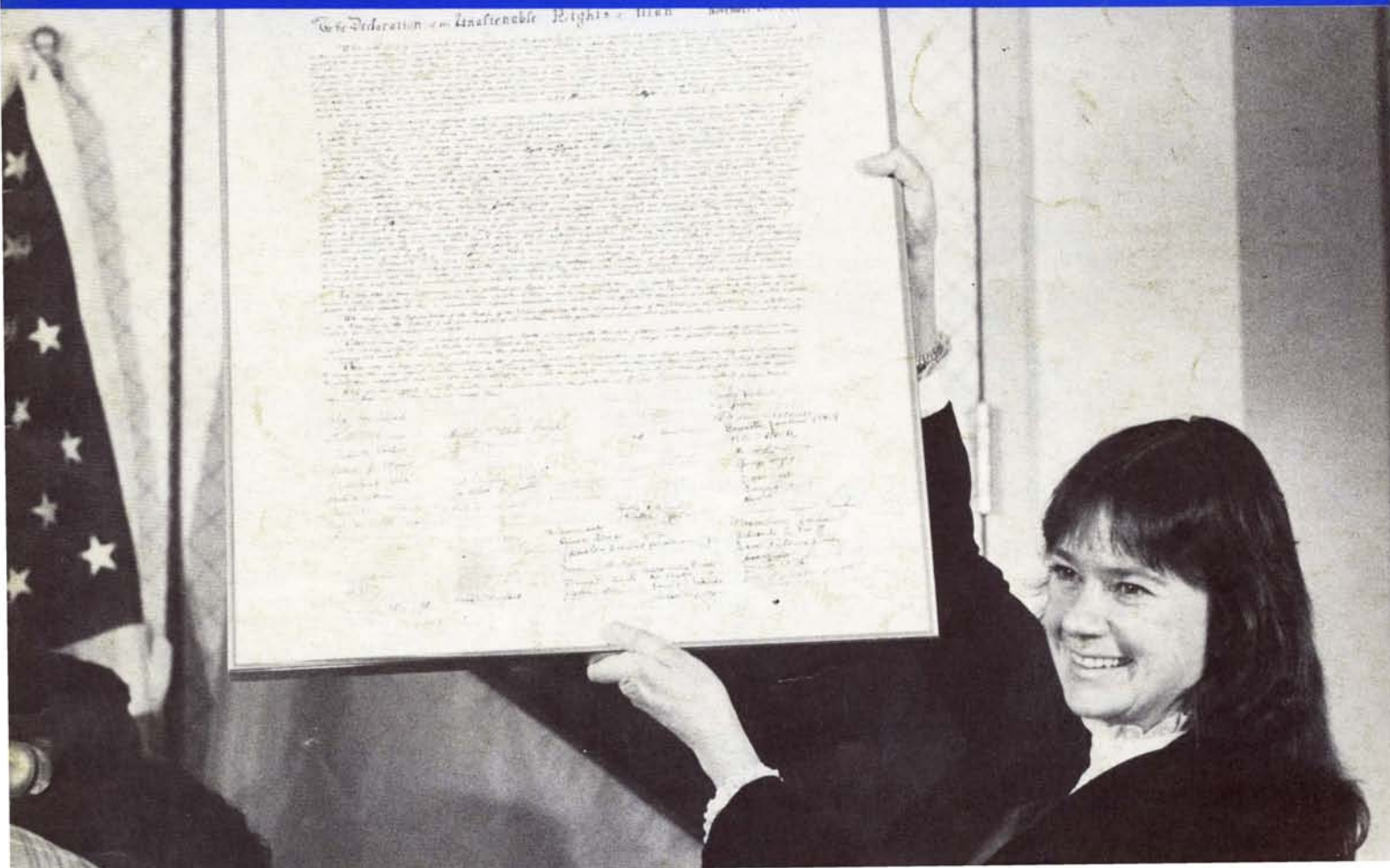
Executive Intelligence Review

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Colombians expose M-19 terrorists as drug runners
The crisis in U.S. government finances
Soviets attack LaRouche for AIDS exposé

**Germany's positive contribution
to world development**



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



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

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

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

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

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

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

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

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EIR

From the Managing Editor

In this week's cover story, Helga Zepp-LaRouche, who initiated the Schiller Institute's conference on St. Augustine in Rome which we featured last week, lays out the conceptual basis for a worldwide political movement against the perpetrators of a "New Yalta" betrayal of Europe, and for a new world economic order of sovereign nation-states. Her article is Part I of a pamphlet which is circulating now in the Federal Republic of Germany.

Mrs. Zepp-LaRouche has emerged as the West German leader who, more than any other, symbolizes Germany's positive contribution to world history, the heritage of the German Classics. Herself a student of two of the giants of Western thought, Nicolaus of Cusa and Friedrich Schiller, she embodies for many Germans and also Third World leaders, that tradition of thought which is being revived and put into action today.

Her study breaks new ground, and challenges many "sacred cows" of the postwar world. How, she asks, can the question of Germany's national sovereignty be discussed rationally, when there is to this day no peace treaty with the Allied powers? When the borders of the German nation-state have not been delineated in any treaty or agreement?

Yet to those German patriots who insist upon an answer to these questions, she throws down an equal challenge: If you demand sovereignty for your own nation, then you must fight for the sovereignty and economic development of those nations of the Third World that are now under fire from the International Monetary Fund.

This issue must be faced in the United States, too. The Reagan administration maintains its backing for the genocidal economic policies of the IMF, and has declared economic warfare against Peru, which is taking the point in the fight against those policies. Yet even in Washington, the economic collapse cannot be ignored forever, as the core of our productive capacity is gutted week by week (see *Special Report*, p. 16).

Following the Schiller Institute's St. Augustine conference, Peru's President García arrived in Rome, delivering a powerful indictment of the IMF (see pages 4-5). Next week, we will publish more of the speeches from the Rome conference, whose political ramifications have only begun to be felt.

Susan Welsh

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NSIPS/Philip Ulanowsky

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Alan García brings case against the IMF to Rome

by Robyn Quijano

Peruvian President Alan García brought the case against the International Monetary Fund to Rome on Nov. 10, and came under an international spotlight, with the Pope's blessing, as the foremost leader of the developing sector in the fight against hunger. Speaking on Nov. 11 before the agriculture ministers of 156 nations at the celebrations marking the 40th anniversary of the United Nations Food and Agricultural Organization (FAO), President García blasted "institutions like the International Monetary Fund, whose terms and conditions and stabilization policies have worsened the problems of our countries, with dramatic and terrible effects."

"It is not the duty of our governments to repay the external debt, nor to accept adjustment policies to this end," he said. "It is the Christian duty of our governments to lead the fight against hunger and to obtain justice. Everything can be sacrificed, except the basic right to life. At this time, when hundreds of millions of people in Africa, Asia, and Latin America are waiting in vain for food, the banks can very well wait—the poor have waited long enough!"

With a historic determination to act as a moral force, in a world in which usury has reigned supreme over human life, President García told the ministers, "We have one absolute objective: to achieve a just new international economic order. . . . We are not going to beg for this, we are going to demand a just new economic system."

García, who has openly criticized the leadership of the developing sector for too much talk, and too little action to save the lives of their impoverished populations, and create sovereign, independent nation-states capable of develop-

ment, described the actions he has taken since his inauguration on July 28. "We have decided to drastically reduce the resources earmarked for repayment of the external debt. We consider this debt unjust. . . . We reject the idea of increasing our indebtedness only to repay our formal debts, and confirm our decision to pay no more than 10% of our export earnings for debt servicing. . . . Peru's decision is the answer of a poor country, and it is a decision which will not be reversed!"

"We are not going to sacrifice our historical development to the appetite of the international banks. The prices of our agricultural exports have been falling day by day, as a result of the protectionist policies of the industrialized states. . . . We are required to pay the banks punctually and without mercy. How are we supposed to do that? The first thing is to defend our national wealth. We are not going to pay, like the Merchant of Venice, with the last pound of flesh! We're going to keep the resources we need which are being sent abroad."

García offered Peru's solidarity "with the Non-Aligned movement, and with the African nations struck by drought and hunger." Departing from his text, García told the assembled ministers, "Among the many things you will take away with you from this conference, will be Peru's determination. Tell your countries that Peru is in solidarity with you. We demand the right to life!" He went on, "Our government's objective is to establish the right to live. Hunger is not a sentence imposed on man—God created the world with sufficient resources for life, but the selfishness of the strong has

caused these resources to be distributed badly.”

Defining Peru's new historic mission and the principles of the new alliance of moral forces in the world, for life, the Peruvian President said: “Thus, as a nation we have an all-important role to play in the world—that of obtaining the solidarity and justice of a New Economic Order and attaining the objectives of the World Food Conference, which resolved to abolish hunger over a decade ago. This must be done, not by pleading for charity or a crust of bread in alms, but by calling for a fairer system in which the value of the work of poor nations and their equal sovereignty are recognized. The world needs a new basis for trade and the distribution of wealth. A new monetary system is needed, in which the dollar is not the sole universal currency.”

Meeting with Pope focused on debt

García's visit to Rome also included a private meeting with Pope John Paul II. Two of the Pope's representatives met the Peruvian leader upon his arrival at the Rome airport, underlining the importance attributed to García's anti-usury, pro-development crusade by the leadership of the Catholic Church.

The Peruvian daily *Hoy* noted, “It is obvious that Pope John Paul II is very aware of the question of hunger and poverty. He is also deeply worried by the question of the Latin American debt.” *Hoy* pointed out that García's emphasis on his Christian vocation—in his speech to the FAO and elsewhere—“seems designed to stimulate actions of support, but also mediation, by the head of the Catholic Church, who is listened to by the U.S. President.”

According to a statement issued by the Vatican following the 30-minute meeting, the Pope's discussion with President García focused primarily on the Third World's debt problem and the crisis in North-South relations. The Pope presented García with a facsimile of a 15th-century manuscript of Dante's *Divine Comedy*.

The issue of food security as the basis for democracy was a critical focus of the speech. García detailed his government's efforts to channel the resources saved from debt repayment into cheap credit and improved technology for increased agricultural production. “We have established a fund for supporting agricultural prices and . . . we have reduced by 80% the interest rate on agricultural credit in depressed zones . . . from 108% to 19%.”

Peru's plan to develop its fishing industry was presented as a crucial way of “directing resources towards national food needs instead of producing fish meal for exportation. . . . Peru is one of the principal fishing countries in terms of the wealth and the volume of its catch. However, at the same time, it is one of the countries with the lowest consumption per capita. . . . In the last 30 years, for each catch of 100 tons, only one ton is consumed in Peru, and the rest is destined for fishmeal production. In the last three months, we

have begun efforts to direct fish preserves for consumption by local sectors, and to establish a national fishing fleet.

“After decades of Peruvian waters being exploited for feeding European livestock fish meal . . . the Peruvian people joins me in offering part of our great fish resources and the production capacity of our processing plants for feeding the world's poor. Peruvian waters will not fall into the hands of imperialist predators. The wealth they contain must serve to feed those who are hungry. We are a poor country, but we are prepared to help those who are poorer than ourselves.”

He concluded, “We believe in God, and our daily bread; like the prophet Isaiah, we will not lose hope that our swords will be turned into ploughshares, and that no people will rise against each other. . . . We will no longer be united by our hunger, but only in our hunger for God.”

‘Neither Kissinger nor Castro’

According to the Peruvian daily *El Comercio*, “A curious note was given by a group of Italians, apparently belonging to the Schiller Foundation [sic], who had placed posters all along the route which García would follow to the FAO, with the text, ‘Ní Kissinger, Ní Castro, Viva Alan García!’” Another Peruvian newspaper, *La Crónica*, commented that the Schiller Institute slogan—which means “Neither Kissinger Nor Castro!”—“has become rather well known in Rome since García's arrival.”

La Crónica also reported on the 100-person demonstration held by the Schiller Institute outside the FAO headquarters, devoting nearly a page of photographs to the rally, with its field of posters defending García and attacking the IMF and the drug trade.

At a press conference in Rome Nov. 12, García rejected the contention of one journalist, that his policy is somehow directed “against the United States.” “That's a wrong idea,” responded García. “We don't want to move against the United States. That's what the U.S. administration thinks, that because Peru is ‘not with us, they're against us.’ We cannot be against a people, nor against a society that is technologically, industrially, and culturally demonstrative of what humanity is capable of. We are facing an imperialist model, not the United States; we're faced with the immense power of transnational corporations, banks, and the International Monetary Fund. Only integration can give us the full answer.”

Asked by a reporter if the recent moves against Armand Hammer's Occidental Petroleum and other foreign oil companies meant that Peru was becoming a communist country, García said: “I am not a communist and never will be a communist. I am only an anti-imperialist statesman who wants the emancipation of his people and the solution of the problems of social inequality that exist within it. I am not a communist, because I do believe that there must be a break with an imperialist domination; I don't believe that it must be done to become a subordinate of another superpower.”

Soviets attack LaRouche for exposé of AIDS cover-up

by Warren J. Hamerman

In the journal *Literaturnaya Gazeta* on Oct. 30, for the first time in history anywhere in the world, the Soviets have admitted the possibility that the deadly AIDS virus could have been "bioengineered" and worked up into a weapon in a military laboratory. The extraordinary Soviet admission that it was technically possible to prepare a virus like AIDS as a biological warfare agent came in the context of an article which featured an attack on *EIR* and its founder, Lyndon H. LaRouche, Jr. *EIR* had published a cover story titled "Soviet Role in Covering Up the Deadly Threat of AIDS" in its Oct. 25, 1985 issue.

The *EIR* exposé reported that **Dr. Sergei K. Litvinov** and other top officials of Warsaw Pact nations run the Communicable Disease Division of the Geneva-based World Health Organization (WHO), placing them in charge of *all* AIDS work.

Five days later, Moscow responded like a wounded bear. In its defensive rage, the bear revealed more about its own maraudings than about its victims.

In fact, the timing of the Soviet article was very precise, as it came in the midst of the pre-Geneva summitry and, literally, on the eve of an extraordinary planned WHO meeting on AIDS held in Copenhagen, Denmark under the direct supervision of Dr. Litvinov himself and his Russian WHO associate **Dr. Berczenko** of the European WHO coordinating team located in Copenhagen. At the WHO meeting, the first week in November, the Russians presented new uniform European AIDS "guidelines."

EIR investigators have established that Dr. Berczenko was in the U.S.S.R. until a few days before the meeting. WHO's so-called "European Division" has been expanded to extend from the Iberian Peninsula in the West to Siberia and the Bering Straits in the East; it also includes Mediterranean and North African countries such as Greece, Malta, Morocco, and Algeria.

Under Litvinov's immediate command, the WHO Copenhagen meeting was supposed to be a secret gathering of 65 officials, consisting of international regional directors of the WHO from Africa, the Far East, the Western Pacific, and so forth, and "observers" from UNICEF and other agencies.

EIR's exposé of the Soviet control of WHO in its Oct. 25 cover story, revealed that Litvinov's immediate superior in the Soviet Federal Ministry of Health is none other than **Dr. Yevgenii Chazov**. Chazov, who has come under attack in West Germany, has been named the co-winner of the Nobel Peace Prize in his capacity as co-founder of the International Physicians for the Prevention of Nuclear War. West German Christian Democratic Union Chairman Heiner Geissler has made a formal protest against granting this Nobel Prize to Chazov since, as a leading health official in the Soviet Union, Chazov has overseen violations of medical ethics.

Literaturnaya Gazeta—the most important official mouthpiece of the Soviet KGB—published the Russian admission on AIDS in an article titled "Panic in the West, or What Is Really Behind the Sensationalism of AIDS," authored by **Valentin Zapevalov** (see *Documentation*, below). Heretofore, all nations, military spokesmen, and scientists have rejected the idea that AIDS could be a biological warfare weapon, on the grounds that it was "technologically impossible" for the deadly virus to have been experimentally developed.

Soviet author Zapevalov's conclusion is explicitly stated, however, that AIDS is "the result of the latest monstrous experiment" by the CIA and the Pentagon. The Soviet admission, lightly cross-referencing various speculative articles such as one which appeared in the Indian newspaper *The Patriot*, and touching points from a hodgepodge of anecdotes about biological warfare over the years, comes disguised as an elaborate charge that the U.S. Pentagon and Fort Detrick laboratory had "worked up the AIDS virus" from deadly disease agents collected in Africa and Latin America. *The Patriot* of India has been used in the past as a channel through which the Soviet KGB conduits disinformation into the West.

The relevant passage in the *Literaturnaya Gazeta* article states:

The Patriot advanced the version, that "specialists from Fort Detrick, by all appearances, have succeeded in creating yet another type of biological weapon." They received considerable assistance from the staff of the CDC [the Centers for Disease Control, in At-

lanta—ed.]. On contract from the Pentagon, they made special trips to Africa—specifically, to Zaire and Nigeria, and then to Latin America (!) to collect material on highly pathogenic viruses, not found in European or Asian countries. This information was subsequently processed at the CDC's "maximum security" laboratory and at Ft. Detrick. As a result, asserts *The Patriot*, they succeeded in isolating an entirely new type of virus—AIDS. The rest was "just a technical matter." Evidently, they infected with this virus part of the blood supply, which in the course of experiments, was transfused into unsuspecting patients during surgery and other operations. Special experiments, possibly, were conducted in Haiti (a U.S. satellite country, remember?), and among certain groups of the U.S. population—above all, society's pariahs—drug addicts, homosexuals, the homeless.

A leading scientist whose area of expertise concerns such questions, commented to me on the Russian article:

The extraordinary significance of this article cannot be overlooked. In the midst of their wild charges, the Russians are admitting something of monumental importance. They now claim that the biotechnology and scientific capability exists to have worked this virus up into a warfare agent. No other individual or agency, with the scientific competence to make such a judgment, has ever before said that such a thing was technologically possible. Their admission of its feasibility is an incredible self-indictment of what their researchers have been working on.

The LaRouche issue

The Russian admission comes in a very particular context: an open attack on the devastating accuracy of the *EIR* cover story on the Soviet direct role in "managing" the Western coverup on AIDS, through the Russian Dr. Sergei K. Litvinov, assistant director general of the World Health Organization in Geneva.

The *Literaturnaya Gazeta* article builds in intensity to an extraordinary conclusion in the form of a "postscript" attack on Lyndon LaRouche and *EIR* directly. The postscript reads in full:

P. S. While this material was in preparation, the American magazine *Executive Intelligence Review* published a "sensational" notice to the effect that the Soviet Union was blocking the fight against AIDS. Note that this publication is one of the press organs of the extreme rightwing American grouping of LaRouche, known for his ties to the CIA. It is not excluded that the publication in the *Executive Intelligence Review* is nothing but a clumsy attempt to cover up the tracks.

Not the first time

The fact that the Soviet attack appears in *Literaturnaya Gazeta* is especially significant because that journal, as a principal organ for top-level KGB evaluations, has been utilized on previous occasions for attacks on Lyndon LaRouche, Jr.

- On May 23, 1983 *Literaturnaya Gazeta* presented a furious attack on the book *Hostage to Khomeini* commissioned by LaRouche.

- On July 6, 1983 *Literaturnaya Gazeta* attacked LaRouche's associates in Wiesbaden, West Germany for the exposé of the Soviet involvement in the attempted assassination of Pope John Paul II.

- On Oct. 26, 1983 *Literaturnaya Gazeta* published a furious article by **Fyodor Burlatskii** attacking Lyndon LaRouche's role in designing and promoting the Strategic Defense Initiative.

- On March 28, 1984 *Literaturnaya Gazeta* published yet another direct attack on LaRouche for his delivery of a major policy speech in promotion of the Strategic Defense Initiative.

Thus, for a period of several years, the KGB journal *Literaturnaya Gazeta* has responded with fury to *EIR* and its founder Lyndon LaRouche whenever it felt that LaRouche had touched precisely upon policies which threatened Soviet strategic interest.

The fact that it was *Literaturnaya Gazeta* which responded to the *EIR* cover story on the "Soviet Role in Covering Up the Deadly Threat of AIDS" is a definite indication of the strategic precision of the *EIR* exposé. In their haste to respond to *EIR*, *Literaturnaya Gazeta* admitted that it was technically possible from a scientific standpoint to work up the AIDS virus as a biological weapon.

Therefore, the *EIR* Biological Holocaust Task Force has intensified its investigation into the Soviet role in the spread of the 100% lethal AIDS pandemic. Currently under preparation is a scientific evaluation of the basic Soviet biophysics capability. It has been determined, for example, that in 1981 the top Soviet scientist **Kaznacheev** of Novosibirsk reported on intensive experimental projects going on at Novosibirsk on "Ultraweak Radiation in Intercellular Communication." Soviet researchers known to be intensively involved with AIDS include **Rakhim M. Khaitov**, **Boris Labin** and **Professor Ivanovskii**. Furthermore, during the 1960s Soviet genetic engineering programs were geared up almost precisely with the forced "takedown" of U.S. biophysics capabilities when the NASA program was brutally slashed.

There is overwhelming circumstantial evidence to indicate that the direct Soviet involvement in spreading AIDS in the West may well have preceded their already documented role in running the coverup.

The clumsy *Literaturnaya Gazeta* article of Oct. 30, 1985 will perhaps go down as one of the most important self-indictments in human history.

Text of admissions by the Russians

The following excerpts are from an article, "Panic in the West, or what is behind the sensation around AIDS," by Valentin Zapevalov, published in Literaturnaya Gazeta, on Oct. 30, 1985. The official weekly of the Union of Writers of the U.S.S.R., Literaturnaya Gazeta is known as the unofficial mouthpiece for the KGB, and has been a frequent channel for the Soviet intelligence agency's attacks on Mr. LaRouche and his wife, Helga Zepp-LaRouche, since the fall of 1983.

... AIDS (Acquired Immune Deficiency Syndrome), or SPID (*Sindrom priobretennogo immunnogo defitsita*) is most probably among those illnesses which are triggered by so-called hidden or "dormant" viruses. Medical researchers hypothesize, that this is most probably a new, highly pathogenic virus which attacks man's immune system and renders him practically defenseless in the face of any infection. . . .

The first warning signs about AIDS appeared in 1978, when outbreaks of this mysterious illness were recorded in New York, among immigrants from Haiti (a U.S. satellite country). It often began after a routine blood transfusion. . . .

In the course of research conducted by the Centers [for Disease Control], a direct link has been established between the increase in cases of tuberculosis (by 5% in the first 6 months of this year) and the spread of AIDS which, by weakening the organism's defenses, creates particularly favorable conditions for the activation of tuberculosis bacteria. In the Western scientific world, the opinion is already being voiced, that, within a few years, AIDS will take first place in the U.S.A. in the number of fatalities, outstripping cardiovascular illnesses and cancer.

This prompted the WHO to convene a conference of specialists in Geneva in early October of this year. During the meeting, there was discussion of methods for determining an antiviral vaccine to cure AIDS, of questions of information

exchange and the coordination of doctors' efforts worldwide, to combat this terrible epidemic.

Reviewing all this, one involuntarily wonders: Why does AIDS, like certain other new diseases (for example, atypical pneumonia or so-called "Legionnaires' Disease," from which many people died; according to reports in the Western press, it was the consequence of experiments on people), invariably appear in the United States and begin to spread above all in the East Coast cities, in this case New York? . . .

Several years ago, the American religious and social organization, Church of Scientology, published certain declassified Pentagon documents which it had obtained under the Freedom of Information Act. They caused quite a stir in the United States and abroad. According to this material, the Pentagon and the CIA were already conducting, back in the 1950s and 1960s, secret tests of new types of biological weapons, in densely populated regions of the U.S.A. and Canada, such as New York, Philadelphia, and Winnipeg. Model weapons for inducing sickness, and weakened microorganisms of dangerous viral illnesses, were scattered over these regions in aerosol form. . . . As a result of these experiments, epidemics broke out in several regions of the U.S.A., and many Americans perished.

All this information, taken together with the "AIDS mystery," leads one to very serious reflections. The respectable newspaper *The Patriot*, published in India, for example, directly suggested that AIDS was the result "of such inhuman experiments by Washington." In support of its position, it adduced the following facts.

The American journal *Army Research, Development and Acquisition Magazine* has written many times before, on how military scientists from the Medical Research Institute of Infectious Diseases, located at Fort Detrick [Md.], conduct research in the field of immunology, particularly on questions of artificially influencing the human immune system, and study the mechanism both of acquired and of natural immunity. According to articles published in 1979 and 1980 in that journal, one of the leaders of this work, at the time, was Lt.-Col. Karl E. Pedersen, Jr., who today heads the Institute of Infectious Diseases at Fort Detrick. There, too, as director of the Medical Bio-engineering Laboratory, works Col. John N. Albertson, who specializes in the field of microbiology and genetic engineering.

Fort Detrick is infamous around the world, because biological weapons are created in its laboratories, and various experiments have been carried out there many times in the past. After President of the U.S.A. Richard Nixon officially banned production and testing of such weapons in the United States, the Pentagon and the CIA did not cease these activities at all, but to make the work more strictly secret, transferred several research projects to other countries, under cover of opening up various types of medical laboratories there. To this day, one can hear the echo of the scandal over one such laboratory, in Lahore, Pakistan, where they were raising

certain types of mosquito and other insects, which were subsequently infected with dangerous diseases like yellow fever, Dengue fever, and American St. Louis encephalitis (cf. *Lit'eraturnaya Gazeta*, No. 5, 1982).

New facts came to light not long ago concerning the links between this center and the Pentagon. The Western press informed readers that at the U.S. air base in Torrejón (a northern suburb of Madrid), a huge quantity of chemical and biological weapons was being stockpiled. Leakage of poisons from the stockpiles led to epidemics in the neighborhood, but no measures were taken.

Taking off from these facts, *The Patriot* advanced the version that "specialists from Fort Detrick, by all appearances, have succeeded in creating yet another type of biological weapon." They received considerable assistance from the staff of the CDC. On contract from the Pentagon, they made special trips to Africa—specifically, to Zaire and Nigeria, and then to Latin America, to collect material on highly pathogenic viruses not found in European or Asian countries. This information was subsequently processed at the CDC's "maximum security" laboratory and at Ft. Detrick. As a result, asserts *The Patriot*, they succeeded in isolating an entirely new type of virus—AIDS. The rest was "just a technical matter." Evidently, they infected with this virus part of the blood supply, which in the course of experiments, was transfused into unsuspecting patients during surgery and other operations. Special experiments, possibly, were conducted in Haiti (a U.S. satellite country, remember?), and among certain groups of the U.S. population—above all, society's pariahs—drug addicts, homosexuals, the homeless.

This is the conclusion reached by *The Patriot*.

Today, I repeat, the disease is progressing swiftly. In August of this year, more than 120 cases of AIDS were identified among American servicemen. Affairs reached the point, where on Aug. 30, U.S. Deputy Minister of Defense W. Taft had to sign an order for mandatory testing of all recruits for antibodies to the AIDS virus.

Summing up, I would like to remark that it is entirely possible that, ultimately, as has happened often in the past, one of the victims will sue the Pentagon and the CIA, and then it will finally be revealed that all the victims of AIDS suffered as the result of the latest monstrous experiment.

—Valentin Zapevalov

P.S. As we were going to press, a "sensational" report appeared in the American journal *Executive Intelligence Review* that the Soviet Union was supposedly blocking the struggle against AIDS.

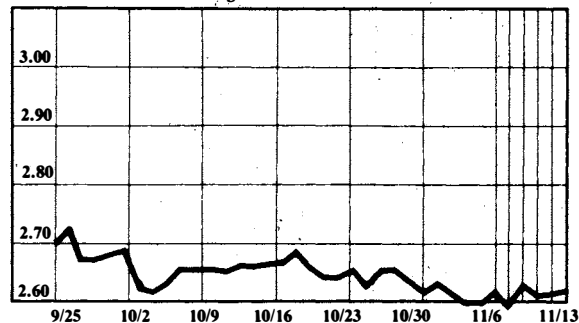
Let us note that this publication is one of the press organs of the extreme rightist American grouping of LaRouche, known for his ties to the CIA.

It is not excluded that the publication in *Executive Intelligence Review* is nothing else than a clumsy attempt at covering up tracks. . . .

Currency Rates

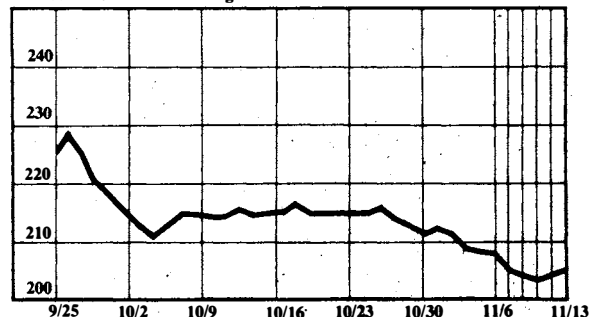
The dollar in deutschemarks

New York late afternoon fixing



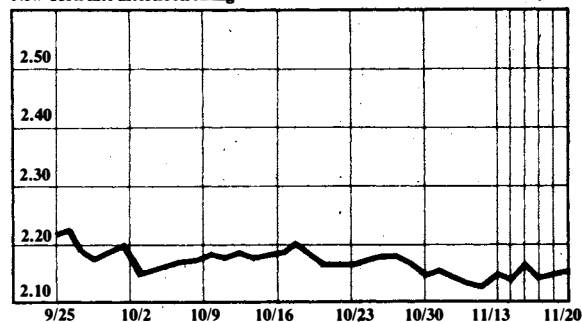
The dollar in yen

New York late afternoon fixing



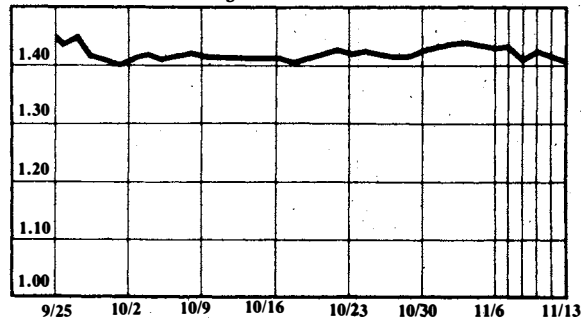
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



India's fast breeder comes on line

Nuclear engineer Ramtanu Maitra reports from New Delhi on the innovative program which has achieved nuclear self-sufficiency.

On Oct. 18, India's first Fast Breeder Test Reactor (FBTR) generated net energy for the first time, one of several recent developments which show that the country's long-sought self-sufficiency in its nuclear energy program has now been attained. The success of this experimental facility in Kalpakam, Tamil Nadu, can largely be attributed to efforts by Indian scientists and engineers, who took the basic French design for a liquid sodium-cooled fast breeder reactor and developed an innovative program to suit special Indian conditions. A beginning has already been made on the design of a Prototype Fast Breeder Reactor (PFBR), with an electricity generation capacity of 500 megawatts.

The Indian FBTR joined the elite group of less than a dozen breeder reactors operating in the world today. These include test reactors, prototypes, and demonstration reactors. The BN-600 in the U.S.S.R. and the Super-Phénix in France are the leaders in this category; but India's FBTR is the first breeder reactor developed by any developing nation. Further, it is the first reactor to use a unique new plutonium-rich mixed carbide fuel, developed by Indian scientists to solve the problem of India's lack of uranium reserves.

Initially, the FBTR will run at low power, to enable scientists to conduct experiments. A year hence, when the reactor will be coupled with a steam generator and turbine, it will produce about 14 megawatts of electrical power.

Overcoming the uranium bottleneck

India's nuclear energy development program is based on a three-stage strategy formulated in the 1950s, which is primarily oriented to achieving self-sufficiency, including development of an independent fuel cycle. India's reserves of uranium, the atomic fuel used almost universally, are of the order of 67,000 tons of uranium oxides. Such meager reserves would not allow India to sustain more than 7,000 megawatts of electrical power for more than 30 years. However, India possesses almost one-third of the world's thorium reserves, and thorium can be converted into uranium-233, a fissile fuel. The known reserves of thorium contained in monazite sands on India's Kerala Beach alone are estimated at 363,000 tons of thorium oxides.

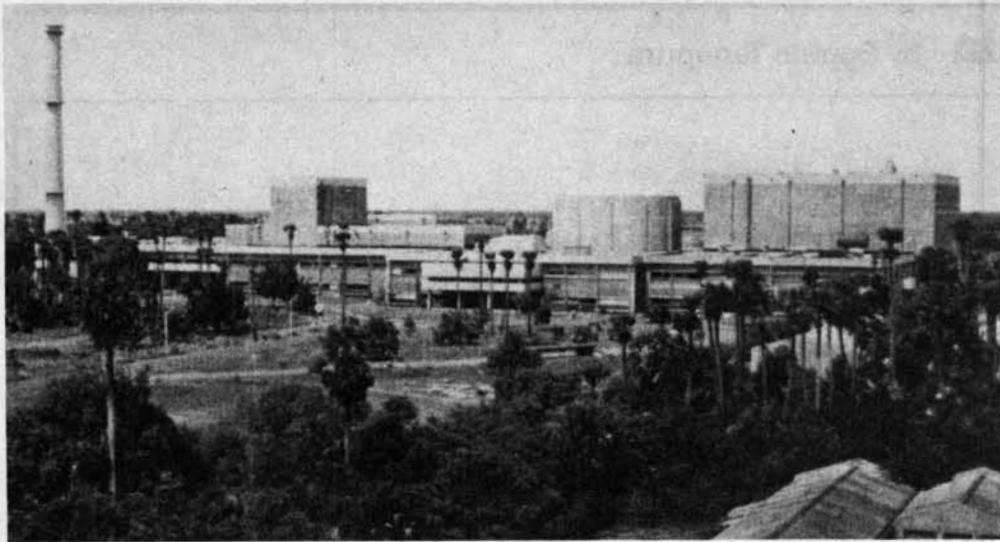
Thorium cannot be used as a fuel in nuclear reactors, because it cannot fission by itself. Thorium-232—the isotope

that exists naturally and that needs to be converted into uranium-233—is what scientists call a fertile material. Such conversion can be attained in two ways. One can use a neutron accelerator in the laboratory—an expensive proposition which consumes a large amount of energy. For a power-starved nation such as India, this is not a serious option. The alternative is to irradiate thorium in a nuclear reactor, while generating power at the same time.

Since uranium is abundantly available in all other nations that have nuclear power plants, research work on the thorium cycle has not been given a high priority internationally. To make the thorium cycle work, therefore, became a priority for the Indian scientists. In May 1984, after years of work, Purnima II, the world's only uranium-233-based research reactor, first generated net energy, converting the fertile thorium-232 into fissile uranium-233. Indian scientists designed the uranium-thorium fuel mix required to attain critical mass and produce uranium-233 from thorium-232.

Nonetheless, for the first stage of nuclear power generation, India had to depend upon mined uranium, consisting of 0.7% fertile uranium-238, the average composition of all naturally occurring uranium. Since India decided not to base its nuclear power program on the uranium fuel cycle, enrichment of uranium, an expensive proposition, was rejected at the outset. Heavy water-moderated reactors, which use unenriched natural uranium as fuel, were chosen as the basis of the first stage of the program, and a contract was entered into with Canada to supply the CANDU heavy water reactor technology. The Canadians broke that contract summarily in 1974, leaving India's first heavy water reactor—since then installed at Ranapratapsagar and known as RAPP-1—half-finished. Besides generating electrical power, these first-generation reactors also irradiate fertile uranium-238 into fissile plutonium. But the reactors are relatively less fuel-efficient—they burn up more uranium-235 than they generate in the way of plutonium. The idea is to use the fissile plutonium not simply for power generation, but to irradiate thorium-232 to make uranium-233.

The second stage of India's nuclear program began with the development of the breeder reactor. Besides generating steam for electricity generation, breeder reactors will create net new quantities of fissile material for future use.



The Fast Breeder Test Reactor at Kalpakkam, India.

Government of India

The third stage, which would complete India's present nuclear power development program, is to build a string of heavy water-moderated reactors based on the thorium-uranium cycle. Meanwhile, fast breeder reactors would continue to generate more fissile uranium-233 for future use.

The fast breeder reactors

It is evident from the basic philosophy of the Indian nuclear program that the fast breeder reactors are intended to play a major role. They have several distinct advantages, including the fact that the power per unit volume is high, since the reactor core is small and the power density high. Breeders are also highly fuel efficient: In the case of heavy water reactors fueled by natural uranium, no more than 1-2% of the fuel is actually used. In conventional nuclear reactors, accumulation of fission products and the isotopes of heavy elements and depletion of fissile materials such as uranium-235 sharply decreases reactivity, putting pressure on the uranium inventory, and posing an impossible problem for a country which has very little uranium to begin with. Introduction of breeder reactors changes this picture significantly, as it becomes possible to use 60-70% of nuclear fuel resources, and thus considerably enhance power-generation potential. Breeder reactors increase the energy potential of a given uranium resource base by more than 60 times what is possible with thermal reactors.

The fuel used in breeder reactors generally consists of a highly enriched uranium-based fuel composition of 30% plutonium oxide and 70% uranium oxide. Since India does not have enriched uranium, Indian scientists have improvised a unique new fuel mix for the FBTR. It consists of a plutonium-rich mixed carbide driver fuel of 70% plutonium carbide and 30% uranium carbide. Although some investigations had been done abroad on uranium-rich mixed carbide fuel, the credit for developing the plutonium-rich mixed carbide fuels goes strictly to India's scientists.

In at least two respects the carbide fuel is superior to the oxide fuel. It has a much better thermal conductivity value, and therefore, in spite of a somewhat lower melting point, there is no possibility of a fuel melt down. Also, since the carbide fuel is richer in plutonium, it is theoretically a better breeder fuel than oxide fuel.

To build a nuclear reactor and all of its auxiliary components indigenously is by no means an easy task. Besides the technology, the quality of various materials, the machine-tooling requirements, and precision control and installation of the entire system are demanding and expensive. The task becomes even more difficult when the technology itself is not widely in use.

Liquid sodium is used as a coolant in the FBTR, and handling and purification techniques for its use have been developed entirely indigenously. The 150 tons of sodium needed for the project has been procured in India, and purified domestically to the nuclear grade needed for FBTR.

Research breakthroughs

One must look at the two latest research reactors, Purnima II and Dhruva, to appreciate the kind of creative nuclear physics that lies behind these advances. Purnima II is a unique reactor, as Dr. Raja Ramanna, the Indian Atomic Energy Commission chairman and a leading nuclear physicist, underlined in a recent interview. Purnima II is the world's first reactor to use uranium-233 as fuel.

Dhruva, a 100-megawatt research reactor which first generated net power in August, was another milestone for Indian scientists. "It is going to be a major facility for isotope production, neutron beam research, chemical research and for testing materials," said Dr. P. K. Iyengar of Dhruva, one of the 10 largest research reactors in the world. Dhruva will be used essentially for neutron physics. It is expected to be useful in biology, where new studies on the structure of biological molecules are under way.

World Bank energy plan for Thailand

The technocrats are calling for "free enterprise" measures, but government energy officials are skeptical.

At an international seminar on Thailand's energy policy for the country's sixth economic plan (1987-91) held in Pattaya Oct. 25-26, World Bank executive Jean-Loup Dherse warned that unless Thailand moved now to develop exploration and development of gas, oil, and lignite, approximately 60% of its domestic energy needs would have to be met through imports. The World Bank predicts that by the 1990s, world oil prices will be on the rise and Thailand will be hit with an energy crisis.

Jean-Loup Dherse, vice-president for Energy and Industrial Staff of the World Bank, suggested a number of short-term measures to deal with the crisis, including: 1) deregulating petroleum product prices and eliminating the oil stabilization fund; 2) increasing the price of diesel fuel; 3) promoting private sector investment in any refinery expansion needed at the end of the decade; and 4) ensuring that electric power tariff structures and levels are sufficient for utilities to maintain adequate self-financing—i.e., raising electricity consumption prices.

Consensus, to say the least, was not always there among the participants. Dr. Kasem Chatikavanij, former general manager of the electricity generating authority of Thailand (EGAT), said he would agree to scrapping the oil fund only if a proper oil tax structure were in place. "I believe that the existence of the oil fund is a Thai way of solving the oil price problem, because without it, highly volatile fluctuation of oil prices would be

felt by the public," he said.

Dr. Kasem was joined by other senior energy officials—Department of Mineral Resources Director-General Sivavong Changkasiri and Petroleum Authority of Thailand (PTT) governor Dr. Thongchat Hongladaromp—in opposition to the controversial National Economic and Social Development Board (NESDB).

The short-term World Bank suggestions are permeated with a free-enterprise outlook. Increasing the price of diesel fuel in the name of fighting "price distortions" would penalize its use by medium- and lower-income brackets, whose professional and personal vehicles usually consume diesel.

The World Bank push to encourage private investments in future refinery expansion coheres with its privatization scheme aimed at favoring cartel control and takeover of food and infrastructure. Completely in line with the World Bank program, Deputy Secretary-General of the NESDB Dr. Phisit Pakkasem, in his keynote address to the seminar, favored phasing-down the participation of the petroleum authority of Thailand in refining, from the present level of about 50% to 25%—a questionable level from the standpoint of national security.

Dr. Snoh Unakul, secretary general of the NESDB, added that the private sector should invest in electricity generating and charge competitive consumer prices. Again, this met with reservations from Dr. Kasem, who wondered how the private sector could invest in electricity-generating proj-

ects when the state enterprise EGAT's average return on such investments is only 8%, and EGAT is entitled to privileged conditions such as low interest loans. One can only conclude that privatization will necessarily lead to a rise in utilities prices for the consumer.

Medium-term measures suggested by World Bank executive Jean-Loup Dherse include: 1) expansion of natural gas use and development of Thailand's limited oil potential; 2) expansion of exploration and development of low- and high-quality lignite for industry and domestic use; and 3) improvement and expansion of use of traditional fuels (e.g., charcoal) in rural areas.

The World Bank and the NESDB have chosen to sweep under the carpet the fact that Thailand has a totally untapped hydroelectric potential of 10,000 megawatts. So far, only 1,800 megawatts of hydroelectric capacity are in use, with another 2,900 megawatts in the feasibility study stage. Failure to develop this potential has drained precious dollar reserves for the purchase of oil for electricity generation in the past. Failure to place priority on development of this domestic hydroelectric potential in the near future will continue to siphon off rapidly diminishing dollar reserves. The electricity generating sector is expected to absorb some 80% of public investment in the energy sector during the sixth economic plan. The limited potential of oil should be used for purposes other than electricity generation.

The World Bank is showing its true colors: opposing the energy-infrastructure projects that are necessary for industrialization. Its energy program is still in the discussion phase and has not been approved by the Thai government.

Does Kohl know the stakes in Peru?

West Germany's Third World Ministry has broken the international boycott on new financing for Peru's economy.

A West German government delegation signed a development cooperation contract on Oct. 31 with the Peruvian government in Lima. The contract, which grants Peru 50 million deutschemarks in capital aid and another 21 million in technical aid for the improvement of the country's agricultural production, breaks the almost total credit embargo which the International Monetary Fund and the creditor governments have imposed on Peru.

Negotiations for the contract proceeded in a spirit of friendship. A spokesman for the German delegation, which was led by Bernhard Schweiger, who heads the Latin American Desk at the Bonn Third World Affairs Ministry, explained that "the delegation of the German government considers the priorities, which the Peruvian government has been taking for the economic and social development of the country, as extraordinarily positive. And it manifests its readiness to activate financial and technical cooperation, in order to assist the Peruvian government in the difficult situation it faces."

In his discussions with the Peruvian Economics Minister Luis Alva Castro and others, Schweiger emphasized that the Federal Republic of Germany was "on the side of her friend, Peru." He also said: "You are in a very difficult phase, and your economic and social development needs friends."

For Alva Castro, these warm statements must have been a welcome

change from the harsh attacks which West Germany's Finance Minister Gerhard Stoltenberg, had launched against the debt policy of President García at the recent IMF meeting in Seoul, South Korea. Stoltenberg had said it was intolerable that Third World leaders like García tried to bypass the IMF and the World Bank in the renegotiations of their debts with international vendors. He insisted on "strict monetary discipline" and "cooperation with the IMF."

This means that, within the German government of Chancellor Helmut Kohl, there are currently contending ways of looking at the situation in the developing sector. On the one hand, there is a political faction which is interested in improved relations with the Third World. Especially in Ibero-America, the image of the Federal Republic has been shaken ever since the German government took the side of the British in the Malvinas War. That was the doing of Bonn's Foreign Minister Hans-Dietrich Genscher, who led the European campaign for an economic and credit boycott against the Argentines. This was the same Genscher who put political pressure on Argentina's President Alfonsín in 1984 to give in to the creditors' conditionalities. Moreover, Argentina's currency reform, which installed the phony "Austral plan," was worked out by West German monetarist experts with the "mediation" of the Bonn Foreign Ministry.

As a result of this and similar pol-

icies toward other Ibero-American debtor countries, German exports of machinery into Ibero-America have now collapsed to one half of what they were in 1982.

A development policy expert in the governing Christian Democratic Party commented several days ago that "the German position down there is not very rosy now. With this Peruvian contract, we have a foot in the door, and García has surfaced as one of the leading spokesmen of a new policy in that region. It is good for us to have good relations to Peru, therefore."

The same comment, though in somewhat different wording, was made by spokesmen of Bonn's Third World Affairs Ministry. It was emphasized that García's program of agricultural reform was worth supporting. "We have no disagreement with García on this policy. The basic disagreement is on his policy against the IMF," said one spokesman, "but we see that García has the support of the majority of his people, and that the opposition against the IMF is very popular."

But officials of the IMF's local post in Bonn, the Finance Ministry, however, are planning to undermine the contract between Bonn and Lima. One such official commented that they did "not like this contract at all," but that the ministry had restrained from direct protest. "There are many ways of interfering with this contract, and after all, Peru does not have the money yet. It will take some time before it arrives in Lima," said another, "because we [the Finance Ministry] have the final say on every single deutschemark that flows abroad." Further, García's "general policy against the IMF and the creditors should not be honored. He must return to good terms with the creditors, and coordinate with the IMF and the World Bank. If he had his way, things would slip out of control."

Business Briefs

International Finance

Bankers skeptical about Baker's debt plan

The meeting of the group of 10 central banks in Basel, Switzerland, in mid-November, at the Bank of International Settlements, damned with faint praise U.S. Treasury Secretary James Baker's plan to deal with the Third World Debt, according to European media reports.

The group, chaired by German Bundesbank head Karl Otto Pöhl, amid effusive rhetoric about "welcoming" the Baker proposals for "providing a constructive framework," went on to reaffirm every point of the existing approach, including continuation of the International Monetary Fund's "case-by-case" approach, and continuation of the IMF's "structural adjustment policies," a central banker euphemism for savage austerity against debtor nations.

Pöhl emphasized that the central bankers will not intervene to pressure the private banks to kick in an additional \$20 billion to alleviate the present debtors' explosion, as the Baker Plan demands. Pöhl commented laconically: "We aren't the main players in this game."

Technology

German firm, Boeing bid on SDI

Messerschmidt, Bölkow, Blöhm (MBB) of West Germany is bidding for a contract to work on technology for the U.S. Strategic Defense Initiative, in partnership with Boeing Company of Seattle, Washington. The companies will ask the Pentagon to allow them to conduct an experiment on board a space shuttle in late 1987.

The experiment would involve a test of an infra-red telescope capable of tracking space objects such as missiles. The contract would be for "a few tens of millions of dollars," Boeing's general manager Bud Ekas said in London on Nov. 5.

Boeing would have overall charge of the

experiment. MBB, Germany's biggest aerospace company, would provide a space platform, called SPAS, which the company developed for civilian space applications and which would carry the telescope in orbit.

SPAS would be stored inside the cargo bay of a space shuttle until it reached an orbit 250 miles above atmosphere, where it would be ejected, a spokesman said.

Oil

Saudi Arabia expects price war in 1986

Saudi Arabian Oil Minister Sheikh Ahmed Zaki Yamani predicted on Nov. 9 that a global oil price war could erupt in 1986, causing the cost of crude oil to drop as much as \$10 a barrel. He said that non-OPEC members do not appear prepared for restraining their production.

"I think," Yamani said, "that probably for the first summer they will not take it seriously and they will go into a price war. . . . Perhaps the summer of 1987, they will realize the facts of life."

Saudi Arabia, which could influence world oil prices by decreasing in its own production, will rather produce for the first time its full quota of 4.35 million barrels a day—half total Saudi capacity—allowed under the agreement which governs the Organization of Petroleum Exporting Countries. OPEC's spokesman was forced to deny recently that the oil cartel is falling apart.

Nuclear Technology

India announces five-year plan

Indian Prime Minister Rajiv Gandhi has announced a \$320 billion five-year plan, which will direct \$52 billion into the energy sector. In a speech on Nov. 10, Gandhi declared that "the salvation of the country lies in nuclear power." Gandhi has also demanded that the five-year plan—all of the funds for which come from the Indian public and private sector—be part of a plan for India's

entering the 21st century.

On Nov. 11, Gandhi announced that India has the ability to build a nuclear bomb, but has no plans not to do so at present. He said, however, that India will keep that option open, and that the Indian scientists are much more skilled than their Pakistani counterparts, and that they are confident of their ability to meet any threat.

The Invisible Hand

Think tanker claims war on drugs is hopeless

Robert Wesson, a senior research fellow at the Hoover Institute, a center of free-enterprise ideology, claims that any U.S. effort to aid Ibero-American countries in fighting drugs will necessarily backfire.

In arguments worthy of the heirs of the dope-pushing British East India Company, Wesson says:

"At first glance, it may seem to be sound policy for the United States to try to attack its drug problem by getting the source"—in Mexico, Jamaica, Colombia, Peru, and Bolivia.

"But these anti-drug efforts have been largely unsuccessful, and they may be harmful for the countries themselves and for U.S.-Latin American relations. . . . Drug cultivation has become the livelihood of hundreds of thousands of peasants, and they do not take kindly to being compelled to give it up. . . . Any attempt by the United States to pay the peasants for not growing drug plants would simply encourage more people in more countries to get into the business."

Ibero-America

Block rejects García's approach on the debt

U.S. Secretary of Agriculture John Block, speaking at a press conference at the Rome headquarters of the U.N. Food and Agriculture Organization (FAO) on Nov. 12, criti-

cized Peruvian President Alan García for his attacks on the International Monetary Fund and his insistence that the well-being of the people of Peru must come before the payment of the foreign debt.

Asked by *EIR* correspondent Mary Lalévée for his response to García's speech of the day before (see article, page 4), Block declared, "We in the United States believe in the World Bank and the International Monetary Fund."

"While I didn't feel it necessary to be critical of [García's] speech," he said, "I have reservations about the way the President is going. It may be the best for his country to go that way, but he seemed to be promising isolationism and an inward looking policy."

"The U.S. has great concern about the serious problems in Peru, and we want to be as helpful as we can, but we in the United States believe in the World Bank and the IMF. We believe they can serve a very useful purpose. It doesn't mean everything they do would meet with our favour or the President's favor, but on balance they're trying to be helpful."

Post-Industrial Society

Trade rep: No need for U.S. manufacturing

Top U.S. Trade Representative Clayton Yeutter says no one should worry too much about the decline in U.S. manufacturing capabilities.

Speaking about foreign competition before a Senate Finance Committee on Nov. 14, Yeutter said: "I do not believe there is a compelling need for the United States to make everything that exists in the world."

Referring to a need for U.S. adjustment to foreign competition, he stated that "structural adjustment is a painful process," but many firms should simply be shut down. "We believe in the market system . . . it adds vibrancy to the American economy. . . . If there is a realistic chance of [an industry] restructuring itself and becoming internationally competitive, we should give them that chance. There are others that can't survive. The ultimate decision is up to the

industry. It's just a question of whether the government should preserve it."

Some industries, like copper, may need help for national security, but "they should learn to compete."

U.S. 'Recovery'

Bank failures continue apace

U.S. bank failure number 100 occurred on Nov. 8. Estimates of total bank failures for 1985 are up to 300—the largest U.S. bank collapse since 4,000 lending institutions failed in 1933.

The 100th bank failure was Northshore Bank of Houston, Texas, plagued by \$20 million in real-estate loans. The 99th bank failure—which occurred the same day—was the Auburn Savings Bank, the 11th Iowa bank to fail this year.

About half of the bank failures this year have been in major farm and energy-producing states. The head of the Federal Deposit Insurance Corp. (FDIC), formed in 1933 to protect depositors, expects 115 bank failures this year.

Industry

Hughes Tools announces new layoffs

In mid-November, Hughes Tool Company announced it will close two plants and lay off additional workers at its main Houston plant. Hughes will lay off 318 workers at its Corsicana, Texas, plant, and 287 at its Round Rock, Texas, plant, both of which will be closed, and will lay off 125 at its Polk Street plant in Houston.

Hughes, which manufactures drilling tools and equipment, employed over 20,000 people worldwide in 1981, but by August, 1985, employed only 13,000. Hughes is suffering due to the lack of drilling nationally: the national active rig count now stands at 1,864, compared to 2,554 at the same time last year.

Briefly

● **BANGKOK** will be the site of a Dec. 2-3 conference, held by *EIR*. The conference, "Economic and Security Prospects for the Asia-Pacific Region, 1985-95," will feature a program for Asian integration, including the Kra Canal, and a new Special Report, *Global Showdown—Pacific*.

● **CHASE MANHATTAN** Bank is reliably reported to be trying to purchase of the crisis-ridden Johnson Matthey Bank of England. According to reports circulating in the City of London in early November, Chase, said to be under U.S. Justice Department investigation for alleged illegal laundering of narcotics dollars, is attempting to take control of the troubled JMB, one of the exclusive five London banks which make the London Gold Fixing.

● **SOVIET FISHING** licenses have been canceled by the Peruvian government the official government paper *El Peruano* announced on Nov. 12. The cancellation affects the operations of the Russian fleet *Sovrybflot*, which had been granted licenses last year to operate 10 trawlers in Peruvian waters.

● **IAN HAY DAVIDSON**, chief executive officer and deputy chairman of the once-prestigious Lloyds Insurance company, has shaken the London financial world with his surprise resignation. The sudden move, termed "devastating" by one member of the London insurance market, comes in the wake of investigations into misappropriations of funds by members of the Lloyds insurance markets. Davison was brought in by the Bank of England to clean up the scandal-ridden situation.

● **PAKDEE TANAPURA**, Fusion Energy Foundation director in Thailand and an occasional contributor to *EIR*, has been appointed economic adviser to the Thai Trade Union Confederation, by its President Paisal Thawatchainan. The union's membership in Bangkok alone is 200,000.

The current crisis in U.S. government finances

by Christopher White

The federal government, as of this writing, may be in default on interest payments on its debt by Nov. 14 if the present deadlock between House and Senate over the so-called Gramm-Rudman balanced-budget bill is left unresolved. The bill has been attached as a rider to routine legislation permitting the increase of the federal government's authorization to borrow, the so-called debt ceiling.

Twice in late October and early November, the deadline to increase the government's power to borrow has been reached, and passed, without enactment of the necessary legislation. Each time the administration has stepped beyond the law, and beyond its own precedents to make up the gap—first borrowing funds from federal banking operations, then, dipping into the social security fund. Pundits argue that such violations demonstrate that the congressionally approved debt ceiling is no longer a limitation on what the government can do to secure its own financing.

Though Treasury Secretary James Baker has decried the congressional maneuvering which has prevented passage of the necessary legislative powers, and warned of the dangers of U.S. default, behind the congressional politicking the United States is steadily slipping into the bankruptcy arrangements which this magazine has warned of since spring. It may not be default this time, but the initial maneuverings in the biggest bankruptcy of all time have begun.

There are two features to this on the level of the government itself. Firstly, the formalities associated with the budgetary process: that is, the way the government finances its own operations, characterized by declining real income from the depression-collapsed revenue base and exponentially in-

creasing debt-service requirements, hitherto regarded as sacred by all players in the game. Secondly, there is the related emerging bankruptcy, or insolvency, of the so-called government agencies, such as the Farm Credit System, the Federal Deposit Insurance Corporation, the Federal Savings and Loans Insurance Corporation, the Pension Benefit Guaranty Corporation, and the government agencies which insure, trade in, or guarantee mortgage debt, such as FNMA, GNMA, and others. The financing of such agencies is not included in the budgetary process of the federal government itself; they are legally independent institutions, empowered to finance their activities from their own operations. They are thus "off-budget," as far as their finances go, but can still bring down the whole shebang.

Such powers were fine, before Paul Volcker unleashed the third great depression of the century. Now that's no longer the case, and the question is, who will guarantee the guarantors? Here the precedent setter, over the next months, may well be the doomed Farm Credit System. The federal government has no formal obligation to come to the aid of that bankrupt system, but if it does not, then the entire alphabet-soup of agencies backing the nation's banking system, and mortgage market, will be left out to hang in the breeze, with liabilities of over \$1 trillion.

A budgetary cul-de-sac

The budget-cutters are backing themselves into a corner where the federal government, or the Federal Reserve, will have to pick up the tab on the biggest collapse of paper instruments in history.

The budget side of the situation is as follows. Sen. Phil Gramm (R-Tex.), and his colleagues, Sens. Warren Rudman (R-N.H.) and Ernest Hollings (D.-S.C.), have attached an amendment to the debt extension that would require the federal government to reduce its current deficit—estimated officially at \$180 billion, but thought to be at least \$50 billion more—to zero by 1991. The way it would work is this: If federal spending were to exceed guidelines set for each year, the President would be required to make cross-the-board budget cuts to bring spending within limits.

The United States government sustained a \$204 billion deficit during the first 11 months of 1985, more than the deficit in any previous 12-month period. This occurred despite the fact that tax revenues, from both individuals and corporations, were up 12% compared to the previous year. Since the government's income was up 12%, what caused the worse deficit?

Not defense spending, contrary to Rep. Tip O'Neill's (D-Mass.) blather on this subject. Defense spending ran 10% higher than during the previous year—at a lower rate of increase than tax revenues.

Social expenditures of all kinds were only 2% above the previous year's total, far below the rate of increase in tax proceeds. In other words, the deficit *shrank* on account of social services.

The one important category of spending that rose far in excess of tax revenues was interest on the federal debt, for which the United States now pays \$167 billion per year, or 17% more than last year. The government's deficit is rising, not because of excessive social spending, or an adequate defense program—spending on both is far lower than what the country needs—but because of what we pay to our (increasingly foreign) creditors.

The problem is that the increase in tax revenues represents pure inflation. The "official inflation rate" of 4% or so is a pure lie; the actual inflation rate exceeds 15%. Despite the President's "tax cut," both individuals and companies paid 12% more taxes so far this year, from incomes that buy less than last year.

U.S. under IMF conditionalities

The purpose of such a (temporary) breakdown in federal payments would be to subject the United States to the same sort of "conditionalities" that the International Monetary Fund has already imposed on most developing nations. The worst of this is that the United States is already in worse shape, as a debtor, than Brazil or Mexico.

The cuts would occur equally from discretionary spending, including defense, and from annual adjustments in entitlement programs, except for Social Security. Waivers would be permitted in time of war or recession.

At present, the government is paying \$167 billion annually on its nearly \$2 trillion debt. Under the best possible

circumstances—that federal revenues continue at present level and there is no fresh outbreak of inflation—the Gramm amendment would increase the federal budget by another \$500 billion over the next five years, and the debt service would be running by then at around \$210 billion (assuming stable interest rates).

Thus, to comply with the provisions of the amendment, the federal government would have to cut from its budget the entire current deficit, estimated officially at \$180 billion (but very likely closer to \$230 billion), and include in its budget \$210 billion in debt service. However, the situation is worse than that, because the increase in the debt service between now and 1991 would also have to be carved out of future budgets. Thus, the cost-cutting involved is not only the current deficit, but also the increase of some \$40 billion. Hence, the budget-balancing amendment invites an actual reduction based on official figures of at least \$227 billion (and, in reality, probably closer to \$277 billion), while incorporating mandated debt service of \$210 billion annually. This would require combined federal savings and interest payments totaling an amount 25% greater than the present defense budget. The effect of this legislation would be to devastate what is left of the U.S. economy.

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.

But this only covers the public side of government finances, and implicit financial commitments. Undiscussed, as Gramm and Rudman chop their way through federally funded projects to satisfy the nation's creditors, are the off-budget agencies mentioned above. This includes the federal government's role in underwriting the more than \$1 trillion indebtedness of mortgage market institutions.

First in line, in this connection, after the Pension Benefit Guaranty Corporation, which is already in deficit and unable to cover repudiated pension plans by corporations like Wheeling-Pittsburgh and LTV, are the two bank insurance corporations, FDIC and FSLIC, and the Farm Credit System. Of the three, the FDIC is said to be in the strongest position, but not necessarily for very long. Then come the government-backed mortgage finance and insurance institutions like FNMA and GNMA. The reserves available to both the FDIC and FSLIC to cover the accelerating bank collapse, are minuscule compared to the amount they could be called on to cover. Their respective clienteles are not far behind the bankrupt Farm Credit System already. As the "faith and credit" of the government in those institutions is called into question, so too will be the already shaky trillion-dollar mortgage market.

In the first quarter of 1985, home-mortgage loan delinquencies were the highest in the 32-year history of the periodic survey done by the Mortgage Bankers Association. The

survey showed that 6.2% of home-mortgage loans were delinquent at least 30 days in the first quarter of 1985. This is up from 5.5% a year earlier. During the second quarter, a drop of .38% was recorded in the surveyed rate, still maintaining a delinquency level above a year earlier. This survey covers VA, FHA, and conventional source mortgages. The savings and loan institutions report a somewhat lower rate of delinquency, attributable to their more stringent requirements, but S&Ls themselves are failing at crisis rates.

The proportion of mortgages entering foreclosure proceedings is also high. As of the end of the second quarter, for example, "Fannie Mae"—the Federal National Mortgage Agency (FNMA)—reported 7,800 repossessed homes, over double the 3,400 from a year previous. And the third quarter will be even higher. Most of the FNMA repossessed homes—which the FNMA prefers to call REO's or Real Estate Owned—are based in the darkened Sunbelt. The worst area is Houston, and other hard hit areas are southern Florida and parts of California.

On Aug. 5, FNMA announced new standards effective Oct. 15 for FNMA mortgage purchases in the secondary

The budget-cutters are backing themselves into a corner where the federal government, or the Federal Reserve, will have to pick up the tab on the biggest collapse of paper instruments in history.

market, for purposes of countering the increasing delinquencies. Among the requirements: raise downpayments, reduce the ratio of housing expense to gross income, prohibit adjustable rate mortgages (ARMs) that lack a cap on total interest rate chargeable, prohibit negative amortization (where the loan outstanding can rise), graduated payment loans, and seller "buy downs."

For the first time ever, U.S. mortgage-backed securities are being shopped around abroad for foreign investors. As of this year, home-mortgage backed securities are now sold abroad by Freddie Mac—the 15-year-old Federal Home Loan Mortgage Co., owned by the Federal Reserve Home Loan Bank Board—the agency of the savings and thrift organizations. In 1984, Fannie Mae began selling its securities abroad.

FNMA has a \$90 billion mortgage portfolio, and in addition, a \$50 billion mortgage guarantee book. FNMA is annually the biggest borrower in the United States after the federal government. FNMA is a congressionally chartered organization, mandated to provide mortgages for low-middle- to moderate-income housing needs. It is therefore tech-

nically an "agency" that can borrow money at a somewhat cheaper rate. But in 1970, it technically became private. It has 33,000 shareholders.

The orientation of most of the national regulators and money-center bank officials is to force the write-off of delinquencies, and force the elimination of large numbers of savings and loan institutions, the traditional home lenders. Moreover, the lending deregulation allowances of recent years encouraged S&L loans in non-housing areas, some of which are even shakier than housing loans during this depression.

During 1985, the savings and loan failures in Maryland and Ohio got the most publicity, plus the failures of large, individual thrifts in California and Florida. However, fully one-quarter of the nation's savings and loans are ready to go under.

Testifying before the Senate Banking Committee in July, Federal Home Loan Bank Board Chairman Edwin Gray warned that one-quarter of the nation's S&Ls are in the red, and that bad assets are being uncovered at a record rate. "The escalating strains evident . . . imperil the very foundation of our financial system—the public's confidence in federal protection for their deposits," Gray said. For the past two and a half years, all income generated by the Federal Savings and Loan Insurance Corp. (FSLIC) has been spent on problem cases, and the \$5.6 billion fund, for the first time in its history, is shrinking rather than growing, and covers only 0.76% of all deposits. This is a much smaller percentage than the Ohio and Maryland state insurance funds.

At the recently concluded conference of the United States League of Savings Institutions in Texas, the discussion repeatedly returned to a proposal made earlier in the year, to merge the Federal Savings and Loans Insurance Corporation with the Federal Deposit Insurance Corporation. Supported by the former chairman of the FDIC, Bill Isaac, the proposal was rejected by current Chairman L. Bill Seidman. "Frankly, we already have plenty to do at the FDIC," he said. Instead the FSLIC established an "Asset Disposal Association," to sell off the assets inherited from the collapse of its member institutions.

One of the little-noted consequences of the Gramm-Rudman budget-cutting package, with its permanent, self-imposing cycle of cuts, would be to remove the financial instruments from the federal government which would enable the Executive branch to deal with the upcoming insolvency of its "faith and credit" agencies.

This has not gone unnoticed by Donald Regan's former employers at Merrill Lynch, who gloat that, under foreseeable emerging conditions, it is Paul Volcker's Federal Reserve System which would have the power to reorganize the U.S. financial system, not the constitutionally empowered executive branch. In this view, the functions of the U.S. government would be reduced to collector of tax revenues which Paul Volcker and his friends would allocate and distribute as they please.

London metal crisis may trigger defaults

by William Engdahl

On Oct. 24, The International Tin Council (ITC) suspended trading on the London Metal Exchange, the world's leading metals market. The emergency move was made by Pieter de Koning, Buffer Stock Manager for the London-based international tin cartel, following the sudden collapse of the price of tin from the ITC official floor price of £8,500 to £8,140 (\$11,900 to \$11,396). De Koning announced that he had been forced to suspend trading because he had used up all the available credit lines to support the floor price.

According to London trading sources, the immediate crisis was triggered when the lending banks demanded payment of an agreed-upon £60 million from the 22 member-nations of the ITC, to supplement the buffer stock, a price-regulating mechanism the ITC uses to control production and firm prices through accumulation of a central stockpile, called the buffer stock. Declining industrial demand in recent years, combined with increased tin production by non-ITC countries, especially Brazil and China, has created a glut in the world tin market. Despite a voluntary 30% cut, the ITC will still produce about 165,000 tons of tin in 1985. Although total demand is estimated at 184,000 tons, world stocks stand at 284,000 tons by ITC estimates.

But much more is at stake than a £60 million payment, or even the £600 million estimated loss if the ITC defaults. The ITC remains closed, although the London Metal Exchange has decided to reopen trading in tin on Nov. 18, a gamble designed to contain major financial panic. "It is an extremely serious situation," the head of one major London commodity trading house told *EIR*. "This crisis affects not just tin, but the future of London as a world financial center." One informed City of London financial source stressed that underneath the immediate crisis is a deeper potential crisis of confidence regarding all multi-national guarantees on loan obligations. In the London banking community, there is considerable apprehension that the ITC crisis could knock out vital props to the international monetary system, including loan agreements with the Inter-American Development Bank, the Asian Development Bank and perhaps even the World Bank.

The ITC crisis has jeopardized the commodity trading houses linked with international tin trading through the London Metal Exchange, as well as some of the banks heavily

involved in lending on the international tin market, including Hambros Bank, ABN Bank of the Netherlands, Bank Bumiputra of Malaysia and Chase Manhattan and Shearson-Lehman of New York, which have helped finance the tin buffer stock. Until the present crisis, the buffer stock was assumed to be guaranteed by the 22 member governments of the International Tin Agreement, which established the ITC cartel in 1931.

Britain's Thatcher government has kept itself at arms-length from the current situation, as it is still smarting from the 1984 collapse of the Johnson Matthey Bank, one of the five London banks which fix the daily market in gold trading. That bankruptcy has severely undermined London's traditional role as a center of international gold trading.

Because of the special regulations governing the London Metal Exchange, the failure of even one member company with so-called ring-dealing privileges, would create a "domino effect" on all the other ring-dealing members of the LME, to destroy the whole basis of the world's most important metals trading market. The LME, unlike almost every other major international market, has no central clearing system through which all deals are settled. Each deal is unprotected and depends on the other side's creditworthiness. As a result of the tin closure, all LME metals trading came to a halt, as dealers with no exposure to tin worried about trading with dealers who are.

But the crisis goes beyond London's financial institutions. The prospect of a total price collapse in tin will deal a devastating financial blow to developing countries which produce most of the world's tin. The major producers in the ITC cartel are Malaysia, Indonesia, Thailand, and Bolivia. The United States, which consumes about 30% of world tin, imports most of its tin from the Asian producers. Thus, tin is considered strategic by the U.S. government. Besides being used to coat cans for foods, tin is combined with niobium for space and nuclear superconducting alloys, and has other industrial applications such as soldering alloys, ball bearings, and chemical pesticides and fungicides.

It is estimated that tin prices will fall from the Oct. 24 suspension price of £8,140/ton to £6,000, or even as low as £4,200/ton once trading resumes. This is a devastating prospect for the economies of Malaysia, Thailand, and Bolivia, among others. To maintain the present ITC floor price of £8,140 would require massive inflows of new funds to support the buffer stock fund of the ITC at a time of general international liquidity crisis. Nobody believes such funds are forthcoming. Bolivia, which has severely repressed labor strikes called to protest the pro-IMF austerity measures of the new Paz Estenssoro government, depends on tin exports for fully one-third of its export income. Collapse of world tin prices in the coming weeks will trigger an immediate financial crisis there as well as in Thailand, where IMF austerity demands have created the most severe political crisis in Thailand's recent history.

World trade and commodity production in depression collapse

by Marcia Merry

While the "tin crisis" gets all the headlines, the global decline in both agricultural and non-farm commodities trade, production, and the ratio of prices to cost-of-production has reached catastrophe levels.

Even the U.N. agencies that have long dumbly observed the systematic underinvestment in productive enterprises and trade facilities, are now sounding loud alarms. Speaking on the sharp decline of many commodity prices, the head of the U.N. Food and Agriculture Organization, Edouard Saoma, told the FAO Committee on Commodity Problems Oct. 21, "new FAO projections to the year 1990 suggest a marked slowdown of this trade in the present decade as a whole, compared to the 1970s. Practically all agricultural commodities will be adversely affected."

Total commodity trade tonnage moving internationally is down drastically. The notable exception is grain shipments to the Soviet Union—which is building up its strategic food reserve, especially meat stocks, for purposes of conquest, either peaceful or military.

At the same time, prices for almost all commodities have sunk far below the floor of the lowest production costs possible. Sugar, for example, is at its lowest price this century.

In oil, the stage is now set for a price collapse and free-for-all. The price is set to go below \$20, while use declines, and the last semblance of orderly production and trade dissolve.

One gauge of the degree of collapse is the sheer number of closures, or mergers, of commodities brokers—including some of the once big-timers. Dozens are disappearing from the scene. The famous Chicago Board of Trade (CBT), where huge world grain orders are tendered, has shifted over to wheelings and dealings in U.S. Treasury Bonds. Almost half the exchange's trade volume from January to September this year was accounted for by Treasury bonds. Activity in all CBT agricultural commodities was lower than last year, and combined volume was less than the 28,807,491 contracts traded on Treasury bonds, compared with 22,073,083 in the same period last year.

An estimated 36 large brokerage houses in the United States have gone out of operation since 1983. And the concentration of control of trade brokering, inventory, and shipping in strategic food, metals, and other commodities, in the

hands of the few, international, mostly Swiss-based cartel companies, has now exceeded the stage of security breach. The senior vice-president of the Blunt Ellis and Loewi Commodities Division, one of the smaller companies, stated, "It seems there is going to be only a handful of strong commodities-only firms [the international cartel companies], and the big national firms don't seem interested in that business."

The media have vastly downplayed the combined decline in foodstocks and rise in cartel control, in favor of encouraging trade war.

In frightened response to an expected \$150 billion trade deficit this year, Congress has introduced more than 300 bills on trade policy, each more bellicose than the last. In October, for the first time ever, President Reagan invoked trade law provisions to retaliate against nations: on grain markets, against the European Community, and on technology, against South Korea.

On Nov. 7, all 47 Senate Democrats sponsored a bill that would empower President Reagan to conduct new rounds of international trade negotiations; the President's current authority is limited and expires every two years. The new bill, aimed at creating trade-war conditions, would eliminate all existing White House committees on trade, and replace them with a National Trade Council; create a commission on "Trade in the 1990s"; and create a national trade data-bank. The top target countries are the closest U.S. strategic and economic allies—the European Community, Canada, Mexico, and the other republics of the Western Hemisphere.

The House has also introduced a trade-war bill, calling for retaliation against countries that block increased imports of U.S. goods.

Paradoxically, President Reagan also supports the cartel-scripted "free trade" policy which dictates no national import or export curbs on their ability to dominate trade flows within and between nations.

A special report released by the General Agreement on Tariffs and Trade (GATT) Nov. 5 said that the total volume of world trade for 1985 was likely to be 4% lower than the year before. Covering six months from April 1 to Sept. 30, the report cited as major developments: 1) new trade disputes over farm products, steel, textiles, clothing, footwear, automobiles, and electronics; and 2) "multiple and continuing

pressures in the U.S. Congress for trade restrictions." The 90-nation GATT decided in October to start a new round of world trade discussions to "fight protectionism." However, the larger issue is the worldwide collapse of output and trade altogether.

Following is a summary picture, by selected commodities and trade categories, of the collapse in production and markets.

Oil: By early 1986, the world oil price will likely drop by \$4 to \$6 a barrel, under the pressure of the breakdown of OPEC agreements, the output of the anti-OPEC oil producers (North Sea and Soviet), and the depression collapse in oil use.

Saudi Arabia, the world's largest oil exporter was pumping over 10 million barrels per day in the late 1970s, setting a record for output in 1979 of 10.3 million barrels per day. In the recent period, in an attempt to control supply and prop up the per barrel price, Saudi Arabia agreed to limit production under OPEC commitments, to a 4.36 mbd, and within that time, cut that back to only 2 mbd, a 20-year low. However, under conditions of a shrinking market, and shrinking market share caused by North Sea and other exporters, Saudi Arabia is going to sell more for less.

On Nov. 1, Oil Minister Mana Saeed al-Otaiba of the United Arab Emirates, one of the 13 members of OPEC, said, "From now on, each producer is now free to define its production quota and sell it at any price it sees fit in the world oil market." OPEC's world market share is now 16 million barrels per day, barely half its 1979 and 1980 levels. Al-Otaiba, who is also chairman of the OPEC market committee, in an Oct. 31 interview on Abu Dhabi TV, stated, "OPEC states are now free from their commitments, for which they have sacrificed dearly while non-OPEC producers exploited the situation and sold their oil at the prices they wished."

OPEC's ministerial council is due to meet in Geneva in December.

Coal: At the same time that oil use declines, except in the Soviet bloc military-production zones, other energy sources are being cut back. For example, more outmoded and marginal coal mines are being closed. On Nov. 8 the Taiwan cabinet approved measures to close 80 of the island's 125 coal mines, and dismiss more than 16,000 miners. A series of pit disasters in the last two years have left 300 miners dead.

In West Virginia, Eastern Associated Coal Co.—the state's second largest producer, announced it will close three mines in its "Keystone Division," in an effort to cut multi-million dollar losses. Eastern officials said in October they had more than \$70 million in losses, split between the Keystone operations, some idle coal mines near the Rockies in the West, and the company's oil and gas exploration operations. On Nov. 5, Keystone No. 2 mine in Herdon, Wyoming County was shut down to remove long-wall mined coal. Hundreds of District 29 United Mine Workers have only temporary and makework jobs removing equipment. Then there is nothing.

Total commodity trade tonnage moving internationally is down drastically. The notable exception is grain shipments to the Soviet Union—which is building up its strategic food reserve, for purposes of conquest.

Coffee: While the world coffee market has been temporarily influenced by passing events such as recent rains to relieve Brazil's parched coffee-growing region, the underlying decline in price and use is obvious. In early November, talk started that Colombia might offer part of its expanded first-quarter coffee quota at a low price. The Brazil Coffee Institute has made plans to increase its coffee sales. It proposed to U.S. buyers a deal to cut prices by 25.5¢ a pound. The sales quotas are part of the classic effort to keep prices up, an effort that has not worked.

Sugar: World sugar prices are at their lowest in almost a century. Like the situation in oil, where maverick producers have undercut the traditional sellers, there have been cut-price maverick sugar sales efforts surreptitiously coordinated by the world sugar cartel companies. At the same time, existing older production capacity—for example, the U.S. sugar beet industry—has been all but destroyed. Earlier this year, the Hunt family's Great Western Sugar Co. failed, leaving thousands of sugar-beet farmers in the lurch in Colorado and western Nebraska, and reducing the food-output capacity of the nation.

Metals: Prices began to fall in November on New York's Commodity Exchange, as nervousness over the unresolved tin crisis grew. Although Nov. 18 has been set for the opening of the tin market, the tin price could drop by half. Copper, silver, and gold prices fell, because of the possible repercussions of the tin market collapse. The International Tin Council planned to meet one more time Nov. 14, but no assistance package that would restore the markets seemed possible.

Rubber: The need for rubber has dropped proportionate to the decline in the world economy—despite the temporary massive shift of U.S. freight hauling from the rails to the highways. There has been widespread shutdown of U.S. tire-manufacturing facilities. GenCorp of Akron, Ohio announced on Nov. 5 that it would close its General Tire plant in Waco, Texas, dismissing 1,400 employees. GenCorp is one of the five largest tire manufacturers in the United States, with two plants in Texas (now one), and five plants elsewhere in the United States and Canada. The shutdown will reduce the national output of the bias-ply tires.

The end of farm production in America as we have known it

by Marcia Merry

The latest government trade figures show that for the 1985 fiscal year, the tonnage of U.S. farm exports fell to 125.8 million tons, down fully 23% from the 1980 record year of 163.9 million tons. The significance of this drop in terms of world food supply is that it represents enough food for 44,447,037 people somewhere in the world. But they didn't get it.

An even larger number had inadequate, low-nutrition diets because of the absence of U.S. food. A person requires almost a ton of food products of all kinds each year for health and disease resistance. Therefore, last year's decrease of 38.1 million tons of foodstuff exports means a significant drop in world health and nutrition.

Over the past five years, U.S. food supplies equivalent to that required to feed over 110 million people have been withdrawn from world trade flows. Of the total 125.8 million tons of U.S. food exported last year, a record 15.8 million tons of top quality feed-corn went to the Soviet Union. The food cartel representative in the USDA, Undersecretary Daniel Amstutz (of Cargill), has promised the Soviets over 22 million tons of U.S. grain in the 1986 trade year, and within a few weeks of the opening of the third Long Term Agreement (LTA) trade year between the U.S.S.R. and United States, the Soviets had booked almost 4 million tons of grain.

The 'surplus' fraud

The USDA is conducting a sleight-of-hand operation to "make the figures lie." They claim there is a "surplus" of food. "Surplus" relative to what? First, on domestic consumption, they have consistently reduced the national per-person nutrition requirements to include less meat, milk, poultry, and eggs—all necessary for an energy-rich, protein-rich diet. If you say that people should drink less milk, naturally, you instantaneously produce a surplus. Want to lower the crime-rate? Legalize crime!

Second, they understate "pipeline" and inventory requirements. Huge volumes of grain storage space, stockpens, and other facilities are either shutting down or being consolidated in the hands of the world food cartel companies, to the point of immediate danger to national security. National grain

stocks on hand at the end of the year (called "ending stocks") as a percent of annual use has dropped from 71% in 1961 to 28% in 1985.

Finally, despite all the trade-war rhetoric, the food cartel policy carried out by government channels in recent years is to deliberately reduce the national food output and export levels.

Milk

The international milk market is one of the most rigidly controlled food markets in existence, while the need for milk, a top-grade animal protein source, is huge. Trade is dominated by Unilever, Nestlé, and the New Zealand Dairy Board—a holdover from the British Empire. U.S. exports have been held down for decades by these cartels, whose friends in the State Department and USDA maintain that the U.S. milk "surplus" should be eliminated. In 1984, this cartel cutback policy was implemented in the form of the U.S. dairy PIK (payment-in-kind), or milk diversion plan, in which farmers were paid for not producing and thousands of milk cows were slaughtered. In Europe, the mandatory milk reduction quota system was introduced for a year. Milk output fell on both sides of the Atlantic. Since the end of the program, there has been some resurgence of milk output in the United States from farmers' attempts to push production up to get needed cash flow. But there has been no expansion of the dairy infrastructure. The size of the dairy "surplus" in the United States, after true domestic needs are met, is so small that it would only supply the import needs of one country, for example, Japan. The West German "surplus" would similarly supply very few people.

Grain

In Western Europe, after the record-setting grain harvest in 1984—a sizable amount of which went to the Soviet Union at discount rates—the European Community is now preparing to enact an unprecedented tax on future grain production. Called the "co-responsibility levy," this plan would tax 3.5 million farmers in the 10 member nations, and financially penalize them for expanding output. Grain prices are to be

set lower. If the scheme is not adopted by member nations, the EC Directorate, in direct collusion with the Swiss-based food cartel, has threatened to set mandatory grain production quotas to reduce European output.

In the United States likewise, the recent House and Senate versions of the new four-year farm bill contain financial incentives for farmers to reduce production. However, in addition, both houses have passed unprecedented legislation to take vast tracts of farmland out of production—permanently. Called a conservation measure, the new legislation would entice debt-strapped farmers to put their acreage out of production for 10 years (in fact, forever) in exchange for some small financial advance that is supposed to defray putting ground cover or some non-food crop on the land. The bill calls for removing 20 to 30 million acres from production, almost 10% of prime grain land.

Front groups for the old European money trusts behind the food-cartel companies, the Wilderness Society, the Conservation Foundation, and others, have been issuing reports, government testimony, press releases, and the rest saying that food exports from the United States and Canada should be stopped because their production exhausts the soil.

In the meantime, networks of these same groups are working to transform vast amounts of farmland into feudalist trust estates. Dispossessed farmers are to lease back land, if they are to farm at all. In Louisiana, Arkansas, and Mississippi, a private investment group is negotiating to buy 200,000 acres of foreclosed farmland from the Federal Land Bank.

The cartel networks are promoting the formation of a national entity—to be named the American Conservation Corporation, to takeover such foreclosed land en masse. The most vocal sponsors are in Minnesota, around Cargill. Minnesota Agriculture Commissioner Jim Nichols told Congress in September that the American Conservation Corp. should

FIGURE 1
Cutbacks in U.S. food exports since 1980

Year	Food not exported (tons)	People not fed
1981	10,000,000	11,665,889
1982	12,000,000	13,999,067
1983	15,000,000	17,498,833
1984	20,150,000	23,506,766
1985	38,100,000	44,447,037
TOTAL:	95,250,000	111,117,592

The year 1980, during which U.S. food exports were 163.9 million tons, was used as a basis of comparison for calculating the U.S. food export cutbacks in each of the last 5 years. A figure of .8572 tons per person a year of various foodstuffs was then used to calculate how many people the "missing" food exports would have fed. Although much of the reduced exports were grain, and not the desired diet of fruits, vegetables, meat and other high nutrition essentials, nevertheless, the point is made.

be the replacement for the \$75 billion Farm Credit System, because it could take over the loans (and therefore, the liens) in default.

Food supply in jeopardy

The rate of farm failure, in the absence of federal emergency action, now threatens to jeopardize even domestic food supplies. Of over 2 million farms counted by the census, only about 600,000 are the middle-sized, family-farm producers that account for most U.S. food production. An estimated 100,000 of these have gone under in the last three years. For example, in North Dakota—one of the spring wheat producers—there were 40,000 farms in 1980. Now, there are only 34,000, and 52% of them are delinquent in debt payments.

With farmers going, so are their bankers. As of Nov. 8, one hundred U.S. banks had failed, half of them farm banks. According to a *Chicago Sun-Times* study (October 1985), an estimated 270 more banks will go under within a year.

Farm-equipment producers are likewise folding. On Nov. 15, Massey-Ferguson of Canada stopped production at its two combine harvester plants, and laid off more than 1,300 employees. A spokesman said, "Industry sales of combines in Canada and the United States for the first eight months of 1985 plunged more than 20% . . ."

This is the end of U.S. food production as we have known it. All the Washington talk of trade war and export promotion are a pathetic diversion. America's ability to produce is being destroyed.

FIGURE 2
Milk export and import potential

Nation	Year	Export potential*
U.S.	1982	16,247
	1980	14,457
W. Germany	1982	13,589
	1980	13,164
Japan	1982	-16,484
	1980	-16,080
Brazil	1980	-14,396

* Minus sign denotes deficit—signifying import requirement.

The export potential was calculated by determining how much milk each nation's people need to consume annually given their age profile (using the "EIR Diet" given in the Oct. 15, 1985 Quarterly Report), and then comparing this to that nation's annual milk output, as reported by the U.N. FAO. All the export potential of the United States and West Germany, respectively, could go merely to meet the current milk production shortfalls shown for Japan and Brazil. Or, better, a land rich nation such as Brazil, could undertake a crash dairy herd development program using imports of U.S. and German breeding stock and herd management programs. However, the figures for just these nations, and for the rest of the world, show no "dairy surplus" at all, contrary to the popular media.

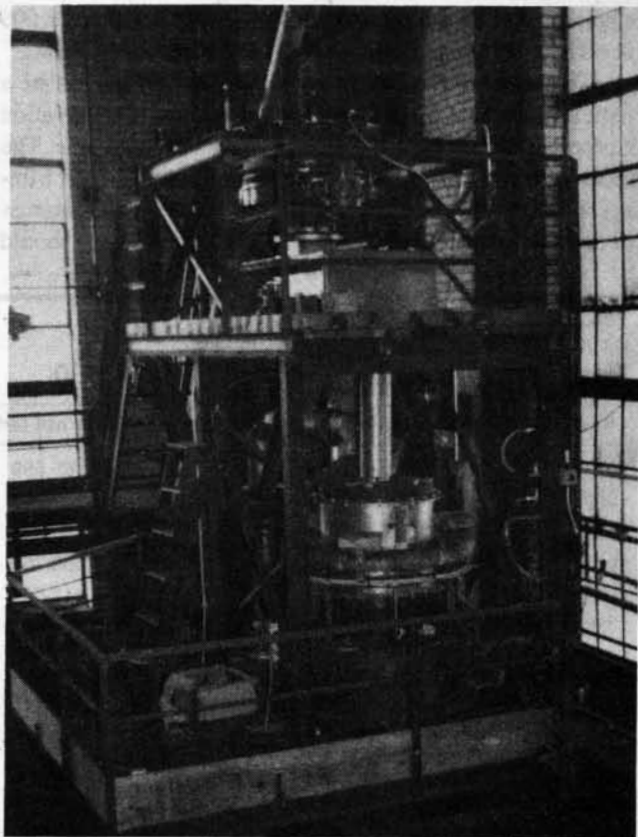
Plasma reactors will end reliance on foreign minerals

Part I in a series by Robert Gallagher on the metal-processing techniques that will have a vital impact on national security.

The United States is today almost completely dependent on foreign sources of aluminum, chromium, manganese, titanium, and other "strategic materials," and our dependence on foreign sources of steel is growing alarmingly. Chromium and manganese are important alloying metals for production of specialty steels, and aluminum is critical today for production of everything from railroad cars to intercontinental ballistic missiles. As **Figures 1 and 2** show, we simply could not build the MX missile without imported metals and metal ores.

Yet as this series will show, the technologies are close at hand to overcome this import dependence in a revolutionary way. We shall examine the new techniques under development for refining metals, such as the plasma reactor, powered by a plasma torch, using in some designs, magnetic processes for the separation of various metals from ores. Not only can these methods produce strategic minerals from low-grade ores; they will also produce enormous increases in productivity and energy efficiency, at lower capital cost than conventional methods.

Particularly crucial today is the bottleneck we face in our capacity to produce steel for defense, for infrastructure projects, and capital goods. *EIR's* Quarterly Economic Report of June 15, 1985 showed that for the United States to return to 1960s qualities of industrial production, approximately 450 million tons of steel must be produced per annum for metal-working industries alone, without including the huge capacity increase required for construction of bridges, railways, dams, nuclear power plants, irrigation projects and other



The upper portion of the sustained shockwave plasma (SSP) reactor, designed by Jozef Tylko.

needs. Meeting only this 450 million ton figure, would require increasing U.S. steel production five-fold.

This figure is not arbitrary. A capacity requirement of the same order can be derived by looking at the market-basket of steel required by industrial operatives. In 1965 U.S. steel output reached an all-time high of 6.63 tons per industrial operative. Were the United States to go through a high-technology transformation under which 55% of the labor force became industrial operatives, as proposed by economist Lyndon H. LaRouche, Jr., we would require a national steel-making capacity of 412 million tons to maintain the same output of steel per industrial operative. The mere expansion of the U.S. merchant marine to match the tonnage of the Soviet fleet, requires approximately 20 million tons of steel, over 20% of 1984 U.S. production.

Last year U.S. National Security Adviser George Keyworth initiated the Steel Initiative Program (SIP), to fund research and development in new technologies for steelmaking. However, this fledgling Department of Energy program, under the guidance of the steel companies (who, as we have documented, do not want to produce steel anyway—see *EIR*, March 5, 1985, “Stop the plot to blow up America’s blast furnaces”), has rejected acceleration of the development of the one species of technology capable of solving both the bottleneck in steel production and our dependence on foreign sources of minerals: the plasma reactor.

Today we are close to commercialization of plasma reactors that can produce ferrochrome from domestic ores in Montana, aluminum from domestic aluminum silicates, and that can compress the operations of a Greenfield steel plant into a building the size of a small warehouse, producing steel of all kinds at labor productivities over 10 times greater than today’s. This same technology can produce cement with the same compression in scale of production, and leap in productivity.

The world’s requirement for steel

Just over the horizon lie plasma magnetic separation processes that can produce all the strategic minerals listed in **Figure 1**, from low-grade domestic ores, at higher efficiencies and labor productivities than existing processes in use abroad. Designs exist today for the separation of titanium, aluminum, tin, iron, nickel, and other metals from ores of any quality.

But national security does not mean an autarchical “Fortress America.” For the security of the United States itself, it is essential for world metals production as a whole to leap forward. Only by enabling the nations of Africa, Asia, and Ibero-America to industrialize, can we help them become strong republics, the first line of defense for a republican United States in the tradition of Benjamin Franklin.

Were the same formula used above to calculate the U.S. steel capacity deficit, applied to the world—that is, the for-

FIGURE 1
U.S. reliance on imports of strategic minerals (1979)

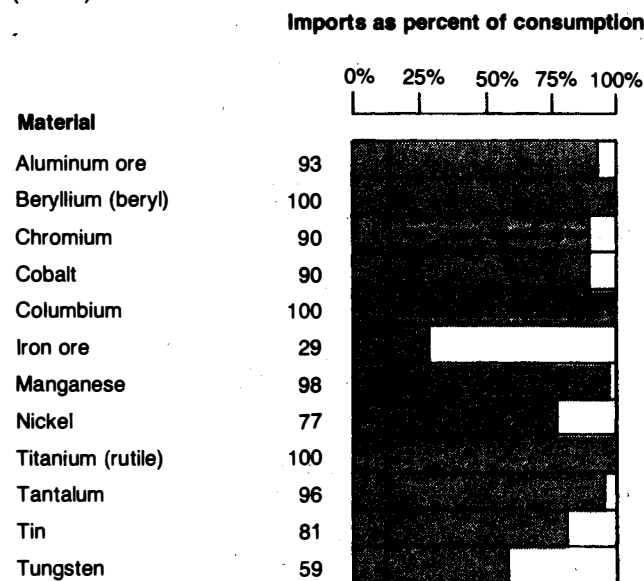
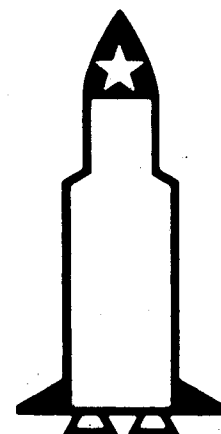


FIGURE 2
Material requirements for one MX missile

Material	Tons
Aluminum	10,000
Beryllium	24
Chromium	2,500
Titanium	150
Steel	890,000
Cement	2,400,000



mula of 6.63 tons per industrial operative, with operatives comprising 55% of the world labor force—the result would be a world steelmaking capacity requirement of 12 to 18 billion tons per annum, depending on how large we assess the world labor force to be. Existing world capacity today is less than 0.8 billion tons per year.

However, according to a University of Chicago study, even these figures are conservative. The report argues that the world requires production of 20 to 50 tons of steel per man, woman, and child, or a worldwide steel-producing capacity of roughly 100 to 200 billion tons per year. As a requirement for a population of engineer-scientists terra-

forming other planets, these figures are not high.

The great infrastructure projects proposed by Mitsubishi Research Institute require tens of millions of tons of steel. If these projects are going to go through in the next decade, we must see a fantastic leap in U.S. and world production of steel, aluminum, and other metals. This will not be possible, by building more plants along the lines of those currently in use in the United States, Japan, or elsewhere. It is absolutely necessary to take immediate steps to build new steelmaking

plants, that can be constructed more quickly and cheaply and that operate at higher efficiencies and higher labor productivities, to meet the challenge of world steel needs.

Furthermore, to make up the world infrastructure deficit, requires more than steel. In the same way that its production must skyrocket, so must that of cement, aluminum, and other products.

Steel, and all these other metals, is now produced with obsolete technology. We must deploy new technologies that

What is a plasma torch?

Traditionally, the energy from the combustion of fossil fuels, mainly heat, has been used for raw materials extraction, reduction, and processing. Conventional methods to produce energy generate heat by the combustion of fossil fuels. In 1968, two scientists, William C. Gough and Bernard J. Eastlund, proposed harnessing the unique properties of the ultra-high-temperature fusion plasma to meet the energy, materials, and fuels needs of the future. Fusion, the fusing of isotopes of hydrogen at a temperature of tens of millions of degrees, produces not only heat, but also a full array of electromagnetic radiation, charged particles, and neutral particles at high energy levels, as well as electric power by conventional or advanced conversion methods.

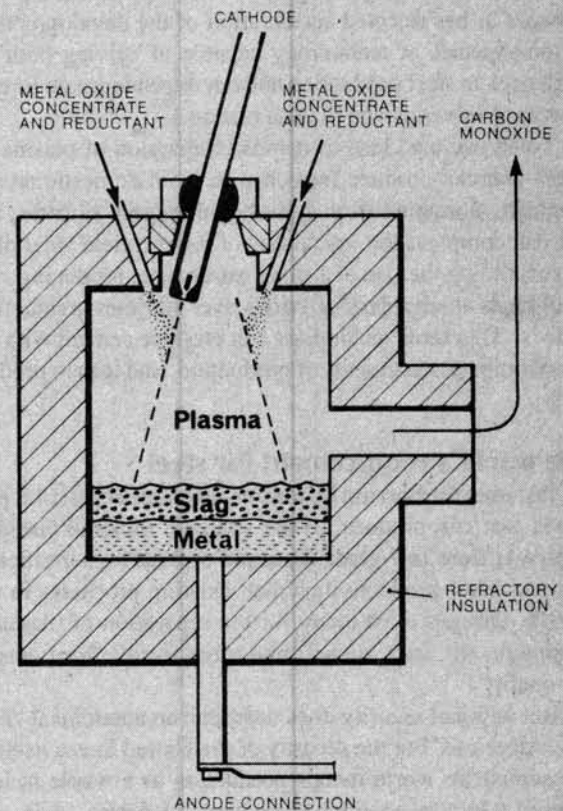
The unique by-products of the fusion process can be used to reduce metal ores, for chemical processes, and bulk materials separation. Unlike the fusion energy of the sun, controlled fusion plants on Earth can be "tuned" to produce more or less of various by-product particles and radiation, depending upon what is required.

But the plasma torch does not require nuclear fusion reactors, as subsequent research and development have shown. The plasma torch produces a flow of ionized gas (a gas with electrons stripped off its atoms), that can be used to reduce metals and perform other useful functions. The species of plasma torch discussed in this article, is powered by conventional electricity. It generates a direct current (DC) arc discharge plasma; the plasma, flows from cathode to anode, as shown in the Figure. It plasma is generated from a neutral gas, such as argon. In a small 40 kilowatt laboratory plasma reactor, there might be an arc voltage of 100 volts between cathode and anode, with the plasma carrying an arc current of 300 amperes. The name "arc discharge plasma" originates from the effective electric discharge that occurs from cathode to anode by means

of the presence of the plasma as a conductor. The arc voltage and current ionize the gas and produce the plasma flow.

By pulsating the arc voltage and/or current, it is possible to vary the electrodynamic action of the plasma jet emitted by the cathode, and so tune such action to the specific ore being reduced, as one would a radio.

In addition, rotation of the plasma arc (as is done in the device illustrated) increases the amount of time that solid ore particles are entrained in the plasma.



Expanded Precessive Plasma Reactor of Tetronics Research and Development Co. Source: Foster Wheeler Corp., Heat Engineering, Oct.-Dec. 1978.

can exceed the throughput of the Coke Oven-Blast Furnace-Basic Oxygen Furnace (BOF) combination, in a vessel the size of a small truck. We must compress the functions performed by the old technologies, into a volume equal to a fraction of what they require today.

One example is laser uranium isotope separation, which replaces the huge calutrons and gaseous diffusion plants of Oak Ridge National Laboratory, where uranium hexafluoride vapor is pumped through *miles* of diffusion barriers. The laser process achieves separation in a fraction of the space and time required by conventional technologies.

Low-temperature plasma processes

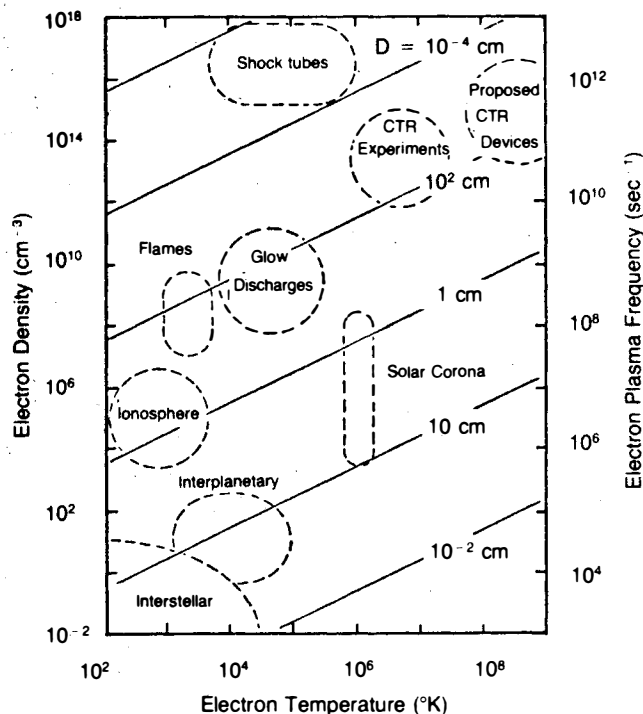
Plasma processes are really not new to industry. The first plasma deployed by man in industrial processes, was the flame. Most existing industrial processes employ the appli-

cation of the low-intensity plasmas created in flames or other combustion processes. The task of political economy today, is to push through qualitative improvements in the plasmas available to industry, and in their characteristics of action. For the steel industry, this means replacing the air and oxygen blasts of the blast furnace and BOF with a plasma torch blast. Highly energy dense plasma sources will pay for themselves in the increased throughput and productivity they will make possible.

Figure 3 shows the plasma regimes known to man today. The region labeled "flames," is where most combustion processes now take place, such as those of the blast furnace or basic oxygen furnace. In the case of an open vessel, such as the BOF or a Bessemer converter, the low-temperature plasma is visible in the strong (1,600°C) flame emitted during the "blow" that refines the molten metal to steel.

The region in the figure marked "glow discharges," includes the plasma processes we will use in the next five years, for processing raw materials and performing magnetic separation. Also included in this region are the glow discharge tubes of the electric discharge carbon-dioxide laser. Current

FIGURE 3
Plasmas: laboratory and cosmic



The figure shows the progression from the industrial flame to energy sources with higher electron density, comparing terrestrial and cosmic plasmas in terms of the density and energy of their free electrons. Note that the ordinary industrial flame has a higher electron density and temperature than the ionosphere. CTR refers to "controlled thermonuclear reaction." Source: F. Boley, *Plasmas—Laboratory and Cosmic*.

FIGURE 4
Process temperatures and plasma free electron energies in various steelmaking processes

	PFE energy (eV)	Process temperature (°C)
Flames	0.1 to 1.0	
Blast furnaces		
Charcoal-fired		1,200
Coke-fired		1,550
Jordan Process		2,200
Basic oxygen furnace		1,660
Glow discharges	1.2 to 65	
Plasma torch sources		3,000–10,000
Ashmont	2 to 3	1,660
Tyko SSP	1 to 7	1,660
Magnetic separation	2 to 4	4,700

The table compares plasma steelmaking with existing combustion-based steelmaking processes in terms of process temperature and the energy of the free electrons of the plasma in the energy source (measured in electron volts). Although process temperatures of existing and plasma processes are about the same (that is, the temperature that the feedstock is heated to), plasma technologies involve approximately an order of magnitude increase in the electron energy. Since flames are plasmas, existing industrial processes may also be assigned a plasma free electron energy.

FIGURE 5

Efficiency of existing and future technologies

	Energy flux density (watts/m ²)	Output per unit energy (tons/GWh)
Enriched uranium		
Gaseous diffusion*	10 ⁷	0.424 kg/MWhe
Atomic laser process	10 ¹⁵	18.5 kg/MWhe
Aluminum from bauxite		
Bayer plus Hall Processes	6 × 10 ⁴	14.5
Magnetic separation	10 ⁶	185-250
Cement production		
Calcining	10 ⁶	2,300
Tylko SSP	10 ⁶	23,000
Iron and steel		
Blast furnace plus BOP	10 ⁷	200
with Jordan Process		2 × 10 ⁷ 3,400
Mesabi Metals	10 ⁷	235
Eketorp	NA	300
Ashmont Metals	10 ⁶	500
Tylko SSP	10 ⁶	600
Magnetic Separation	10 ⁶	730-1000

*Shaded lines indicate existing technologies.

plasma torch technologies have a 90% efficiency of conversion of electricity to plasma. **Figure 4** shows the approximate plasma electron energies associated with some typical present and future plasma sources, and corresponding industrial process temperatures.

Note that recent breakthroughs have lowered the required temperature of operation of a so-called fusion torch magnetic separation device to about 4,700°C, well within the range of existing "low temperature" arc discharge plasma torches.

The table also lists the Jordan Process, a steelmaking technology which uses more oxygen than conventional methods, and whose implementation may present the fastest possible means for almost doubling U.S. and West European steel capacity in the few years, that we await plasma processes to come on-line.

Figures 5 and 6 document the tremendous potential throughputs, economies, and labor productivities of plasma and other advanced processes. They show that the plasma process plants discussed below and in Part II of this series, increase throughput two- to four-fold, raise labor productivity 10- to 100-fold, yet in investment dollars, cost about one-third as much per ton of capacity!

Already, with technologies that will be ready within the next few years, we will be able to eliminate American dependence on some imported strategic materials, such as chromium, and will be able to house a 1 million ton per year

FIGURE 6

Comparison of capacity and cost, existing vs. future technologies

Technology	Capacity (1,000 tons)	Tons output per worker	Capital investment per ton capacity (1985 \$)
Steelmaking (300 MW)			
Greenfield plant*	480	1,700	3,000
Mesabi metals	600	16,000	n/a
Eketorp furnace	788	40,000	n/a
Ashmont metals	1,314	70,000	1,000
Tylko SSP	1,560	87,000	1,000
Magnetic separation	1,920	105,000	n/a
Aluminum (30 MW)			
Hall process	4.5	125	1,000**
Magnetic separation	48	2700	1/2 conv.
Ferrochrome (30 MW)			
Conventional	13	1300	750
Tylko SSP	130	1300	450
Cement (30 MW)			
Portland cement	604	2,860	200
Tylko SSP	6,040	26,000	67

*Shaded lines indicate existing technologies.

**1966

capacity steel plant in a building the size of a moderate warehouse. For steelmaking, all the plasma technologies listed—the hydrogen furnace of Sven Eketorp, the plasma furnace of Ashmont Metals, the sustained shockwave plasma of Jozef Tylko, and the magnetic separation concept of Bernard Eastlund, William Gough, and James Drummond—compress the coke oven, blast furnace, and steel refining furnace into a single machine. Plasma furnaces and reactors can use coal, charcoal, peat, or carbonaceous waste, as reducing agents. Magnetic separation goes even further, eliminating the need for prepared ore, in the feed to the machine, or any reducing agent, if desired. Each of these designs assumes that, for metals, a continuous casting process will be integral to the plant.

The 'universal machine'

For the new industrial revolution, we can no longer be pinned down to machines that are intrinsically useful for one and only one function. We need machines that can be adapted to produce everything from cement to specialty steel to aluminum. This was the dream of Gottfried Leibniz and Lazare Carnot. Today, this dream is becoming reality. We stand on the threshold of an age of *universal machines*.

As one plasma furnace developer told this writer, "Many people across the country are working very hard. We are close to commercialization. We will soon produce steel cheaper, far cheaper than the blast furnace and the BOF."

Several plasma machines which we will describe, appear to be truly universal, and one has to date, in various configurations, successfully produced cement, carbon steel, specialty steel, and ferrochrome, with the potential to produce a wide range of other materials. These machines are within our immediate reach.

The next step, with potential industrial operation in five years, is plasma-assisted magnetic separation machines, by which we can separate elements from low-grade ores and eliminate America's dependence on imports of strategic minerals. This latter technology is *only five years away*, if appropriate research and development funding is put into it.

An excellent example of the machines of the future is the free electron laser, whose radiation emission wavelength is even more tunable than is your radio, to perform a specific industrial-chemical task, such as separation of any isotope, for catalysis of any chemical reaction. The plasma machines now conceived, are approximating this "tunable" characteristic. Perhaps the most advanced example is the Tylko sustained shockwave plasma (SSP).

This comparison of a plasma to a laser is not an analogy. "Lasing" is characterized by a state in which the majority of the lasing medium is "excited" above the ground state. In laser physics jargon, this is called a "population inversion." Inverse to the equilibrium state, where most molecules are unexcited (in the "ground state"), under lasing, most of the population of the medium is excited. Such a population in-

version, is precisely the exemplary characteristic of plasmas. One result of this characteristic of a plasma, is an increase in the efficiency of firing metallurgical processes when compared with conventional burners.

Plasma industrial processes divide themselves in two different ways. One distinction that must be made is between:

1) Plasma-fired processes using a reducing agent (such as carbon or hydrogen) for ore reduction (e.g., the Tylko Sustained Shockwave Plasma). The key advance of these machines over existing reducing furnaces, is that the reduction occurs while the feedstock is "in-flight," dropping through the reactor.

2) Plasma-assisted magnetic separation processes, in which an arc discharge plasma acts to partially ionize an element desired for magnetic extraction from a compound for ore.

These processes are characterized by having none, or few, moving parts. In addition, existing plasma processes and concepts are based on either thermal or non-thermal concepts of the properties of the plasma. Machines whose

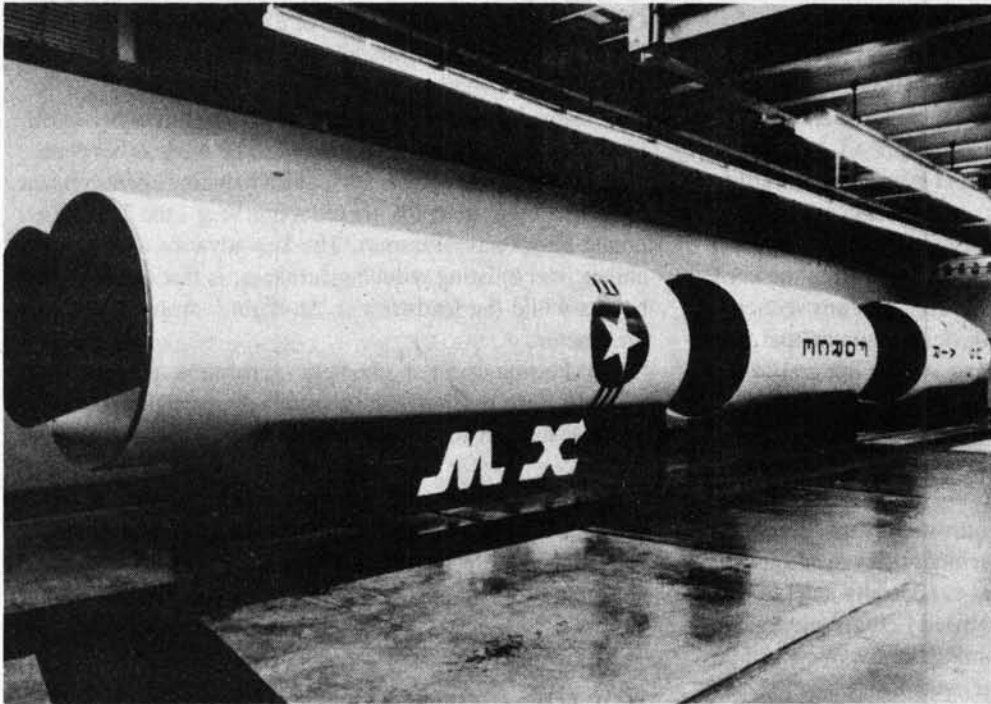
For the new industrial revolution, we can no longer be pinned down to machines that are intrinsically useful for one and only one function. We need machines that can be adapted to produce everything from cement to specialty steel to aluminum.

action is based on merely the thermal properties of the plasma, are properly called "furnaces." Those whose action is fundamentally non-thermal, are more appropriately called "reactors." Admittedly, there is something artificial about the notion of a purely "thermal" plasma. For example, it has been known for some time that iron reduction does not conform to a purely thermal theoretical treatment. Examples of thermal plasma processes are discussed below.

On the threshold

Magnetic separation techniques require a couple more years of engineering development. The Eketorp design requires the availability of ample supplies of hydrogen. However, the other techniques discussed here are in or near the pilot-plant stage, and all methods described, are based on available technology.

Ashmont Metals of New York has recently completed construction of a 500 KW-power, 24 ton per day pilot plant in New Jersey, where the company is now trying to get the



A mock-up of the MX missile. Without imports of foreign strategic materials, it cannot be built. Yet the technologies for overcoming this dependence are at hand.

“bugs” out of their process of direct steelmaking from iron ore, into iron and steel powders for powdered metallurgy and other products. Up until now, Ashmont has been operating, intermittently, a one ton per day laboratory furnace in its R&D program.

Jozef Tylko of Plasma Holdings, N.V. and of the University of Minnesota Mineral Resources Research Center, has recently completed construction of a 1,000 KW power ‘laboratory reactor’ for cement production. It stands over 45 feet tall. For metals production, both Tylko’s and Ashmont’s processes enable precise control over alloying and carbonization of the product.

Tylko’s earlier machine, the Expanded Precessive Plasma (EPP), is partially commercialized. Tetronics, the British company holding the EPP patent, has four pilot plants in operation, three at 300 KW and a fourth at 1,400 KW. Reportedly, Mitsubishi Research Institute has obtained an EPP for research (see box).

In Foster-Wheeler’s *Heat Engineering* (1978), the company reported that the EPP was suitable for recovery of molten iron from contaminated steelworks dust, and extraction of platinum group metals, as well as production of ferrochrome. In late 1981, Middleburg Steel and Alloys at Krugersdorp, South Africa, awarded Tetronics, a contract for an EPP ferrochrome smelter, planned to have a power of 10.8 MW, producing 50,000 metric tons per year of high carbon ferrochrome, in a plant whose cost per ton of capacity was only \$300, versus \$500 for conventional processes. The project continued up through the engineering studies required,

when the South Africans cancelled the program after the collapse in world ferrochrome demand during the Reagan administration “economic recovery.”

Perhaps even more spectacular was the announcement by Tylko and the Rugby Portland Cement Co. of England, of the invention of an EPP process for making hydraulic cement at 10 times the energy efficiency of the existing Portland cement process. The idea of using plasmas to produce relatively cheap, mass-production products like cement, had previously been rejected. In addition, Tylko designed a plant to produce cement precursor products and net energy for electricity production from the combustion of low-carbon industrial wastes or oil shale. The system is capable of producing five times as much energy as goes into the plasma arc discharge firing the machine, in addition to the cement precursor product.

Tylko reports that his new invention, the Sustained Shockwave Plasma, is even more effective than the EPP, and estimates that a million ton capacity cement plant could be built in two years, after initial studies. However, one major advantage of the SSP is that a smaller capacity reactor can be put on wheels and rolled around to where the need for cement (or steel) is!

The EPP has also been used for smelting platinum group metals, and Tetronics granted Texasgulf an exclusive license for that application in 1978.

Part II will present, in summary form, the plasma technologies that are within our grasp, or just over the horizon.

U.S. gave Navstar to the Soviets

by Charles B. Stevens

The Department of Defense director for Command, Control, and Communications (C³), Donald Latham, revealed in congressional testimony Sept. 9 that the Soviet Union has stolen the technology for the U.S. Navstar Global Positioning System (GPS): "We gave away, so to speak, the entire design of this over the last many years. The Soviets have launched what they called GLONASS [navigation satellites], and they have three or four of them up there testing them. We would expect them to put up around 9 to 12 satellite constellations for their coverage purposes."

This catastrophe has immense implications for both the immediate strategic balance and for development of missile defense systems. In one fell swoop, the U.S.S.R. has been handed the capability of making all of its ballistic missiles extremely accurate.

How Navstar works

The U.S. Navstar system, when completed, will have 18 active satellites and 3 passive spares. Each satellite puts out an extremely accurate radio pulse. When pulses from three or more satellites are picked up by a radio receiver and properly interpreted, one can locate one's position *and velocity* with an accuracy of a few inches. Given that fixed objects on the Earth's surface can be photographically located with the same accuracy, the Navstar system provides a means of determining from virtually any distance the position of any fixed object, to an accuracy of several inches.

While it appears simple at first glance, Navstar actually represents the synthesis of a wide range of advanced technologies. First, the satellites must be placed in exact orbits and maintained there. The satellite signal output must be timed with extreme accuracy, measured in fractions of a trillionth of a second. Computers to control and regulate the system must be constantly in operation.

The pioneering scale of Navstar can be somewhat realized from the fact that the Navstar program is the first satellite project in which satellites are being mass produced on an assembly line.

Anyone who has had to make an estimate of distance, particularly under circumstances of stress, will have some idea of what Navstar means for the battlefield. Normally,

indirect artillery fire has an average accuracy of several hundred yards. With Navstar giving fixes within a few inches, the artillery should have accuracies of a few yards. But it is in the realm of missile trajectories that Navstar has the greatest impact. At the present time, missile accuracies are measured in fractions of a nautical mile at best. With Navstar, they will be measured in fractions of a foot.

More significantly, because Navstar can interact dynamically with a missile guidance system, it is no longer necessary to know the location of the launching site and/or target with great accuracy when the missile is first sent off. By proper use of Navstar signals, the missile can be guided during its boost phase, and course corrections can be made throughout its flight. This is of particular value for sea-launched and submarine-launched ballistic missiles.

Fast rocks

Some defense planners have suggested that the accuracy made possible by Navstar has even elevated rocks to the equivalent value of nuclear weapons against hardened military targets. For example, if we had in orbit thousands of ceramic-coated, 10-ton rocks, with small guiding rockets—like those utilized to maintain satellites in precise orbits—added onto them, Navstar is sufficiently accurate to place these rocks on a trajectory which would land them within a predetermined spot on Earth, no larger than a few square yards. Progress in astronautics has reached the point where ceramic-coated re-entry vehicles can now re-enter the Earth's atmosphere at a very steep angle, almost vertical, and not burn up. This means that the velocity of the re-entry vehicle is so great that the atmosphere in no way alters its trajectory. It is as though the Earth's atmosphere did not exist.

Coming in at four or five times the speed of sound when it hits the ground, the rock would have more energy per pound than if it were made of TNT. The result is that it would plow through virtually any type of missile silo or bunker. Studies are now being conducted on how such rocks can be most economically obtained from the Moon or asteroid belt. (Another possibility is to simply place them in orbit with the Shuttle or some other heavy lift vehicle.) One significant advantage of such an approach is that, unlike nuclear weapons, the fast rocks would not be vulnerable to electronic disruption by directed-energy beams. They would also be far more difficult to kinetically disintegrate or deflect.

Navstar has immense implications for any missile defense. Usually the system that detects a missile is not the same as that which will destroy it. And both are probably moving at great velocities. Therefore, to accurately point and track the detected missile with the weapon that will destroy it, is not trivial. Navstar is able to provide one solution to this by locating the laser, the detecting satellite, and the target, with respect to each other, with an accuracy of a few inches or better.

Germany's positive contribution to world development

by Helga Zepp-LaRouche

"Woe be to the cabinet which, with half-hearted policies and its hands shackled respecting matters of war, meets up against an opponent who, like the elements themselves, knows no law other than that of his own indwelling powers! Each lapse in activity and effort will then become but another weight on the opponent's scales . . . and a gentle push is often enough to bring down the entire structure."

Karl von Clausewitz

Part 1

As is so often the case with the writings of the Prussian reformers, it seems as though Clausewitz were writing not only for his own era, but for ours as well. For, do we not have just as great cause to fear that the Kohl government, with its extremely half-hearted policies, and its military arts not only in shackles, but entirely sapped of strength, might in fact be brought down through a lapse in activity and effort?

And is it not obvious, that the administration—and hence ourselves as well—is confronted with an opponent who "knows no law other than that of its own indwelling powers," whose hand can only be stayed by brute force? The Soviet Union's blatant attempts at military blackmail, the international terrorism directed by Moscow against NATO's command structure and personnel, and now the burgeoning espionage scandals, are considerably more than a mere "gentle push," and all these are but elements of a comprehensive Soviet plan to topple the Kohl government and to break the Federal Republic of Germany out of the NATO alliance.

There is little doubt that the the greatest weakness of our government and leading institutions, lies in the shameful mediocrity of its representatives, who currently have the wool firmly over their eyes, without even noticing it. Nevertheless, within the Bonn government—and in the opposition as well—there do exist politicians who are informed in depth about the dangers we are facing here in the Federal Republic of Germany. They are no less well informed than key politicians in other nations of the Western Alliance. But on opportunistic, egotistical, or even



NSIPS

The Schiller Institute has taken to the streets with the demand that relations between nations be based on natural law, and not on "Metternichean" empire-building.

treasonous grounds, these politicians, in the face of this vital threat to our republic, would prefer to foist upon our citizens a reality, which in fact does not exist.

In the theses I present here, I argue in favor of the right of each and every citizen, based on natural law, to a full account of the dangers imperiling his life, his family, and his nation, so that he himself may be capable of forming a judgment on the strategic situation, and, armed with this information, can decide between the available political options. I believe in the citizen's maturity and in the faculty of human reason; only this will aid us in solving the crisis before us, and it is to this, that I now direct my appeal.

We in the Federal Republic of Germany are caught in a catastrophic dilemma. Thanks to a combination of international and national factors, we are on the verge of losing our freedom forever, and along with it, the remaining fragment of Germany we call our own. Neither the government nor the leading social institutions are fortified against this danger, nor do they have a concept which might counter it.

The basic strategic reality, from which all other considerations must proceed in every case, is that the current Soviet leadership is now fully mobilized to achieve their aim of establishing leadership is now fully mobilized to achieve their aim of establishing socialist world hegemony by approximately 1988—whether this be by military means, with the intention of fighting and winning a global nuclear offensive war, or by means of decoupling Western Europe and sealing a "New Yalta" accord with oligarchical forces in the West.¹

Contrary to the widespread mythology, it is not the Soviet

"Empire" which is driving us toward this internal collapse; rather, it was the so-called economic "upswing" in the West *which never occurred*—neither in the United States, nor in the Federal Republic of Germany. Whereas the Warsaw Pact states have been putting their economies on a full war footing, with emphasis on high technology in areas related to beam weapons, the West's perpetuation of incompetent economic

In this section

EIR presents the first part of a policy document by Helga Zepp-LaRouche, founder of the Schiller Institute, an organization established in mid-1984 to prevent the "decoupling" of West Germany from the Western NATO Alliance, and to protect the sovereign rights of republican nations around the world.

The document is subtitled "Foreign Policy Theses for the Federal Republic of Germany." Mrs. Zepp-LaRouche is also a founding member of "Patriots for Germany," a non-partisan coalition of patriotic West German citizens, who among other things have demanded that the World War II Allies immediately take action toward finally signing a formal peace treaty with Germany in all of its parts—the only long-term basis for a free, republican settlement of the "German question."

policies will lead us to certain defeat. Either Moscow will consolidate its newly achieved strategic superiority to such a degree, that it will be able to risk a first-strike nuclear offensive against the economically and militarily weakened West—or the West's rising unemployment and economic collapse of industry and agriculture, will create the social conditions under which a decoupling of Western Europe from the United States will become feasible. For, if the economic crisis is not solved, it is only a matter of time, before Western Europe will fall under Moscow's hegemony in one way or another.

The underlying problem is that Chancellor Kohl never really introduced his promised "new era." Rather, his administration has been a half-hearted and timid continuation of virtually all aspects of the policies of the previous Schmidt/Genscher administration. And the fact that his coalition partner Genscher bears major responsibility for this disaster, still does not alter the end result. It is the Kohl administration's continuation of this Schmidt/Genscher policy, and the absence of any "new era," which will lead, by 1987 at the latest, to the "union" parties losing the elections. A Social Democratic victory will then guarantee the Federal Republic's withdrawal from the NATO alliance—unless the Soviets will have already succeeded by then in destabilizing the Kohl administration, with Genscher's help.

Germany's very existence has never been more dramatically threatened, than at present. But I am firmly convinced that there is still hope for a positive outcome. That hope, however, will only be realized if we are able to mobilize a sufficient number of citizens before it is too late, to bring about a truly "new era" in every field of endeavor: in military strategy, economics, science, foreign policy, and, just as important, culture.

Provided that these citizens—armed with a precise program and with Clausewitzian determination—place themselves, along with me, in the service of our nation, then not only will we be able to find a positive solution for the Federal Republic of Germany, but we will also gain a new definition of our concept of nationhood and our role in the world, enabling us to answer anew, and on a much higher level, the question of German national identity.

The Soviet threat

The Soviet Union's war preparations are so overwhelmingly obvious, that no one—not even Hans-Dietrich Genscher or Willy Brandt—can ignore or misinterpret them. If politicians of this fabric decide to remain silent about the Soviets' publicly flaunted war intentions, or even begin talking of a "new and constructive phase of Ostpolitik," then we can be assured that other, quite different intentions, lie concealed beneath such phrases.

At no time since its founding in 1917, has the Soviet Union ever given up its aim of establishing world Communism at the earliest possible opportunity. A comparison of the maps of various historical periods since the Bolshevik revo-

lution clearly demonstrates the expansionist, imperialistic character of the Soviet Union, and in light of what it considers to be the "final collapse of capitalism," Moscow is now very close to achieving its aim.

The Warsaw Pact is currently making preparations for total war, and, by 1988, in keeping with the Ogarkov Plan, it wants to have developed the military capacity necessary to win a global atomic, biological, and chemical (ABC) war, while keeping its own losses within acceptable limits.

The appointment of Marshal Ogarkov as Commander of the Western Theater of War, which in wartime would probably change to commander of all the armed forces, signals not only that the war-fighting options previously formulated by Ogarkov are now operational, but also that, henceforth, the Soviets will place urgent emphasis on a "crash" program to develop the Soviet version of the Strategic Defense Initia-

West Germany's political map

The Federal Republic of Germany (West Germany) is currently governed by a "conservative-liberal" coalition of the following parties:

1) The so-called Union parties, consisting of the Christian Democratic Union (CDU), whose main figure is the Federal Chancellor, Helmut Kohl; and the Christian Social Union (CSU), based only in the state of Bavaria and headed by that state's prime minister, Franz-Josef Strauss.

2) The tiny, British-liberal Free Democratic Party (FDP), which for decades has played the role of the "swing factor" in German politics. Its main figure is Foreign Minister Hans-Dietrich Genscher, who has spared no effort to impose the Trilateral Commission's policies on the Kohl government.

The parliamentary opposition parties are:

1) The Social Democratic Party (SPD) of former Chancellor Willy Brandt, which following intensive meetings this year with the East German Socialist Unity Party (SED), advocates the formation of an ostensibly "neutral" reunified Germany.

2) The neo-Nazi Green Party of Petra Kelly, which like the Nazis in the late 1920s, is now emerging as a second "swing" element in German politics.

New federal elections are scheduled for March 1987. However, at any moment, Genscher's FDP could withdraw and topple the government, precipitating early elections. Genscher is currently blackmailing Kohl with that threat.

tive (SDI). In his published speeches, Gorbachov has announced the full militarization of the Warsaw Pact economies, and he has made no attempt to conceal the satellite status of the other East bloc nations, nor has he hesitated to openly threaten that anyone who do not meet the raised production quotas, will be shipped off to the work camps.

Although it is true, that the Warsaw Pact's economic capacities are being placed under such extreme burdens, that the mobilization cannot be continued indefinitely, nothing could be more absurd than to conclude from this, that the Soviet Union is a "crumbling empire"—a thesis currently circulated by such fellow-travelers as Henry Kissinger and the cult of Reverend Moon. It is the NATO partners, having imposed upon themselves the incompetent economic policies of the International Monetary Fund (IMF), which are now busily sawing off the limb on which they are perched. As part of their budget-cutting measures, they are recklessly slashing all important defense programs, including the SDI itself. Meanwhile, Moscow is arming itself with unprecedented vigor.

While the Soviets hurl hypocritical attacks against the American SDI, alternately claiming it is impossible or that it is a first-strike system, the Soviet Union's own beam-weapon program is moving full steam ahead. The rise of Ogarkov has the added significance, that Soviet military planning will henceforth place primary and urgent emphasis on the application of the highest current levels of scientific and technological progress. Despite all the Soviet economy's well-known limitations, its application of technologies based on new physical principles, will have the same effects on the productivity of the economies of the East bloc nations, as it had for the United States in the wake of its own "crash" programs, the Manhattan Project and the Apollo program.

Not only do the Soviets possess the world's only currently functioning ABM system, but their scientists have been working on these technologies for over 25 years now, and in some areas are well ahead of the West. Velikhov's recent remarks in *Pravda* on Soviet advances in the production of focused ion beams under atmospheric conditions, very precisely reveals the course now pursued by Moscow: by means of a surprise effect comparable to the Sputnik breakthrough, it intends to become the first superpower to possess a comprehensive ABM system, which the weakened West simply cannot match.

The open and brutal re-Stalinization under Gorbachov's rule, including purges on a scale far greater than in the 1930s, has been directed against all those elements standing in the way of this total buildup. The spring 1984 naval maneuvers; the Warsaw Pact maneuvers in July and September of the same year, to the purpose of launching a surprise attack against Western Europe "from the barracks"; the recent naval maneuvers in the eastern Atlantic, which rehearsed both the severing of NATO's logistical supply-lines from the United States, and the occupation of Norway; corresponding maneu-

vers in the Pacific theater—all this leaves no doubt, that Moscow is preparing for an offensive war. Fine-tuning and synchronization of the Soviet command and control apparatus—a field in which Ogarkov has special expertise—has been perfected in the course of numerous other maneuvers.

We should also not forget that Moscow continues to use the barbaric war in Afghanistan as a permanent battlefield training ground, where at least 750,000 Soviet troops have served, at the cost of the lives of approximately 1.5 million Afghans. In violation of all Geneva conventions and Helsinki commitments, the Soviets have not only used chemical weapons on a grand scale, but have also deployed biological weapons. Western military experts are warning about an overwhelming Soviet superiority in the field of chemical combat substances; they point out, that the Soviets expressly train their troops to operate under ABC conditions, and that they are conducting extensive programs of biological warfare, while at the same time they are immunizing their own population. In this way, the Soviets want to be able to eliminate entire national groups through bacteriological and biochemical warfare.

In the meantime, it has become sufficiently clear, that all international terrorism is ultimately controlled from offices in Moscow.² So-called "outlaw terrorist" states such as Iran, Syria, Libya, North Korea, etc., are just as complicit as are the various terrorist groups themselves, from the "Red Army Fraction," to the "Red Brigades," the "Al Jihad" (Holy War), to the French "Direct Action" and the "Communist Combative Cells" (CCC) in Belgium. It has likewise been documented, that Moscow has a critical share in the international narcotics trade.³ Under the watchword "drugs for arms," the proceeds from narcotics sales are used to finance not only terrorists *per se*, but virtually all guerrilla groups and separatist movements throughout the world. Further, it has been demonstrated that "right-wing" and "left-wing" terrorism, narcotics and arms trafficking, and the Mafia, all share the same logistical apparatus, safe-houses, and depots.

The recent months' escalating wave of terrorism has unfortunately made it clear, that Moscow by no means intends to wait until only 48 hours prior to a military offensive, to deploy its "spetsnaz" units for purposes of destroying the West's military command structure, communications, and logistical centers, and thus leave the West a margin of time to mobilize its own military forces. The cold-blooded murders of such leading figures as Ernst Zimmermann, General Audran, Major Nicholson, and others, are themselves spetsnaz operations, carried out with the intention of piercing NATO's leadership structure. The so-called "blind terrorism" against department stores, railway stations, airports, and aircraft, as announced by Qaddafi on April 1 of this year and then launched in multiple operations, is intended to spread public uncertainty and to undermine trust in the leading institutions. In addition, the Soviet KGB and the East German Stasi have even more substantial destabilization operations

in store for the Kohl administration, in order to guarantee an SPD electoral victory by 1987 at the latest.

If we consider in its entirety, all aspects of Soviet policy and operations against the West and within the developing sector, along with the Soviet internal shifts in politics, economics, and military affairs, then we can have no doubt, that Moscow is actively preparing to celebrate the 1,000th anniversary of Great Russian pseudo-Christianity in 1988, by achieving world hegemony. For at root, the aims of Soviet policy fully coincide with those of Czarist Russia throughout its long and predominantly imperialist history, and all the Marxist-Leninist rhetoric cannot cover up the fact, that the social divisions and power structures of Czarist Russia have continued essentially unaltered up to the present day.

One of the most dangerous and erroneous assumptions in the West, is that the Russian Orthodox Church, now regaining prominence as it did once before under Stalin, somehow represents a sign of Russian "softening." Precisely the contrary is the case. The tradition of Czarist Russia was merely the continuation of the political system of the Byzantine Empire, which in turn was based upon the "socialist" reforms of the Roman Emperor Diocletian, the spiritual mentor of Constantine, who moved the center of the Roman Empire to his new city Constantinople, the "Second Rome."

The "socialism" that was carried over into Byzantium from the Diocletian reforms, is what we see reflected today in the oligarchical elite structure of Soviet society, as well as in the vicious ideology of the White Russian people as a "superior race." Viewed from this standpoint, Russian "socialism" did not begin in 1917, but indeed dates from the appearance of Cyril and Methodius, 1,100 years ago.⁴

For centuries, the patriarchs of the Russian Orthodox Church have been convinced that their schism with the Western church had established Moscow as the "Third and Final Rome," which would one day become the center of the One and Only World Empire. In recent times, the idea of a Third Rome, and the claim to superiority of a "holy Russian race," was spelled out in the utterly morbid writings of Fyodor Dostoevsky.

And while today the Soviet Union is sparing no effort to restore its churches and cloisters into pristine condition in time for its great 1988 celebrations of its 1,000-year empire, Moscow is also preparing to crown this anniversary with the realization of its mad dream of world domination. Moscow plans to either emerge as the one and only hegemonic superpower by purely political means—especially through the decoupling of Western Europe from the United States—or else it is prepared and determined, if necessary, to launch and win a global surprise attack with "acceptable" losses.

Moscow's military and political intentions are therefore unmistakable and verifiable by every citizen, and all the more so by every leading politician. But why, then, is it the case, that outside of the organizations and publications associated with me, scarcely a single individual has had the courage to come to grips with this reality, terrifying though it may be?

Moscow, for its part, has certainly been reckoning on the certainty that the brutal, unmitigated display of its own destructive power would "make backs bend," just as the "aura of terror" did for the Nazis in Germany. Today Moscow is indeed the opponent described by Clausewitz, who "like the elements themselves, knows no law other than that of its own indwelling powers."

For many politicians in the West, it is sheer cowardice which prevents them from recognizing this threat and drawing the necessary conclusions. Sadly, most people tend to intellectually grasp only those matters for which they are also prepared to assume some moral responsibility. And our present reality is just too bothersome for the petty, self-serving purposes of our average politician.

But politicians notwithstanding, Moscow's calculations would have little chance of paying off, were it not for another Western tendency, whose representatives are playing directly into her hands. These people are neither fish nor fowl, neither man nor beast, neither man nor woman—they are *Trilaterals*.

Pride and arrogance: The stupidity of the Trilateral Commission

Anyone today who talks candidly with representatives of the many nations around the world which truly wish to consider themselves allies and friends of the United States of America, will hear the same question repeated over and over, with terrifying regularity: Why is U.S. foreign policy doing everything to destabilize its best, or potentially best friends? Why is it trying to plunge them into economic and social chaos, and in so doing, inevitably deliver them into the clutches of the Soviet Union? These complaints can be heard not only from Asia and Ibero-America, but also, particularly regarding the economic aspects, from Western Europe and Japan.

How is it—so goes the oft-repeated, desperate question—that the U.S. State Department, and the International Monetary Fund, whose brutal austerity conditions it backs, is working to destabilize the fundamentally pro-American nations, and instead is either directly or indirectly cooperating with openly pro-Soviet states such as Syria or Libya, thereby doing such palpable and obvious damage to U.S. interests? What is the quintessence of the U.S.-backed Israeli air attack on the PLO's headquarters in Tunisia, and the forced landing of the Egyptian aircraft in Sicily? It did untold damage to two of America's best friends in the Arab world, Tunisia and Egypt, and also destabilized the Craxi government in Italy, a government which happens to be Europe's strongest supporter of the SDI program. How can the United States practice a foreign policy which is in such blatant violation of that same nation's natural interests?

This apparent paradox only becomes comprehensible once we consider the fact, that the Reagan administration is just as much a coalition government as the Kohl/Genscher administration, and it is an open question, whether Kohl's problems

with Genscher are any greater than President Reagan's task of keeping Shultz and the State Department under control.

President Reagan's second electoral victory was a reflection of the patriotic ferment within the American population, who believed that in the person of Reagan, they had finally found a spokesman who would revive America's best traditions of the era of the American Revolution. But Reagan's term in office was fraught with the curse of compromise, even before it began. As early as the Republican national convention in 1980, Reagan believed he had forced a compromise with the Eastern Establishment, a compromise embodied in the appointment of Alexander Haig as secretary of state and his successor Shultz, as well as in the appointment of such fellows as James Baker III, Donald Regan, David Stockman, Secretary of Agriculture Block, and others.

Ronald Reagan's decision to retain the Carter administration appointee Paul Volcker as chairman of the Federal Reserve, and thus to continue the monetarist high interest rate policy Volcker had imposed, was probably the gravest error Reagan made at the beginning of his term. This ensured a continuation of the catastrophic course of the Carter era, which had already sent shivers down the spine of us Europeans and the rest of the world.

The Eastern Establishment's virtually unlimited influence over American foreign policy—mediated through its gaggle of think tanks and such organizations as the New York Council on Foreign Relations (CFR), the Aspen Institute, and the Trilateral Commission—meant the continuance of all the looney programs that members of the Trilateral Commission had concocted in a series of studies called the *1980s Project*. The essential thesis of these 24 volumes was the concept of "controlled disintegration of the world economy," under which guise they concealed their outrageous demand to roll back, step by step, every single scientific and economic advance, to return the industrial nations to a feudal social structure, and to thrust the developing countries back into their previous status of colonial dependence.

For the industrial nations, "controlled disintegration of the world economy" and the introduction of the "post-industrial society" immediately meant the implementation of such insane policies as the Davignon Plan in Western Europe, and hence the criminal dismantling of the steel industry there as well as in the United States. It also meant the deliberate destruction of high-yield agriculture.

For the developing countries, this policy, when stripped of its adornments, meant that any government which so much as dared to overstep its current status as a supplier of raw materials—as was attempted, for example, by the Shah of Iran, the Velasco government in Peru, López Portillo's government in Mexico, Marcos in the Philippines, and Sadat in Egypt, to name only a few—would be immediately destabilized and its government overthrown.

These things have indeed come to pass in the last few years; on this we have no dearth of facts. It was the U.S. State Department which brought Khomeini to power, and it

is the State Department which right now is coordinating mass unrest against President Marcos of the Philippines, in order to topple him by the end of this year at the latest—knowing full well, that any opposition government would immediately shut down the American military bases in the Philippines.

"What?" asks the normal, thinking citizen. "That doesn't make any sense; it's diametrically opposed to America's own interests." But that is what is occurring, all the same; one only need look about in the world, in order to ascertain that the West is losing ground, step by step, thanks to this highly eccentric policy. So, what political interests are behind it? What are its underlying dynamics?

The Trilateral Commission is nothing other than the international executive committee of those oligarchical forces in Western Europe, the United States, and Japan, who are dead set on creating a global world order, solidly grounded on the principles of feudalism. They desire, in the literal sense, to form a "world government," which will be controlled by themselves, a small elite, and which will rule over a mass of disenfranchised subjects who are kept in a state of backwardness.

The political word in vogue within these circles is "Metternichism." The political model on which they want to reorganize the world, constitutes the ideas put into effect at the 1815 Congress of Vienna by Metternich, Castlereagh, Talleyrand, and Capodistria, who initiated the reactionary phase presided over by the Holy Alliance. This political model, which Henry Kissinger shamelessly raises as his ideal in his book *A World Restored*, was a theoretical system based on fanatical fundamentalism and superstition, whose inquisition provided a strong foretaste of the methods of the Gestapo and the Soviet KGB. But not only that: Especially following the infamous Carlsbad Decrees of 1819, the old system of legal class distinctions was reintroduced, with its ostensibly "God-given" distinction between nobleman and vassal. Every negative political development during the 19th and 20th centuries, can be shown to have its ultimate roots in the concepts of the Holy Alliance, whether it be the totalitarianism of the Nazi dictatorship, grounded in mysticism and "blood and soil" (*Blut und Boden*) ideology; or its political counterpart, the totalitarianism of the Soviet dictatorship, which is no less based on this same blood-and-soil mysticism.

More critical still, the Holy Alliance was the European oligarchy's conspiracy against everything that had been achieved by the American Revolution, the work of the Prussian reformers, and the German Wars of Liberation.

The American Revolution is indisputably the watershed of modern history, and for the first time it gave a political form to Europe's 2,000-year tradition of Christian-humanist culture. Within the American Declaration of Independence, for the first time in history a nation's constitution was founded upon the unalienable rights of all human beings, rooted in tradition of natural law, and their right to a just government which would guarantee those rights. In that New World, the first democratic representative republic was created, guar-

anteing the full equality of all citizens before the law. Not only was the American Revolution a joint project by all European republicans, as exemplified by Lafayette and von Steuben; it was also a remarkable continuation of the Prussian tradition of natural law, as had been formulated anew by Leibniz, Pufendorf, and Thomasius, and was then promulgated and extensively applied by Frederick the Great.

Thus it was no accident, that the first friendship treaty concluded by the young American republic, was a treaty with Frederick the Great. The treaty's contents included assurances of the freedom of the seas and maritime commerce, and established humane principles of warfare, in anticipation of the Geneva Convention. In his correspondence, George Washington described this American-Prussian friendship treaty the "most liberal treaty ever signed between two independent powers."

The Prussian reformers, who can be rightly described as the best politicians in Germany's history up to the present day, were filled with the same ideals. The idea, that a nation is only viable when its denizens are at the same time thoughtful, informed, and responsible citizens, distinguished not only Scharnhorst's military reforms, but also Gneisenau's military practice, all of the vom Stein reforms, and Wilhelm von Humboldt's still unsurpassed educational reforms.

For Humboldt, the purpose of education was education of the individual into a citizen of the state. To this end, the foremost task of the classical curriculum, was to develop all the student's latent abilities and to shape his character, before he turned to the acquisition of particular skills.

This beautiful image of humanity assumed its hitherto most elevated form in German classicism, and it lent wings to the efforts of the Prussian reformers—and indeed, to the great majority of the German population, particularly the valiant fighters in the Wars of Liberation. And nothing better embodies this humanist ideal of humanity, than the person and works of Friedrich Schiller, the poet of freedom, the most important guiding inspiration for the Wars of Liberation.

Behind the successes of the Wars of Liberation, were the patriotic convictions shared by a broad-based constitutional movement; in a very real sense, those battles were simply the German version of the American Revolution. We can even state with some justification, that they represented a fundamental advance over the latter, since the idea of allying political power with poetic beauty, and the aesthetic education of man, more prominently occupied center stage. But Germany was not a huge continent with an ocean on either side; it was located in the center of Europe, surrounded by oligarchical forces. Had it not been for this, those forces would never have been able to bargain away and seal Germany's fate at the Congress of Vienna.

The Holy Alliance's policy—which currently goes under the name of "Metternichism"—was for total warfare against the ideas manifested in the American Declaration of Independence, namely, the unalienable rights of all human beings. It

was an equally frontal assault against Germany's humanistic ideal of classical culture, and it destroyed all hope for the establishment of a sovereign republican nation-state in Germany.

So instead, the 19th century issued into an age of *balance of power*, in which Great Britain, as the dominant element, saw to it, that none of the continental powers would ever threaten Britain's own role as *primus inter pares* among the oligarchical states. Their instruments of control were "crisis management" and, chiefly, Britain's control of the financial system. The idea of the sovereign nation-state gave way to a return to the old "cabinet politics." Thenceforth, the oligarchs' financial circles would decide—when it was in their interest—which countries would go to war against each other and when, and how many lives would be lost in the process.

The colonial policy of the Holy Alliance, epitomized by the British *Colonial Office*, was based on unabashed racism, proceeding from the *a priori* assumption of the inferiority of the nonwhite races. The colonial inhabitants had no rights, and could be slaughtered with impunity, as the need arose. The colonial lords were given unlimited rights to plunder these countries' raw materials, products, and works of art. The "evil Parson Malthus" was commissioned by the British East India Company to produce an absurd concoction dubbed *The Law of Population*, which provided the ideological justification for a policy of "population control through natural means," such as hunger, epidemics, and the unleashing of regional wars and social chaos.

The inhuman racism of this internally feudalistic, and outwardly colonialist system, was the diametric opposite of those noble thoughts which the Prussian King Frederick William I set down in his last will and testament: "Revere human beings above great wealth."

And here we arrive at the heart of the matter. When today, Kissinger publicly professes to be an opponent of the values of the American Revolution and an epigone of Metternich and Castlereagh, he is also frankly admitting, at least in theory, that he is a racist. And his practice of racism can be testified to by the bitter experiences of many developing nations, which over the past two decades have been subjected to his countless threats to apply the so-called food weapon, coups, and assassinations—threats which in most cases he later carried out.

Today the Trilateral Commission is the most prominent organization of those diplomatic circles in the United States, Western Europe, and Japan, who want to negotiate a new global order at the expense of the developing countries. And this time, they are also prepared to let Moscow assume the role of *primus inter pares*—in other words, the role of the "Third and Final Rome." At this moment, The Trilateral Commission, in its capacity as the oligarchy's executive body, is working with frenetic speed, to establish itself as the world government of a global society.⁵ Within the framework of this "new Yalta" agreement, Western Europe, North Africa, the Middle East, and all of Asia will, in practice, fall within

The Prussian Reformers exemplify the kind of humanist leadership Germany sorely lacks today. From left to right:

Gerhard Johann David von Scharnhorst (1755-1813), the Prussian general who, along with August von Gneisenau, built the army which defeated Napoleon in the Wars of Liberation.

Carl von Clausewitz (1780-1831) came to study at the War Academy of Berlin when Scharnhorst was called to head it in 1801. His book *On War* emphasizes the necessity for "Entschlossenheit"—creative determination.



Karl, Freiherr vom Stein (1757-1831), Prussian finance minister from 1804 and first minister from 1807-1808, pioneered the reforms which turned Prussia into a modern nation-state. He was a symbol of the republican constitutional movement in Germany.

Wilhelm, Freiherr von Humboldt (1767-1835). Appointed Prussian minister of education in 1809, he founded the Friedrich-Wilhelms-Universität in Berlin (now the Humboldt University), which continued the scientific tradition of the French *Ecole Polytechnique*.

the Soviet sphere of influence. Within this new global system, the oligarchical forces of the Trilateral Commission would "settle" for continuing their control of the financial system, i.e., the IMF, the World Bank, the Bank for International Settlements (BIS), and (according to the president of the Banca Nazionale di Lavoro) a banking system reduced to only 20 to 30 giant banks. What is occurring here before our very eyes, is a shameless and brutal attempt to fully reintroduce colonialism, and to wipe out any impression that the developing countries might have some claim to national sovereignty. Kissinger's proposal for the developing countries to repay their debts by handing over their land, mines, and all other sorts of production facilities to foreign "investors," is only matched in insolence by another proposal aired by the *Los Angeles Times*, that Mexico should sell its entire northern state of Baja California to the New York banks!

The policies of the Trilateral Commission, the International Monetary Fund, and the World Bank have already caused genocide on a far more massive scale than Adolf Hitler, all the casualties of World War II included. The IMF's so-called credit conditionalities have locked the economies of the developing nations in a stranglehold far more deadly than that imposed upon the Weimar Republic by the Treaty of Versailles. The fact that today, in Africa and in parts of Asia and Ibero-America, many millions of human beings are succumbing to hunger and epidemics, is the conscious, intended result of the Trilateral Commission's policies.

For the Trilaterals, the nations of Central and Ibero-America, Africa, and Asia have no rights whatsoever—not even the right to veto. And if these nations' governments ever dare to put up resistance, signaling in this way that they simply cannot pay debts which arose from an unjust world

monetary system, since they would be doing so at the price of millions of human lives—then the Trilaterals threaten them with assassinations, coups, and destabilization. This was precisely the treatment given to Pakistan's President Bhutto, as he recounted in his prison memoirs. When, in 1977, Bhutto took the bold step of calling for an international conference on the reorganization of debt, Henry Kissinger let it be known, that he was going to make a "horrible example" of him. Shortly thereafter, on Kissinger's orders, Bhutto was juridically murdered.

Among the many proofs that the Trilaterals have now completely dropped their mask, is the case of the military putsch in Nigeria on Aug. 27, 1985, about which the *Financial Times* commented: "Nigerians must be wryly reflecting that it is probably the first time in Africa that a government's overthrow has been caused—in part at least—by failure to reach agreement with the IMF." When Nigeria's new president, General Babangida, apparently hesitated to accede to the IMF's demands, the London *Economist* in the first week of September threatened not only to topple him, but to liquidate Nigeria as a nation. A similar warning was issued to the Egyptian government on Sept. 9 in the *Financial Times*: either bend to the IMF's dictates, or Egypt will be subjected to total destabilization through (orchestrated) Islamic-fundamentalist uprisings and reprisals from Libya, Syria, etc. Over the past ten years, I have come across literally hundreds of cases, where leaders of developing countries have dared to intercede in the national interests of their state, only to be either murdered—as were Indira Gandhi, Bhutto, the Colombian Justice Minister Lara Bonilla, and many others—or to be blackmailed into submission through death threats against themselves or their families.

The Yalta doctrine

We West German citizens would do well to keep in mind, that the same Trilateral forces, who are destroying the developing countries Versailles Treaty-style, are now about to hand us, and the rest of Europe, over to Moscow. And we would do better not to be wooed by the dulcet tones of a "United Independent Europe," but look reality in the face: Such a Europe could only be conceivable as a satrapy of Russia! Precisely what German patriots, ever since World War II, have been using every means to combat, is now threatening to become reality: the dismantling of the Federal Republic, on the model of the Morgenthau Plan.

To briefly summarize the point here: No serious historian today, either here or elsewhere, still upholds the thesis that Germany bore sole responsibility for World War I. Rather, the vigorous industrial power of Germany had become a thorn in the side of the international oligarchical forces, and their hatred of this competing industrial nation was by no means

America committed what was perhaps its gravest error in its entire history, when it entered this war on the side of Britain against Germany—a decision that had been favored by Theodore Roosevelt's downright clinical Anglophilism, and the no less demented Germanophobia within the party he headed.

an insignificant factor contributing to the outbreak of World War I. America committed what was perhaps its gravest error in its entire history, when it entered this war on the side of Britain against Germany—a decision that had been favored by Theodore Roosevelt's downright clinical Anglophilism, and the no less demented Germanophobia within the party he headed. By entering into the First World War on the wrong side, America cut itself off from the positive cultural, scientific, and patriotic tradition which had constituted a special bond between America and Germany, and which—via the many German settlers in America over the 19th century—had enabled German culture to emerge as the determining intellectual influence there by the turn of the century.

Since it has been recognized in the meantime, that the sole responsibility for World War I cannot be unloaded onto Germany, it therefore follows that there was no legal basis for the Treaty of Versailles, nor for the sheer abuse of power which characterized the monstrous reparation demands placed on Germany. The spirit of the Versailles Treaty was nothing

more than the victors' revival of the same oligarchical power politics which had already typified the Congress of Vienna, and which were likewise aimed against the idea of a strong, sovereign nation-state.

As has been documented elsewhere,⁶ the incompetent economic policies of the leading financial institutions of that era, made it impossible for the Weimar Republic to heal its economic wounds, and brought about this century's first Great Depression. It was the same forces who backed Franklin Delano Roosevelt's "New Deal" economic policies (which were fundamentally just as fascistic as the Nazi policies), who decided later on—after Hjalmar Schacht's negotiations with the London and New York bankers—to bring Hitler to power.

Moreover, it is an indisputable fact, that through 1936, Hitler was cheered on by a political spectrum ranging from *Pravda* to the *New York Times*, and that the entire world public, at the 1936 Olympics in Berlin, gave him his greatest triumph when many delegations raised their arms in the Hitler-salute before his rostrum. It is also no longer a secret, that the desperate efforts of various resistance groups to establish contacts in other countries, were regularly reported to the Gestapo by those same countries. The reactions to the German Wehrmacht's absolutely explicit warnings to France, Britain, and the United States, that Hitler was preparing an armed offensive, are equally well known. Not only did Neville Chamberlain's wretched conduct in Munich in 1938 destroy all prospects for a Wehrmacht putsch, since in the eyes of the public Hitler seemed to be scoring one success after another; more than that, it sanctioned Hitler's expansionist policies.

It is high time to root out the hypocrisy of all those who have repeatedly made Germany into a scapegoat, and who even dared concoct the absurd thesis of "collective guilt." As a contemporary and co-worker of Churchill recently responded to my half-rhetorical question on why England had not supported the German Resistance: "We just wanted the Germans and the Russians to go on slaughtering each other for as long as possible."

It was only when their Frankenstein monster got out of control—when the "Austrian corporal" escaped from his oligarchical masters—that the decision was made to move against him. But the Allies had just as little grounds to feel superior following the Teheran, Yalta, and Potsdam meetings, as they did over the period leading up to 1943. I would even venture to say, that the intentions of the German Resistance (symbolized by Kurt Schumacher) and of the great majority of the German Wehrmacht (symbolized by such people as General Ludwig Beck and many others), were far and away more honorable than the mentality expressed by Stalin, Churchill, and Roosevelt at Teheran and Yalta.

While London and Washington were flatly refusing to lend outside assistance to a German Wehrmacht putsch against Hitler (as clearly emerges from recently released OSS documents), Stalin, Churchill, and Roosevelt in Teheran not only

had no positive conception of a peaceful postwar order; they never intended to reincorporate the liberated Germany as rapidly as possible into the community of nations. Rather, they were motivated by the desire to eliminate their enemy entirely, destroying Germany as a nation, and splitting up the booty amongst themselves.

This distinction becomes clear when one compares Gen. Douglas MacArthur's policies toward conquered Japan, with the attitude of the Three Powers in Teheran. MacArthur had an explicit conception for Japan's peaceful reintegration into the community of nations, and for drawing the Japanese into these reforms in a manner acceptable to their own national pride. He even left the imperial institution intact, and did not punish Emperor Hirohito as a war criminal, as had been done to Kaiser Wilhelm II in the aftermath of World War I. MacArthur realized that the maintenance of essential institutions would be critical for transforming Japan into a democracy. The entire course of postwar history would have taken a better turn, had MacArthur become President of the United States.

Roosevelt, on the other hand—despite certain redeeming aspects of his policy toward some developing countries, in contrast to Churchill—had weaknesses, which carried the seeds of all the problems confronting us today. Following the war, he planned to create a new world organization, which would be ultimately overseen by the "Four Policemen." The question of national sovereignty played no role in any of his planning games. While he truly desired to stem the influence of British colonialism, Roosevelt, along with Stalin, intended to divide the world into two spheres of influence, both of which would in turn be presided over by this world organization.

Roosevelt was led into this grave error by his own openly expressed hatred of the German nation, a hatred which was perhaps bequeathed to him by Teddy Roosevelt. Thus, neither he nor his son Elliott Roosevelt batted an eye when at the Teheran Conference, Stalin proposed that the entire German General Staff had to be liquidated, and that 50,000 carefully selected German officers should be shot as soon as they were captured.

The plan which Roosevelt presented for Germany at the Teheran Conference, had been shaped under the influence of the "Carthage faction," which foresaw the atomization of Germany into eight separate regions, and aimed at nothing less than the complete destruction of Germany. In August 1944—only shortly before the July 20 resistance fighters' pleas for aid were turned down—Roosevelt rejected the guidelines worked out by his Secretary of War Henry L. Stimson for the officers of the future military government in Germany, commenting that "he gives the impression that Germany should be reconstructed like the Netherlands or Belgium, and that the German people should be brought back up to their prewar standards." This is a serious error, Roosevelt continued, since "every German must be made to understand this time that Germany is a defeated nation. I do not

want it to starve, but if, for example, they need more food than they have to keep body and soul together, then they can get soup three times a day from the army field kitchens. That will keep them quite healthy, and they will never forget this experience for the rest of their lives. The fact that it is a defeated nation—whether as a group or as individuals—must be impressed upon them in such a way that they will never start another war."⁷

The pathological hatred of Germans which Roosevelt displays here, and the concomitant absence from his thinking of any positive notion of peace, was only one of the reasons why he gave half of Europe and Japan to Stalin at Teheran and Yalta. The other reason lay in his complete misreading of the character and intentions of the Russian regime under Stalin. Against his own better knowledge—he undoubtedly knew about the German Wehrmacht's attempts to seek foreign support for a coup against Hitler—Roosevelt equated the German people with the Nazis, and honored the territorial divisions of Europe as defined in the Hitler-Stalin Pact.

This latter agreement, which was negotiated by Molotov and Ribbentrop and remained in effect from 1939 to July 1941, gave away Poland's eastern districts, Lithuania, Estonia, and Latvia. At the subsequent Yalta Conference, the stamp of international law was placed not only on this seizure, which can only be described as outright thievery, but also de facto on the Soviet occupation of part of Finland and the Baltic states. During this phase, Stalin sought the Western Powers' recognition of Russia's prewar borders, i.e., the inclusion of the regions it had swallowed up as a result of the Hitler-Stalin Pact: eastern Poland, the Baltic states, eastern Finland, the outer regions of Slovakia and Romania, and Königsberg. Although the legally recognized Polish exile government was residing in London, the Three Powers agreed to undertake the new division of Europe without Polish participation.

In his infamous "matchstick game," Churchill used three matchsticks (representing the borders of the Soviet Union, Poland, and Germany) to represent the westward relocation of Poland. In doing so, he accepted the relinquishment of East Prussia and Silesia sought by Stalin. Today, when we are faced with the danger that the Russian Empire's western border will be pushed all the way to the Atlantic seacoast, we would do well to recall the boundless cynicism expressed in this "matchstick game" of Churchill. The resulting forced dislocation of more than six million Germans and their expulsion from their homeland, represented more than a violation of international law; it brought unspeakable suffering upon the affected families, scarring the childhood of an entire generation, which had to learn from bitter experience, what it meant to be expelled by the Russians.

Roosevelt's hints in Teheran and Yalta, that the United States had no intention of maintaining its military presence in Europe for more than two years after the war's end, only served to further goad Stalin's hunger for power. As the Soviet Army continued its march westward, Stalin made still



The "Three Policemen" Winston Churchill, Franklin Delano Roosevelt, and Joseph Stalin at the Yalta Conference, February 1945—a study in political cynicism.



Theodore Roosevelt had a pathological hatred of all Germans and of the German cultural and scientific tradition which kept America great over the 19th century.

more territorial demands on Norway (Spitzbergen, Bear Island), and regarding the Far East (southern Sakhalin, the Kurile Islands, and a preponderant role in Manchuria and Outer Mongolia). Stalin also sought a controlling share in Tangiers, parts of the Mediterranean coastline, and Turkey, left no question about his demand for an equal role in all German affairs, and even voiced his ambition to control France.

Roosevelt's and Churchill's sellout of half of Europe is all the more outrageous, when we consider that the Soviet war aims, as presented by Molotov and Stalin, exactly replicated the objectives defined by the Russian Council of Ministers in late 1914, namely, total control of the European land mass, and the establishment of world hegemony.

If we compare the expansionist aims of Czarist Russia in 1914 and those of Stalin in 1945, with Moscow's aims today, we see that they match almost perfectly. If North Africa continues to be destabilized by the IMF and the Stasi puppet Qaddafi, the Mediterranean will in fact soon turn into a Russian lake; Turkey, surrounded by Greece, Bulgaria, and a Greater Syria, will be unable to hold its own; Israel will increasingly drift away into the Soviet sphere of influence, and all other pro-Western Mediterranean nations—especially Italy, Egypt, and Tunisia—will be destabilized to the limit by the Trilaterals.

The Trilateral Morgenthau

A comparison of the Yalta traitors with the policies of today's Trilaterals, is worthwhile from another standpoint. The so-called Morgenthau Plan, which accurately reflected

the intentions of Churchill and Roosevelt and was finally signed by both leaders, proposed nothing less than the total leveling of the Ruhr region and the Saar: "Not only will all currently existing industries be removed from this region, but it will be so weakened and restricted that it will not be able to become an industrial region in the foreseeable future. All industrial plant and equipment which have not been destroyed by the effects of war, will be either completely dismantled and shipped out of the region, or will be completely destroyed. All equipment shall be removed from the mines, and the mines themselves will be carefully made unusable."⁸

In the infamous Quebec Letter, Roosevelt and Churchill agreed that the dismantling of industry would be assigned to a branch of their world organization, and that their policy goal should be to transform Germany into a primarily agricultural and pastoral country. As is well known, U.S. Secretary of State Hull returned to Washington and confronted Roosevelt with the fact that proceeding with the Morgenthau Plan would mean that an estimated 40% of all Germans would starve to death.

It is an ugly but true chapter in American history, that Roosevelt—who already had his 1943 Yalta Agreement with Stalin—refused to support the men of the July 20 uprising against Hitler; and it is equally indisputable, that the Morgenthau plan was carried out during the first three years following the war, with industry largely dismantled, and living standards artificially and consciously reduced to below wartime levels, until they reached a low-point during that terrible "beet and potato winter" of 1948. While the judges at Nuremberg were sitting in judgment over the Nazis, the

Allies were permitting the very same crimes against humanity to continue against the German population, in both the eastern and the western zones.

The Yalta mentality—the precursor of the Trilateral Commission—delivered the population of Eastern Europe and Germany's eastern zone from one dictatorship into the hands of another, and in the western zone it spared no effort to eliminate the "German nation" and to break the will of the population, through "re-education," the theory of "collective guilt," dismantling, and lowering the standard of living. It was not until the Berlin Crisis tested whether the West would tolerate further seizures of territory, that the Allies began to rethink their policies. But it is largely thanks to the tacit cooperation between Adenauer and Schumacher, that today at least a portion of Germany lives in relative freedom.

The intentions of the German Resistance (symbolized by Kurt Schumacher) and of the great majority of the German Wehrmacht (symbolized by such people as Gen. Ludwig Beck), were far and away more honorable than the mentality expressed by Stalin, Churchill, and Roosevelt at Teheran and Yalta.

Have we not again slid dangerously under the influence of Morgenthau, this early Trilateral? What is happening to our steel industry in the Ruhr and Saar under the Davignon Plan, which is another adjunct to the concept of a world government? The only sad difference, is that today, the Federal Republic is not even allowed to become an agrarian country, because the IMF-dictated "quota dictatorship" is threatening to ruin tens of thousands of farming businesses!

These "New Yalta" proponents, who now want to hand Western Europe over to Moscow, are not one iota less cynical than the old Yalta group. Thus, one leading Trilateralist, Zbigniew Brzezinski, writing in the Winter 1984/1985 edition of *Foreign Affairs*, dares to make the following assertions. After first describing with relative accuracy the Russians' expansionist drive which led to Teheran, Yalta, and Potsdam, he more or less openly proposes to let Moscow swallow up the remainder of Europe as well.

After providing extensive evidence that the Russians are bent on dominating the entire Eurasian land mass, Brzezinski then writes, with unmistakably malevolent undertones: "The

notion that the destiny of a united Germany depends on a close relationship with Russia is not a new one in German political tradition. Frustration with the nation's division is giving it a new lease on life." What this inexhaustible liar covers up, is the fact that with the exception of the collaboration between Leibniz and Peter the Great, and the influence of the Prussian reformers on Alexander I—both of whom attempted to win Russia over to *Western values*—every other notion of a common Russo-German destiny bears the ugly stench of National Bolshevism. Nietzsche's hatred of Western values, and Dostoevsky's so-called political testament, predicting that an anti-Western Germany and Russia would one day rule the world, with Moscow as the Third Rome—these were the foul breeding-grounds for the national-bolshevist tendencies within the Weimar Republic, and later, the Hitler-Stalin Pact. If Brzezinski were able to be honest for once—which of course is out of the question—he would freely admit to being nothing but a disciple of Hitler and Stalin, a National Bolshevik.

But his article gets much worse than that. Brzezinski continues: "Moreover, for Germany especially but also for Western Europe as a whole, the East holds a special economic attraction. It has been the traditional market for West European industrial goods. As Western Europe discovers that in its fragmented condition it is becoming less competitive with the high-tech economies of America and Japan, the notion of a special economic relationship with the East becomes particularly appealing. The fear that America may be turning from the Atlantic to the Pacific has in this connection a self-fulfilling and a self-validating function: It justifies a wider economic, and potentially even a political, accommodation between an industrially obsolescent Western Europe and the even more backward Soviet bloc, a logical consumer for what Western Europe can produce."

That knocks the bottom out of the barrel. To be sure, it is correct that, ever since Genscher became foreign minister, the significance of the East bloc as an export market for the Federal Republic has grown by leaps and bounds, along with Khomeini's Iran, Syria, and Qaddafi's Libya. It is also true, that such industrialists as Berthold Beitz and Otto Wolff von Amerongen do not seem to care that we are sending the East bloc products which are directly or indirectly helping them build the weapons systems aimed at our territory.

But there are far more weighty grounds, why we in the Federal Republic of Germany, who are 40% dependent on imports for our economy to function normally, are being thrown back into the orbit of the East bloc and its satrapies: the Trilateral Commission's genocidal policies toward the developing countries.

There are three basic reasons why the Federal Republic has been technologically outpaced by Japan and the United States.

Back in the mid-1960s, when we were still on a par with

Japan, Ludwig Erhard's so-called "free market economy" policies led to a lag in investment in modern productive technology. This policy was intensified under the Brandt government, during whose term virtually all new productive investment was halted. The Japanese were not as stupid as we were; in the interim they put special emphasis on the most modern technologies. Thanks to the social-liberal coalition's anti-industry policies, many branches of our industry are now obsolete.

On the global level, however, our traditional and natural export markets in Ibero-America, the ASEAN countries, India, the Persian Gulf states, the Middle East, and Africa were chiefly destroyed by a series of economic measures put into effect by the Trilateral faction. Indeed, the oil-price swindle, orchestrated by followers of the Trilateral philosophy, wreaked as much havoc with our own industry as it with our client countries. Following this, especially since the mid-1970s, the IMF's highly unjust, forced devaluation of the developing countries' currencies, increasingly plunged them into impoverishment and indebtedness. This catastrophic development, which we must now reverse, received its coup de grace in 1979, when Paul Volcker introduced his high interest rate policy, which was and is responsible for a further collapse of the OECD economies and—through "refinancing" of the developing countries' debts at these high rates—inflated the mountain of debt into a Moloch. Meanwhile, by wielding its infamous "credit conditionalities," the IMF killed countless promising great projects under way in Brazil, Mexico, Egypt, and elsewhere, forcing currency devaluations, imposing import restrictions, and ordering that export revenues be used exclusively for repayment of this artificially inflated mountain of debt. There is no difference between this and the treatment dished out to Germany by the *Versailles Treaty*. And just as we were unable to create an economic recovery from underneath our burden of reparation debt, the developing countries will be no more successful. These nations are being stymied not only by the IMF's use of the "food weapon," but it is documented that the IMF and the World Bank have demanded that they replace agricultural production with production of drugs, so as to amortize their debt using this "easy money"—with the result, that our natural customers in the Third World are being impoverished by the millions, to the point of starvation.

But are these economic policies merely incompetent, or are there political intentions lurking in the background? Let us recall the 1975 report of the Council on Foreign Relations, which overlaps with the U.S. membership of the Trilateral Commission, *The 1980s Project*, which promulgated the global disintegration of the economy. Lo and behold, we find that after ten years of subversive activity by agents of the Trilateral Commission, this repackaged Yalta gang has now come close to achieving its aim: the establishment of a world government.

The fact that this is a deliberate, and not merely incompetent, policy becomes unassailable, when we consider the fundamental thesis of the Trilateral Commission's book, *Democracy Must Work: A Trilateral Agenda for the Decade*, published in 1984. Put out jointly by Brzezinski, David Owen, and Kissinger's Japanese friend Saburo Okita, the book states: "For the first time in history, a truly global world system is emerging. . . . Yet, also for the first time, dangers of a truly global dimension now confront mankind. Broadly speaking, these dangers are derived from the unprecedented scientific-technological capacity . . . for inflicting worldwide devastation and death; and from the risk that regional social and economic breakdowns will overload a still rudimentary structure of international cooperation, prompting . . . suffering, political conflicts, and eventually global chaos."

What utter drivel! Is Africa suffering from too much economic and technological progress? Or isn't it so, that millions are starving, and still more millions are being wiped out by deadly epidemics, precisely because they have absolutely nothing—no streets, no railways, no ports, no agriculture, no industry?

No thanks, Mr. Brzezinski! We Europeans would rather not be cast into this pit of obsolescence, or—as you call it—into your "truly global world system"! For the solution Brzezinski offers to the Yalta-provoked division of Europe, leads straight in that direction. Brzezinski actually proposes a withdrawal of American armed forces from Western Europe, with their absence ostensibly balanced out by a "more vital Europe." Stripped of its delphic, rhetorical packaging, this is nothing less than a call for bringing Western Europe's economic capacity under Moscow's control.

One of the buzzwords that Brzezinski is fond of using in his *Foreign Affairs* article, and that has recently come into vogue with the New Yalta set, is "genuine European political identity." As will be detailed later in this report, such a thing does not in fact exist—at least not in the form understood by Brzezinski, Genscher, Bahr, and their cohorts. These openly admit what they mean by the term: "genuine European political identity" on the model of Finland, Austria, and Switzerland, as the guiding concept for the neutralization of a reunified Germany—perhaps ruled by a Honecker cabinet, or Krenz, Rau, and Genscher?

Brzezinski not only proposes to substantially (and later completely) withdraw the American troops from Europe (a proposal common to Kissinger, Sen. Sam Nunn, McGeorge Bundy, et al.), but as a political formula for this new Europe, he offers the so-called Final Act of the Helsinki conference, which confirmed the durability of the currently existing frontiers. Brzezinski wants this recognition of the status quo to allay the Soviets' fears of the malignant intentions of the West.

"We must keep in mind," Hull wrote earlier on, "that the Russians have been blockaded and isolated for a quarter of a

century [i.e., since the Bolshevik Revolution]. And if during that period they heard anyone abroad talking about Russia, these were mostly wild slanders [perhaps he means Stalin's purges, the Moscow Trials, or the Gulag Archipelago?—HZL]. They were therefore much more cagey and distrustful than usual, and at the same time more aggressive in their responses. They acquired the habit of lashing out at anyone who challenged them, often more violently than was called for."⁹

Hull's recipe for dealing with these poor, persecuted Stalinists, is distressingly reminiscent of the arguments put forward by the so-called peace movement today. Secretary Hull: "Continue friendly discussions with the Russians. Consult them on each point. Keep on repeating the principles under which we think peaceful relations can flourish. Make it clear to them that we have nothing against a nation publicizing the advantages of its government reforms—whether it be Communist or democratic—but that we are against any one nation interfering in the internal affairs of other nations."¹⁰

What hypocrisy! What was the sealing of the Hitler-Stalin Pact, if not the most brutal intervention into the internal affairs of other nations? Moreover, from the standpoint of international law, it is simply untrue that the Helsinki Final Act confirmed the status quo of the current borders. But that is not the end of it.

While Brzezinski is portraying the Soviet Union as a pussycat which only needs some stroking to make it purr, his unabashed hatred of Germany as a nation plainly emerges. He writes: "Moreover, reaffirmation of the continued Western commitment to the Helsinki Final Act could help to resolve the potentially fatal European ambivalence regarding Germany. The fact is that, while Europeans resent their historic partition, they fear almost as much a reunited Germany. Therefore, the renunciation of Yalta's legacy—the division of Europe—should be accompanied by an explicit pledge, through the reaffirmation of Helsinki's continued relevance, that the purpose of healing the East-West rift in Europe is not to dismantle any existing state but to give every European people the opportunity to participate fully in wider all-European cooperation. In that context, the division of Germany need not be undone through formal reunification but by the gradual emergence of a much *less threatening* loose confederation of the existing two states [emphasis added]."

Who on earth is this Mr. Brzezinski, to dare impute that Germany *per se* is "threatening"? We can certainly imagine that a Trilateralist who is ready to unquestioningly cede his own native Poland to the Russians, and whose mental condition some (rightly) claim is highly unstable—that such a Trilateralist, to put it politely, must also be living in terror that Germany might again become the intellectual powerhouse it once was in the time of Weimar classicism and the Prussian reformers—even before it formally became a nation.

The loose confederation Brzezinski envisions for "post-Yalta Europe" would be the opposite of the high ideas symbolized by Leibniz, the Great Elector, Frederick the Great, Schiller, the Humboldt brothers, vom Stein ("I have only one fatherland, and that is Germany"), Scharnhorst, and Gneisenau. Such a "loose confederation" would be ruled by Soviet proconsuls, and these would not even have to be Russians—some might even be named Lafontaine or Richard Burt.

Brzezinski is at least realistic on one point: "America cannot undo the partition of Europe without in effect defeating Russia." Therefore, he concludes, we Europeans should make it our goal to celebrate the 50th anniversary of Yalta in 1994 by having "by then political military arrangements which, instead of perpetuating the division of Europe and perhaps even prompting West Europe's political decay, create the preconditions for peacefully undoing Yalta."

To undo Yalta by peaceful means—that is certainly an urgent and necessary task for us Europeans, in view of the looming danger of losing everything in a New Yalta deal. But the one and only way this will ever be possible, goes entirely against the grain of what the Trilateral Commission and its lackeys in the Federal Republic are proposing.

To be continued

Notes

1. For the following passages, see EIR Special Report, *Global Showdown: The Russian Imperial War Plan for 1988*, Washington, D.C., July 24, 1985.
2. See EIR Special Report, *European Terrorism: The Soviets' Pre-War Operations*, March 11, 1985.
3. See EIR Special Report, *Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala*, August 15, 1985.
4. The 9th-century priests Cyril and Methodius, who today are unfortunately celebrated as the first Catholic missionaries to Russia, explicitly rejected the *Filioque* principle, thus paving the way for the schism with the Eastern Church, even though this did not officially occur until 1054.
5. See EIR Special Report, *The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?* September 30, 1985.
6. See Lyndon H. LaRouche, Jr. and David P. Goldman, *The Ugly Truth about Milton Friedman*, New York: New Benjamin Franklin House Publishing Co., 1980.
7. Cited from Heinrich Jaenecke, *Die deutsche Teilung* (The Partition of Germany), Berlin: Ullstein-Verlag, p. 37.
8. *Ibid.*
9. *Ibid.*
10. *Ibid.*

Colombia exposes M-19 pact with drug runners

by Valerie Rush

Colombian President Belisario Betancur's hardline response to the narco-terrorist siege of the Supreme Court Nov. 6 and 7 has prompted the friends and apologists of Dope, Inc. to fall all over themselves in their rush to condemn Betancur for "butchery," "violation of international law," and "capitulation to the reactionary Armed Forces." On Nov. 7, the Colombian military was deployed under the President's constitutional authority to retake the Justice Palace; nearly 100 people died in the course of the siege.

In a flood of commentaries in international news media like the *New York Times* and *Washington Post*, the M-19 narco-terrorists are portrayed as "rebels with a cause," who only sought to "dialogue" with the government about human-rights violations—in contrast to the "inflexible" Betancur administration which allegedly deployed bloodthirsty troops to massacre the guerrilla band, and their pleading hostages along with them.

In an unprecedented confrontation with these international vultures of the press Nov. 10 (excerpts below), Colombian Justice Minister Enrique Parejo González charged his interrogators with "sounding like the attorneys for the drug runners" after they openly accused the government of fabricating M-19 connections to the drug mob to cover up its allegedly incompetent handling of the affair. "Let's get one thing straight," declared the furious justice minister. "The guerrillas did not enter the Justice Palace to talk. They came to kill. . . . They sought out as the immediate target of their action . . . the same judges whose lives had been threatened previously for having given favorable opinions on the extraditions. . . . They murdered them in cold blood."

Colombian Foreign Minister Augusto Ramírez Ocampo

was equally explicit about the role of the M-19 in acting out the vengeance of the drug mob. In an interview with *Le Monde* on Nov. 13, Ramírez declared:

"The assault on the Judicial Palace was never a peaceful operation by the M-19. From the first moment, the guerrillas killed a janitor and three soldiers who were guarding the underground parking area. The assault took place on the same day that the constitutional judges of the Supreme Court began their study of the charge of 'unconstitutionality' against the treaty with the United States which permits extradition of drug traffickers. The judges had received death threats in the event they reaffirmed the validity of the treaty.

"During their occupation of the judicial court, the heavily armed assailants identified by name each and every one of the judges charged with studying the treaty. Furthermore, among the demands made by the terrorists was cancellation of the [extradition] treaty. . . . The rebels burned the archives and the library where all the documents related to drug traffickers' extraditions were kept. Their conditions were non-negotiable, one of them being a public trial of the head of state to be carried out by the assailants themselves. . . . President Betancur answered by offering the only thing the Constitution permitted him to do: safeguard the lives of the assailants and promise them a fair trial."

In contrast to the witchhunt by the media, republican forces internationally have mobilized to back the Colombian President's fight to defend his nation's institutions. The Peruvian daily *El Popular* insisted that Betancur made the only possible choice: "The taking of hostages . . . [threatens] to destroy the juridical ordering on which society is based. President Betancur has given an example of valor and lucidity

which should be followed. Authority should not bend over and kiss the feet of assassins.”

The Vatican daily *L'Osservatore Romano* emphasizes the connections of the M-19 to the drug mafia, and insists that Betancur's response to the siege was part of a “war without quarter” against the drug trade. The Schiller Institute has mobilized its forces internationally, generating hundreds of telegrams of support to Betancur from prominent citizens across the United States and Europe.

What really is the M-19?

As this publication has documented on several occasions, the M-19 is a well-financed collection of brainwashed terrorists steeped in Gnostic mysticism and deployed in league with the drug mafia as a battering ram against the sovereign institutions of Ibero-America.

Despite the claims of the *Washington Post* that the M-19's first “spectacular action” was the theft of Simon Bolívar's sword, the reality is that the “right-wing” M-19—initially made up largely of disaffected ex-military officers—first exploded into the public eye in April 1976 with the highly-publicized kidnaping and cold-blooded “execution” of one of Colombia's top labor leaders at the time, José Raquel Mercado Martínez.

The M-19 conversion into a “left-wing” guerrilla army coincided with the 1979 Sandinista overthrow of Somoza in Nicaragua, in which the Colombian armed band allegedly played a role. Then, in 1980, an M-19 assault commando seized the Dominican Republic embassy in Bogotá during a high-level reception, capturing over a dozen ambassadors along with nearly 60 other hostages. They held the embassy for 61 days, demanding freedom for “political prisoners,” \$50 million in ransom, publication of their manifestos, and safe conduct out of Colombia.

EIR at the time asked “What is the M-19 really? Who ordered the embassy takeover?” and answered: “Far from being an ‘honest’ group of unhappy leftists, the M-19—like its sister organizations, the Baader-Meinhof and the Red Brigades—is run by oligarchic intelligence circles centered around Europe's Jesuit black nobility.”

The occupation of the Dominican Republic embassy ended with capitulation by the then Turbay Ayala government, which reportedly paid one to two million dollars in cool cash as ransom, along with providing safe conduct to Havana for the terrorists and their hostages. That ransom fueled a drug-trafficking terrorist apparatus which showed its true colors in the Nov. 6 Supreme Court takeover.

After its collaboration with the Jesuit-dominated Sandinista leadership, the M-19 plunged headlong into mysticism. M-19 honcho Jaime Bateman Cayón recruited youth into the M-19 ranks with the promise that a special “mental chain” made them invincible. In an interview with the Peruvian magazine *Caretas* of Nov. 28, 1983, Bateman declared, “What do you think the mental chain is for? What's going on is that my mother is a Gnostic; my mother was in charge of

setting up gnosis in Santa Marta. And every Saturday they do a chain to protect us, the organization. . . .”

The M-19's Gnostic belief structure made a perfect match with that of Carlos Lehder Rivas, the one-time auto thief who rose to become Colombia's kingpin in the cocaine trade. Lehder grafted his own elaborate Nazi belief-structure onto a pseudo-nationalist political program which became the basis for a 10,000-person “Latin National Civic Movement,” dedicated to the legalization of drugs and the overturning of Colombia's extradition treaty with the United States.

Relations between Lehder's drug-trafficking network and the M-19 go back to 1981, when the M-19 was first documented to be deeply involved in a drugs-for-guns smuggling deal which stretched from Florida to Cuba, through Panama down to Colombia.

Narco-terrorist alliance goes public

On Dec. 5, 1984, M-19 head Iván Marino Ospina held a Mexico City press conference, in which he announced the M-19's full support for mafia threats to “kill one American for every Colombian extradited to the U.S.” Said Marino Ospina, “These threats should be carried out throughout the world against the representatives of rapacious imperialism . . . and will serve as the basis for negotiations if some day these traffickers, who are also Colombians, decide to use their money to build the nation.”

Several weeks later, cocaine czar Lehder made his warm admiration for the M-19 a matter of public knowledge. Asked to comment on Marino Ospina's endorsement of the mafia assassination plot, Lehder said: “The M-19 is the only movement that has declared itself against extradition. The M-19 plays an important role before the masses, like that played by [my] Latin Movement. Iván's call in Mexico is a call for the guerrilla movements to join in the [drug] bonanza.”

Betancur's government has not only been targeted for destabilization by the international mouthpieces of Dope, Inc., but by its domestic accomplices as well. The drug-tainted leadership of the opposition Liberal Party has taken advantage of the national shock and grief generated by the Supreme Court tragedy to demand a “public trial” of the Colombian President's action, calling it “the worst failure of Colombian democracy in its entire history.” Not by coincidence, Colombia is already in the throes of campaigning for the 1986 presidential elections.

Other Liberal spokesmen have called outright for Betancur's resignation, while three separate Liberal-sponsored indictments have been brought against the President inside the Congress. Attorney General Carlos Jiménez Gómez, a notorious apologist for the drug mafia who has violently attacked the extradition treaty as “unconstitutional,” declared in an open letter, “I do not share the military solution [to the hostage crisis].” He pledged, however, to stay in the presidential peace commission in order to “raise a clamor” from within about “the chaos sown by the seizure and bloody rescue of the Justice Palace.”

Colombia's battle with the terrorists

The following are excerpts of the Nov. 10 confrontation between Colombian Justice Minister Enrique Parejo González and the international press, as the minister left a mass held for the slain Supreme Court judges.

Q: Why didn't the President negotiate [regarding] the seizure of the Palace of Justice?

Parejo González: It was totally impossible, within the constitutional framework under which we are governed, to enter into negotiations with terrorists, who asked that the fundamental tenets of the Constitution be set aside. . . .

I want you to keep in mind a fact which is of utmost importance. The guerrillas did not arrive at the Palace of Justice with the purpose of talking. . . . They entered killing. . . . They sought out as the immediate target of their action the four judges of the Constitutional Hall of the court and the judges of the Criminal Court, the same judges whose lives had been threatened previously for having given favorable opinions on the extraditions. . . .

There is another important fact which cannot be overlooked. The day the guerrilla movement took the Palace of Justice, the four judges of the Constitutional Court were meeting to decide upon the request to declare the extradition treaty [unconstitutional]. . . . One cannot have many illusions about the fate the judges were to suffer.

Q: According to the report of events that occurred Wednesday and Thursday, the government talked with the guerrillas, but only to ask them to surrender. . . .

Parejo González: Pardon me, no. It was to persuade them to change their attitude, giving them guarantees that their lives and integrity would be protected. But if the M-19 asks the President of the Republic to go to the Palace of Justice, or send someone in his name to stand trial, with the guarantee that the M-19 will see to it that whatever sentence is given is followed through, do you think there is any possibility of negotiation on that? . . .

Q: Was the decision taken by the army, going above the President of the Republic?

Parejo González: The decisions were not taken by the army above the President of the Republic, because that would have meant . . . a coup d'état.

Q: It has been argued that, in the taking of the Palace, international norms were violated . . . that in a war, shooting is suspended to save the life of the hostages. . . .

Parejo González: Look, I cannot be a judge, neither of the acts of the government, nor even of the guerrillas. It is precisely for that reason that we are forming a commission, so that the acts of the government and the acts of the guerrillas be judged. . . . The blow to justice has been very great, but the blow to government has also been supremely great. So no one can think that the government didn't have the desire to defend the lives of the judges, quite the contrary.

It was totally impossible, within the constitutional framework under which we are governed, to enter into negotiations with terrorists, who asked that the fundamental tenets of the Constitution be set aside. . . .

Q: So President Betancur gave the order to burn and shell the Palace of Justice?

Parejo González: My God, why are you asking me these kinds of questions? Those who began the action were not the government, nor the army; they were guerrillas. They came in, killing. Do you believe that, while armed guerrillas were arriving—just look at the arsenal which they brought with them—the response of the government should have been, "Gentlemen, keep calm, let's talk?" Or should the force of order respond to the criminal attack coming from groups which have taken up arms?

Q: Is it true that when you sent the message to the guerrillas, that message was not able to get through to them . . . which means that the army got out of the control of the government at that moment?

Parejo González: At no time was the army out of the control of the government. . . .

Q: You say the drug traffickers had an interest in burning the files that were there, something which seems strange. . . . And the fact has not been mentioned that a mere three months ago the Council of State made a far-reaching and historic judgment condemning the army for tortures. Did it not represent for the army a great opportunity to destroy the evidence in the files which incriminated it for tortures, and couldn't the gross cruelty with which they fired cannons at places where there were civilian hostages also be a retaliation and revenge by the army against the symbol of Justice. . . .

Parejo González: The first thing which discredits the content of that question: No magistrate from the Council of State was killed. Therefore such a terrible charge as you level against the army . . . is answered with an obvious and evident fact: all the judges of the Council of State emerged alive from the Palace of Justice. . . . If judgments have been issued already by the Council of State, which public opinion is well aware of, what benefit would there be in making the files disappear? . . .

On the other hand, the drug-traffickers did have an interest, even though we have no reason to compare the Armed Forces and the drugrunners on the same level, but for the sake of your question, the drug-traffickers did have an interest in making the court records related to the extradition requests disappear.

Q: But the *New York Times* correspondent is aware that that affirmation you are making lacks reality, because the DEA has authentic files, as well as the U.S. Embassy, and I believe there are such files in the Justice Ministry itself. . . .

Parejo González: And you know that the drug-trafficking gentlemen know all these intricacies of the court cases? . . . How do you know that they know them? Ehh? I wonder, how do you know? . . . To you, who sound like their attorney, their intent was to eliminate a case which was before the Court. But for them, the fundamental thing was . . . to threaten, to take the lives of the judges in penalty for their integrity of character in turning down demands that the extradition treaty be declared inapplicable.

By God, let us not distort the truth. The government does not evade its own responsibility; it wants to submit it to the judgment of an independent and autonomous court. But let it not be thought that the criminal assault here was by the government, that it was the government which seized the Palace of Justice, that it was the government which went in there shooting, that it was the government which murdered the judges of the court, when there is testimony of those same judges, who say the guerrillas murdered the judges in cold blood—in cold blood. And this doesn't seem to worry you, eh? You are not grieved and disturbed by these crimes.

Chronology of the Bogota court seizure

Wednesday, Nov. 6

09:40 M-19 chief Almarales gains access to Supreme Court building, using his identity card showing him to be a lawyer.

11:40 Thirty-five guerrillas (including 8 women), in police garb, enter the basement of the building in a bus, and kill two private guards, the janitor, and a secret service agent with a burst of machinegun fire.

11:45 The terrorists penetrate the upper floors, using

machineguns and bombs, and occupy the part of the building where the Supreme Court judges are. Police efforts to retake the building are repelled.

12:05 Belisario Betancur calls an emergency cabinet meeting in the presidential palace.

14:05 Two armored cars break through the main door of the building and enter the central plaza of the building. Troops begin to free secretaries, lawyers, and employees. The guerrillas enter the third and fourth floors, where they take the President of the Supreme Court and 10 other judges, plus dozens of others, hostage.

17:12 An M-19 representative in Madrid issues a communiqué to the press saying, "We believe that the war now begins, because it is impossible to hold a dialogue in Colombia."

21:30 The terrorists set off bombs in several parts of the building. Smoke and flames are first seen, rising to 15-20 meters at 22:00.

23:00 The eastern part of the court building is totally gutted by fire; firemen are forced to leave. Gunfire stops.

Thursday, Nov. 7

01:00 Labor Minister Jorge Carrillo emerges from 13-hour cabinet meeting to announce, "The government will not negotiate" as long as rebels are holding hostages. He says he has "not the slightest doubt" the M-19 are linked to the narcos.

02:10 Big explosions are heard as army police and DAS try to enter the building. There is a shoot-out inside.

Early morning Almarales personally murders Supreme Court President Alfonso Reyes Echandia and Judge Maria Ines Ramos.

10:00 After a long ceasefire, there is another violent explosion.

10:15 M-19 gives an ultimatum saying that it would start killing one hostage every half-hour, if the President does not send in his brother, Jaime Betancur, and Jose Manuel Arias Carrizosa.

11:25 The military controls most of the fourth floor. It says they have found 25 guerrillas dead on the first three floors.

14:10 The fourth, and final, assault by 500 troops and police. The soldiers knock out three machinegun nests manned by surviving terrorists, as they fight their way floor by floor, liberating people trapped in the building amidst exchanges of gunfire.

15:30 The M-19 leadership begins to blow the brains out of the judges, one by one. In the final shootout with troops, the remaining terrorists are either killed or commit suicide.

16:20 Army takes full possession of the Palace of Justice, ending the occupation.

20:15 Betancur speaks to the nation on radio and television, taking personal responsibility for the entire operation to save the national institutions.

Soviets prepare new post-Geneva cold war

by Konstantin George

An internal document was recently circulated within the Czech defense ministry, soon after the conclusion of the late October Sofia summit of the Warsaw Pact, West German defense-related sources report. The document lists the Warsaw Pact policy "options" available after the conclusion of the Geneva summit. The conclusion reached—a clear expression of the views of the Soviet military leadership—is that a deterioration in Soviet-U.S. relations is definite, and the document cites as "very probable," that the post-Geneva period will witness a sharp deterioration and return to the Cold War.

The document's existence coheres with two other Soviet policy moves of a distinct Cold War nature in late October-early November. Soviet leader Mikhail Gorbachov sent a private letter to West German Chancellor Helmut Kohl, warning him not to sign any treaty with the United States that would commit West Germany to participate in the Strategic Defense Initiative. The letter was leaked by the Soviets, and the West German mass-circulation newspaper *Bild Zeitung*, published excerpts. The most damning passages that, according to well-informed sources, contained very crude and vicious blackmail threats against West Germany, were never made public.

Gorbachov's threats and blackmail combined with West German Foreign Minister Hans-Dietrich Genscher's anti-SDI coalition blackmail against Kohl and the CDU have forced Kohl to capitulate on the SDI question. Early in the week of Nov. 11, Bonn announced that an SDI agreement would merely take the form of the U.S. and West German defense ministries exchanging letters. No formal treaty, no parliamentary ratification, in short no legally-binding agreement—a toothless facade.

Soviet build-up in Central Europe

Timed with the menacing letter, Gorbachov and the Soviet military leadership made another move which *no* West German newspaper has dared to mention: A Soviet Armored Division based at Grossborn in Polish Pomerania, and part of the Soviet Northern Group of Forces in Poland, was moved west across the Oder River, and is permanently stationed in the town of Bernau, slightly north of East Berlin. The division has become part of the Soviet 20th Guards Army (posi-

tioned north and south of Berlin), which has become de facto a Guards Tank Army.

The move, in one step, increases the tank strength of the Soviet forces in East Germany by 200-300 tanks. It results—considering the cumulative reinforcement of Soviet tank strength in East Germany over two years—in a near doubling of the armored strength in the Soviet forces stationed there.

Soviet threats and blackmail against Western Europe were reiterated in a *Pravda* commentary printed on Nov. 13, titled, "Europe—Our Common Home"—an open call on Western Europe to break with the United States, beginning with the SDI question, and join up with Moscow, or else. The threat was contained in the passage that Europe is "simply too small and fragile" to follow a "[U.S.] policy of strength" determined by a "military-industrial complex." This U.S. "military-industrial complex" is trying to get Europe to commit its "scientific research potential" for the "insane Star Wars program." This threatens to not only "increase the danger of war," but also, for Western Europe, "the final decline of its independence."

Moscow openly proposes for "our common house" [Russia and Europe] cooperation against Washington, for whom Europe is "something foreign and a battlefield on the map of the [Pentagon] strategists." Going into Geneva, and looking beyond it, Moscow will escalate with all means possible, its campaign to drive a growing wedge between the United States and Western Europe.

The Russian population is being prepared to expect the worst—a sharp belligerency in Soviet-U.S. relations—after Geneva. On Nov. 12, an article in the government paper, *Izvestia*, by Politburo mouthpiece Aleksander Bovin, stated that the American position going into Geneva "does not nourish any hopes." Editorials in *Pravda* and elsewhere with similar themes, blasting the U.S. in unusually harsh terms, appeared throughout the week.

On Nov. 13, Soviet radio widely played up a declaration by Patriarch Pimen, head of the Russian Orthodox Church, given Sunday at the Moscow Cathedral, that "Mikhail Gorbachov truly has the support of the entire population in his peace efforts." The Church joined the Imperial Russian State in telling the population to expect a break at Geneva and a decay in relations afterwards: "U.S. insistence on its Star War plans threatens to wreck the Geneva talks."

On Nov. 14 the returned "defector" Vitali Yurchenko, under clear Politburo direction, gave a press conference in Moscow, a media extravaganza, accusing the U.S. of "brutality," "torture" and pursuing a policy of "state-sponsored terrorism." Earlier in the week, the Soviet head of the Moscow U.S.A.-Canada Institute, Georgii Arbatov, declared in an interview with the Czech News Agency, Ceteka, "Do they want to see the summit collapse, or, do they want to provoke the Soviet Union to do so?" Arbatov's psychological projections aside, the intentions of the Soviet pre-Geneva rampage are clear enough; the patterns of the post-Geneva rampage are becoming clearer by the minute.

Libya's Qaddafi fails in assassination attempt against exiled leader

For the second time in a year, Libyan terrorists have deployed into Egypt in an attempt to assassinate former Libyan Prime Minister Abdel Hamid Bakoush. While the Nov. 16, 1984 attempt had involved a small group in a precisely targeted operation, the more recent Nov. 6 operation was a military, guerrilla-style assault, aimed at killing not only Bakoush, but also 10 other Libyan exiles with him, notably Mohammed Youssef Magarieff, leader of the National Front for the Salvation of Libya. Members of Magarieff's organization took part in a May 1984 military operation against Qaddafi's Tripoli headquarters. In sum, Qaddafi planned a massacre, born of revenge against the total isolation of his regime within Northern Africa, and increasing domestic dissent, notably within his own army—a massacre planned on the assumption that Libya need not fear retaliation. Indeed, Qaddafi's recent visit to Moscow and the large-scale military deal he signed there, underlined that, minor diplomatic quarrels aside, Qaddafi is an indispensable Soviet ally.

As early as Nov. 2, as the Libyan assassins reached Alexandria, they came under constant surveillance of Egyptian police, who recorded and filmed their movements. Egyptian intelligence revealed, in fact, that five Libyans had penetrated Egypt in July through the old smugglers' routes crossing the Egyptian Western Desert.

As Mr. Bakoush points out in the interview below, the timing of such an operation now, raises the question of the real aim of public outlets such as the Washington Post's Nov. 3 "exposé" of a so-called CIA-sponsored plot against Qaddafi. Did it aim at merely embarrassing the U.S. administration, as well as the governments of Algeria and Egypt, which were described as "accomplices" of the CIA operation? Or, in addition, was it aimed at once more saving Qaddafi and boosting his image internationally by sabotaging the openly growing relationship between Algeria, Egypt, and Tunisia? Either way, the policy is coherent with the Washington Post's support for the Colombian M-19 terrorists, which are also, according to the Nov. 8 London Times, financed by Qaddafi.

The following interview was conducted by EIR's Mideast Editor Thierry Lalevée.

EIR: What happened exactly?

Bakoush: In late October, I was warned by the Egyptian



security services that some Libyans had infiltrated Egypt and were preparing an operation either against me or somebody else.

I have a friend who has an up-country villa in Kingy-Marriott some 20 km south of Alexandria, where we are generally meeting. As it came out, the Libyans had full information on these meetings, through one of their local agents who followed my activities, and wherever I met somebody. Last Wednesday, Nov. 6, I was in Alexandria and went to this house for lunch. It is a villa which has high walls. I could see a police car, and one which was hidden. I thought these were the normal Egyptian security precautions, which they take from time to time. Around 15:00 p.m. we heard a lot of shooting, which lasted approximately 15 minutes. We waited for it to die down, and then we went out. We saw that there were some three Libyans wounded on the ground and the sight of a battlefield with a lot of smoke, machine guns thrown on the ground. Four Libyans were dragged by the

police to their car. I recognized one of them as a man named Farahat, who used to be one of my prison guards when I was in jail in 1974-75.

EIR: What will be the consequences for Egyptian-Libyan relations?

Bakoush: The relations between the two countries are bad enough. I cannot ask the Egyptians for more harsh reactions. I do not want to interfere in their own political decisions. I am very happy with the protection they are giving me.

Libya does whatever it wants, because it knows there will be no reaction. That goes for the Arab countries, but for the rest of the world, too.

EIR: Won't this operation strengthen cooperation between Algeria, Tunisia, and Egypt against Libya?

Bakoush: I must say that it is impossible right now to have full North African cooperation. There is a severe crisis between Algeria and Morocco over the Western Sahara. As long as this is not resolved, regional cooperation is impossible, and I do not see a resolution of this problem in the near future. There is also a pact of unity between Libya and Morocco, though Libya never stopped working against Morocco's King Hassan. Libya is also opposed to Algeria, because it thinks that Algiers wants to control North Africa, and Tripoli thinks it is best for such a role. Libya is also committed to rule Tunisia through its own agents in the post-Bourguiba period. It thinks it can also rule Egypt if the present government is overthrown.

EIR: what do you make, then, of the Nov. 3 article in the *Washington Post*?

Bakoush: I do not have any proof, but the scenario outlined in the article sounds very silly. Why would the United States have to think of such bizarre and unachievable plans against Libya? It is known that there are easier and more achievable means to deal with Qaddafi. As an observer, I can only say that the CIA is building Qaddafi's image, describing him as a powerful enemy of the influence of the United States in the region. Qaddafi made much use of that, in his own propaganda.

EIR: why do you say the CIA is building Qaddafi's image?

Bakoush: Well, whatever the *Washington Post* wrote, the CIA didn't deny, and President Reagan ordered an investigation into the leak, but didn't deny the plans either. For such a powerful country as the United States to attempt to get rid of Qaddafi in this way is ridiculous; such plans only serve Qaddafi.

One wonders why the United States cannot use legal and more acceptable procedures such as an economic boycott. Qaddafi has no importance, and has no qualifications other than his money, with which he pays agents and terrorists worldwide. Boycott Libyan crude oil and then Qaddafi will

be paralyzed, and will be left only with his own words. If the United States is really committed to fight Qaddafi, then it should organize such a boycott, and then it will receive more support than it does by planning such conspiracies.

EIR: What will happen, regionally, then?

Bakoush: Qaddafi cannot plan, but is always able to exploit any situation; if there is some trouble, he can always make it worse. That will be the case with Tunisia, and the political crisis which will follow the death of President Bourguiba. He will make it worse and it will be very bad. He is doing the same in Algeria and in Egypt; he is financing and sending weapons to several groups in Lebanon, and is preventing a return to democracy in the Sudan. Qaddafi is like the devil sitting on the fence, exploiting any trouble, whenever it occurs.

EIR: On another matter, how do you see the role of Egypt in the region, and the perspective of peace?

Bakoush: Egypt has practically no role. As far as Arab governments are concerned, they are officially keeping aloof from Egypt, either under the pretext of excuses, such as Egypt's commitment to Camp David, or because of rivalries. Many countries are happy about the absence of Egypt from the Arab political scene; however small a country is, it may appear bigger, if the really strong and bigger countries are out. However, despite that, Egypt has a lot of influence on the thinking, general policies, and culture of the rest of the region.

There is little hope for the region. The only hope is the PLO-Jordan agreement. Cairo has put all its weight behind it, and is trying to force the United States to recognize it, too. If the United States does, then there is a chance for peace. The Arab extremists like Syria and Libya are committed to the destruction of the peace process. If they succeed, there will never be peace.

Syria and Libya have no real economic and financial weight. However, they succeed in scaring the other countries. Hence, right now you have a line-up of countries like Egypt, Jordan, and the PLO fighting for peace, against Syria and Libya. All the other countries are sitting on the side, they do not dare to join Syria or Libya, but they do not have the courage, either, to join the side of Wisdom.

EIR: What do you expect from the U.S.-Soviet negotiations in Geneva, and how do you see Soviet policy in the region?

Bakoush: I am not optimistic. I do not think there is any basis for an understanding between the two superpowers on what to do, and I do not see them fostering peace in the Middle East. The Soviets have been able to exploit the situation to the best of their advantage recently. They are succeeding where everybody else failed. It is not a matter of the region being given to them; they are taking it. That's against the interests of the West and of the Arab nations.

Swiss military debates the SDI

by Laurent Murawiec

An intense debate within the Swiss military has broken out on the subject of the Strategic Defense Initiative and potential forms of Swiss participation in it. The Swiss Army, a very respectable force in its own right, and one based on an efficient militia and active reserve system, plays a social-political role out of proportion to its numbers, and far greater than that played by the military in most other Western nations.

During his visit to Washington in spring 1985, Defense Minister Delamuraz made positive comments on the SDI. More recently, *EIR's Global Showdown* Special Report has received a great deal of attention among military circles, and more military figures have gone public on the SDI issue.

Corps Commander Josef Feldmann, the 4th Army Corps commander who very nearly became the new chief of the General Staff of the Swiss Army, told the Zurich Officers' Society on Oct. 28 that "the attempt to move out of the frozen strategy of mutual deterrence has increased in the last few years. . . . And the point is not to militarize space, but rather to render the enemy's weapons useless." The Swiss general discussed the role of particle weapons and boost-phase defense, stressing that the major obstacles lie more in battle-management than in technology. "The Soviets could certainly react with a strengthening of their offensive potential," Feldmann added, but "not necessarily. What is certain, however, is that an American defense system that would be even partially efficient would strongly reduce the chances of success of a Soviet first strike." Commenting on the activities of the pro-Soviet Green Party—"red-green agitation centers"—against the SDI, Feldmann sarcastically noted that it would be harder for peaceniks to mobilize against a strategy aimed at "protecting lives."

"Denouncing the ABM Treaty, once the SDI were to become realizable, would become necessary, and this would expose the Americans to the charge of political immorality. Such an accusation could be sustained neither ethically nor logically," Feldmann concluded.

In the ensuing debate, many questions were raised, in particular that of the SDI's capacity to defend against low-

flying missiles and to be an effective defense in Europe.

Two days after the Zurich meeting, the outgoing chief of the General Staff of the Army, Joerg Zumstein, attacked the SDI during his end-of-tenure address to the Federal Press House. His criticism of the SDI did concede that it was a "perfectly understandable" strategy "from Washington's standpoint and in purely military terms," especially since "the continued increase in nuclear weapons has led the superpowers into a military dead-end." As a result, Zumstein explained that he "fully understood the United States' attempt to establish their defense on a new and finally credible basis." But "from a European, and from a Swiss standpoint," he added, "the implementation of SDI and the resulting feeling of safety in the U.S.A. could lead them to withdraw the American troops from Europe, and, as a result of this abandonment of physical presence, it could lead to a destabilization of the situation on this side of the Atlantic."

On Oct. 31, Gen. Gustav Daeniker, the General Staff's chief of operational instruction and a strategist of great influence, used a meeting of the European Conference for Human Rights held near Bern to state his own views, within the constraints of those expressed the day before by his chief. Daeniker stated, "The possibility of a war in Europe is no less real now than previously. But it is unlikely as long as strategic balance persists. What would be dangerous is a situation where the Soviet Union would convince itself that it could not match any more [American] space defense systems. Then, the danger of a preventive strike would be at its highest. . . ."—a curious misestimate of Soviet plans and intents.

One more intervention in the debate came from Dr. Rudolf Walser, the secretary of the Swiss Trade and Industry Association, who discussed in an article in the *Neue Zürcher Zeitung* of Oct. 25 the technological avenues opened by the SDI, and also by the Eureka project, comparing the well-defined objectives of the former, to the latter's unclarity. But the perspective of participation in either project is being kept under review by Swiss industry, whose excellent high-precision industries, e.g., in optics, could clearly take part in the projects.

Whether the debate will openly continue is unclear, given an order by the Defense Ministry to stop public pronouncements, but the discussion is expected to spread through other channels. Many officers in Switzerland argue that the defense of Switzerland must be rethought in light of its inability to repel a missile assault, which makes directed-energy weapon defense against short- and medium-range missiles an ideal solution to their predicament. The necessity to link up with other Western nations to ensure that Soviet respect for Swiss neutrality be based on something other than international treaties, is also prominent. As a senior officer recently said, "our staff exercises start from the same point as your *Global Showdown*—the fact of Soviet military superiority—and follow roughly the same scenarios."



Peru's fight against the terrorists and the drug traffickers

Peruvian Senator Jossell Muñoz Córdova was interviewed by EIR during his visit to a Nov. 1-3 conference on St. Augustine, sponsored by the Schiller Institute, of which he is a member. He is a leader of Peru's ruling APRA party.

EIR: Senator Muñoz, you came to this international conference of the Schiller Institute in Rome to represent President Alan García, who has really taken the responsibility for fighting the International Monetary Fund and integrating Ibero-America. What can you tell us about this, and what support has your government received in the world, especially in Latin America?

Senator Muñoz: First, I wish to thank you for the opportunity I have to attend this conference of the Schiller Institute, as a senator of the Peruvian Republic. Apart from being an important experience, it has enabled me to meet, discuss, and strengthen the ties of friendship and politics, with representatives from many different countries, which all suffer the same ills, and I do believe that they wish to fight economic oppression and the state of affairs which has led to misery, unhappiness, and death for countless citizens. I salute the Schiller Institute and its organizers and bear greetings from the Peruvian government and from its people, whose leader is Alan García Pérez, President of Peru.

EIR: When Alan García became President, he immediately began to battle narcotics traffic. What aid, what response did he have from Ibero-America, the United States, and Europe?

Senator Muñoz: Indeed, one of the major worries of my government, before it took power, was fighting the narcotics traffic. This is a scourge of mankind, which is spreading day by day, destroying the home, murdering a great many souls, and infecting not only the youth, but even tiny children. We are quite aware that great coca fields were planted in Peru, and therefore, this anti-narcotics fight was placed once and for all into our government plan. I do think, that no government in the history of Peru—perhaps in the world—has done more than ours, led by Alan García Pérez. In a mere 28 days

of power, we destroyed three clandestine airports built in the jungle, carefully hidden but very well equipped, and a great many other landing strips and hundreds of secret laboratories. The Peruvian government is fighting, and is giving no respite to the traffickers, who have joined the terrorists of *Sendero Luminoso* (Shining Path), and have created many difficulties for my government and for my country.

What have we received from the American countries or from the world? Well, many greetings, many congratulations. That's fine, but the world must understand that, instead of investing money in campaigns against drug addiction, in hospitals, medicine, doctors, and so on to rehabilitate the addicts, it were better to invest to knock out the coca plantations, and to wipe them out forever, as we will do in Peru, so that the consequences of such plantations will not put the world to this great expense. We cannot condemn future generations to death, we cannot expose them to the ravages of narcotics. We must fight against narcotics today, we must fight against the traffickers today, because the future is being decided today.

EIR: Who is behind *Sendero Luminoso*, who controls it?

Senator Muñoz: This movement uses terror, uses weapons to terrorize children, old people, peasants, and defenseless citizens living in the Andes of Peru, in valleys where agriculture is only beginning, and where it is becoming costlier by the day, due to the high price of fertilizers, farm machinery, and so on. This sect has ensconced itself in that region, and attacks population centers, schools, colleges, hospitals, police stations, and is taking control of these areas, so that children are afraid to go to school, and the people have neither rights nor protection. They take over a village, impose the rule of savagery, pass death sentences on villagers, who are murdered in such numbers that there is barely room for the bodies. These outlaws are doing the work of the Devil. They are not struggling against those who provoked the misfortunes of Peru, like the officials of the previous regime who were fronting for the IMF.

If they were involved in such a struggle—though I could never justify murder—this might be explicable; but these peasants are not responsible for being born in the Andes, for being poor, for lacking all the essentials of life. And yet, they are murdered, drawn and quartered, their bodies thrown into the public squares, the children terrified. They are subjected to terrorism to such an extent, that children are forced to walk into police stations with bombs strapped to their bodies, so when the bomb goes off, the child and the police station are both blown to bits. It is impossible to say or explain how bad it is, what they are doing; and most disgusting of all, it is the anthropologists and sociologists of Paris who are creating this type of outrage. We would appreciate those miserable creatures from Paris going to the scene of their crimes, seeing how these men and women use tiny children to blow up and destroy bridges, roads. . . . To what purpose? Is this a death cult? Is it trafficking in flesh? Is this how they intend to create a nation, or any possibility for human life? We are opposed to all this. We are fighting the IMF, and we are showing this to the world. Our President Alan García not only speaks, but acts—and sometimes he acts and only then explains. We have lived through 160 years of injustice in this country, but we have done more in the past 90 days of our government, than in all those 160 years.

EIR: Could you say something about García's economic policy and living standards in Peru?

Senator Muñoz: We found the country in ruins, in every way, morally as well. We found that the previous regime's functionaries had gotten rich at the expense of the people, and that the previous regime had made the richer richer and the poor poorer. There was not even the most elementary respect for the wealth of the state. Everyone stole everyone else blind. The country had been "dollarized." Peasants sold their goods in Peruvian soles, and had to buy in dollars if they wanted to buy anything. Rent, lodging were paid in dollars, the country was dollarized, and every day, from hour to hour, the price of the dollar was rising. And nonetheless, the worker was being paid in soles, and every day, his anxiety grew because he could buy less and less.

With the economic measures we took, we were able to restore some of the sole's buying power. We have frozen the dollar price, and we have more dignity now, and more sovereignty. We are restoring the people's faith in democracy, restoring credibility. There were entire villages which had lost their belief that life would continue; their misfortune was such, that they no longer distinguished between life and death.

Now we are explaining with examples, with a way of living, through the behavior of the president himself, who has lowered his own salary to what he needs to live, who uses only the indispensable, and walks through the streets himself to look at hospitals, ministries, and check the prices of goods in the market. Food prices have been lowered, as have those

for medicine, household goods, and industrial fuel, and meat prices have been lowered for the first time in Peru's history. We are taking care of the health of our people; every day, we are fighting to create more jobs, so that less people have to get involved in crime or the narcotics traffic in order to live. The population was sinking into prostitution in every sense of the word; but we want a dignified country, a sovereign country, with free citizens. We love liberty, we practice and respect it.

EIR: We are here at the conference on St. Augustine. Could you tell us about the relation between the Church and the government of Peru? Does the Pope back García's policies?

Senator Muñoz: I take this occasion to greet the Pope. He encouraged us greatly during his visit to Peru. He went to places where the people are suffering and live in misery. He is an exceptional witness, and sent out a message to the world: fewer speeches, more positive help, fewer greetings, and more immediate aid—this is what the Pope said. He saw how children perish, how mothers have no milk for their children and cannot care for them for lack of money, and for lack of medical care.

Our President Alan García is deeply religious. He is a Catholic, and is a member of the Brotherhood of the Lord of Miracles, and every year in October he bears the images of its Catholic Procession, which draws pilgrims from all over the world. He leads a moral life, and because of this, we have much hope in God—the hope of men of good will like Augustine, who has brought us here to Rome. Augustine came to Rome after having been in Carthage, where he had no chance of being heard, tired of haranguing and praying in the desert. We want to be heard, and have the Pope hear us once again, so that we not only think but know that we are not alone in the fight against the IMF and the continuing fight against *Sendero Luminoso*, which is allied to the narcotics traffickers to crush democracy and men of good will.

EIR: The APRA party to which President García belongs, is part of the Social Democracy. What is his message to European Social Democratic leaders and citizens?

Senator Muñoz: When Víctor Raúl Haya de la Torre, our great leader and guide for this integrationist movement, founded this party, he advocated continental integration against imperialism. We are opposed to all forms of imperialism. We were very close to the Social Democracy, and we maintain close relations with mutual respect. Víctor Raúl participated in its conferences and congresses, and there is no doubt, that they must now be more unified in their ideals, and their possibilities, in this great historic effort undertaken by an Aprista government. We hope this interview will be a greeting to the Social Democracy, for this great movement which I respect and salute, in the hope for its support in this dangerous moment through which Peru is now living.

Are Bulgarian agents in the UIL?

The international desk of the third largest Italian trade union should be declared persona non grata in Peru.

Readers of *EIR* may remember that in 1982 Luigi Scricciolo, then head of the international desk of the UIL (Unione Italiana del Lavoro, Italy's third-largest trade union, led by socialist Giorgio Benvenuto), was arrested by the Italian police during the investigations into the assassination attempt against Pope John Paul II by Mehmet Ali Agca, and the subsequent kidnaping of NATO general James Lee Dozier by the Red Brigades, in December 1981.

Scricciolo was accused of belonging to the terrorist Red Brigades and of being an agent of the Bulgarian secret services involved in the preparations for the attempt against the life of Pope John Paul II that occurred on May 13, 1981.

Some trade unionists inside the UIL had asked at that time for an investigation to find out whether other trade unionists had any connection to Scricciolo's activity, but the leadership of the UIL forbade such an investigation, and the Scricciolo case was soon forgotten.

However, in the context of the preparations for the international conference on St. Augustine sponsored by the Schiller Institute that was held in Rome on Nov. 1-3, 1985, the Schiller Institute was forced to deal with Scricciolo's successors inside the UIL as the Institute was organizing telegrams of support for Peruvian president Alan García and meetings between Ibero-American trade unionists attending the conference and their Italian counterparts.

Unfortunately Schiller Institute representatives were faced with Stalinist methods of intimidation and hostile reactions toward Peru from the same international desk known for the Scricciolo arrest, indicating that a Bulgarian connection inside the UIL still exists.

When asked to join the Schiller Institute mobilization in support of President García, many UIL trade unionists in Rome, Naples, Florence, and Genoa had enthusiastically agreed to come to the conference and take initiatives on behalf of Peru, and had agreed fully that Italy is one more victim of the genocidal policies of the IMF, which has demanded from Italy heavy cuts in health spending and pensions, as well as in wages.

Some trade-union sectors, with excellent links to Ibero-America, had even sent their admission fee to the conference, and were ready to speak in front of the hundreds of participants from five continents, but had asked for the authorization of the international desk, which is the only body that can decide where international support will be granted. But when the Schiller Institute called the international desk, it got the following response:

"The international desk of the UIL does not intend to meet with the Schiller Institute, nor to participate in the conference. The International Monetary Fund cannot be considered genocidal just because it wants its debts repaid; you people see too many conspiracies. President García will fall—and rightly so—into isolation if he

follows the policies of the Schiller Institute. He had invited us to his inauguration but we could not go because we had other things to do."

Other UIL trade unionists loyal to the international desk were still more explicit: "We cannot participate in the conference because the Schiller Institute is in the other camp. We have excellent relations with the Eastern European and Soviet trade unions. The Soviet farmers' trade union invited us to Moscow and will come to Rome in a few weeks. We do not want to have anything to do with you or Peru."

Another trade unionist even said: "If these Latin American countries are not able to manage their economies, they should not then come to us and ask for help."

The UIL trade unionists who had given assurances that they would participate were prevented from coming, and the international desk said that "even if they had come personally, they would not be shot immediately, but be aware of the fact that they go against the official policy of the UIL." The international desk even had the audacity to give orders to the Schiller Institute not to make any more contacts with any UIL sector asking for support for García. Schiller Institute representatives replied that, luckily, Italy is not Bulgaria, and is still inspired by the values of political freedom. Moreover, the Schiller Institute announced that it would inform all the trade unions in the world, and the governments of Ibero-America, of the UIL's hostile reactions to García's courageous fight.

It would be more than justified if these countries were to deny entry visas from now on to the international spokesmen of the UIL, unless they decide to clean out the Soviet and Bulgarian agents still in their midst after the Scricciolo case.

Sino-Indian relations inch sideways

Rajiv Gandhi is committed to intensifying India's relations with China—cautiously.

In spite of a heavy press buildup and demonstrable interest here in seeing a substantive improvement in relations—an interest buoyed by Prime Minister Gandhi's one-hour meeting with Chinese Premier Zhao Ziyang in New York—the Sixth Round of official talks between India and China concluded the week of Nov. 11 with no breakthrough on the pivotal border issue.

On the contrary, in placing a patently unacceptable proposition on the table, China appears to be broadcasting that it is in no hurry to settle, but simply wants to use the issue to test and probe the Indian leadership over the long term.

This Sixth Round—the first to move from procedural issues into the substance of the border and other matters—was led by Mr. A. P. Venkateswaran, secretary in the Indian foreign ministry in charge of China, and Liu Shuqing, vice-minister of foreign affairs of China. The talks were organized into four subgroups that undertook parallel discussions on the border problem, science and technology, cultural exchanges, and property and assets, respectively.

Settlement was reached on a dispute over Indian embassy properties in Peking that had been seized during the Cultural Revolution, and this will result in the re-establishment and expansion of the Indian embassy complex there.

Similarly, the subgroups on science and technology, and cultural exchanges, took decisions to exchange delegations in the computer industry,

agricultural education, plasma physics, and laser and bio-technology. It was also decided that a joint seminar would be held in Peking on socio-economic planning in India and China.

There is no doubt that contacts and interchanges at many levels between India and China are increasing dramatically. But India's insight into the wiles and ways of its inscrutable neighbor to the east was acquired painfully during the late 1950s and 1960s. And today, genuine interest in improved and expanded relations, a process begun by Indira Gandhi in 1981, is guided by the requisite caution and clear-headedness.

Thus it was no great surprise to Indian officials that when they got round to the border issue, they were treated to a game of hard-ball. Liu Shuqing and his deputy for the border talks, Yang Zhengya, head of the Chinese foreign ministry's Asia Department, unfolded the proposition that either India agree to a package settlement based on "existing realities" in all the sectors—a reference to Chinese occupation of the strategic Aksai Chin area of Ladakh—or be prepared to cede territory in the "eastern sector" of India in exchange for any occupied area China might agree to return in Ladakh.

The Chinese representatives did not spell out their exact demand in the eastern sector. They did reiterate their formal position that 80,000 square kilometers of Chinese territory was under India's illegal occupation, and that the Union Territory of Arunachal Pradesh had been set up on this terri-

tory with no legal justification. They acknowledged further that India's concessions in this sector would allow China to establish a presence on the southern face of the Himalayas, clearly an intolerable strategic prospect for India.

Nor did China give any acknowledgement to Sikkim's accession to India, though this was not broached directly.

Significantly, China premised its 1962 invasion of India on the same refusal to recognize the McMahon line in India's Northeast, on the pretext that it was an arbitrary imposition of foreign British colonialism. Their reassertion of these claims made it clear that there would be no settlement of the border issue at anything less than the highest political level.

At the close of the talks, the Indian government spokesman said that both sides had "achieved a clearer understanding of each other's position," and had laid the basis for some agreed principles to solve the boundary question. As the eastern sector was discussed in depth in this round, the central and western sectors are on the agenda for the next round in Peking.

China's broader strategy remains open to question. Chinese-Soviet talks, while ongoing, remain inconclusive. During the Indo-Chinese talks, it was announced in Islamabad that Pakistan and China will open the strategic Khunjerab Pass on the Karakoram Highway to the public. The jointly constructed road symbolizes the strategic relationship China has nurtured with India's self-proclaimed adversary to its west. While Indian government officials have been careful to refrain from making any charges, allegations raised in the U.S. Congress that China has fostered Pakistan's atom bomb project have circulated widely here.

International Intelligence

State Dept. undercuts PLO's anti-terror effort

"We hope the Americans will reconsider the campaign they have been waging against the PLO for over a month, accusing it of terrorism to exclude it from the peace process," Palestine Liberation Organization spokesman Ahmed Abdel-Rahman said Nov. 7, after the release of Yasser Arafat's "Cairo Declaration." The declaration confirmed the PLO's 1974 resolution to ban terrorism, adding that it would take "drastic measures to punish violators."

Another spokesman said, "If the United States and Israel appreciate the move, then the PLO will consider other moves. Acceptance of U.N. Resolutions 242 and 338 can be among future moves."

However, State Department spokesman Bernard Kalb declined to offer U.S. approval of the declaration: "Whether this declaration, in fact, furthers the objective of removing violence from the Middle East equation will have to be judged by the evolving situation on the ground." Reuters reported that unidentified U.S. officials described the declaration as a positive step, but that Washington doubted Arafat could enforce the ban against terrorism. They said Washington did not believe that Arafat was directly responsible for much of the violence outside the occupied territories.

German Armed Forces celebrate 30th anniversary

The 30th anniversary of the West German Armed Forces, the Bundeswehr, was celebrated in Bonn on Nov. 12, with—for the first time since the country's founding—a military parade which included 150 airplanes, 500 armored vehicles, and 150 of the most modern tanks and laser cannons.

The Bundeswehr was officially established on Nov. 12, 1955, the 200th birthday of Gerhard Johann David Scharnhorst, the

Prussian general who was a leader in Germany's Wars of Liberation against Napoleon. Bonn Defense Minister Manfred Wörner issued an Order of the Day, which emphasized that in 1955 Scharnhorst was chosen as the example for the new Bundeswehr, "because he forged the close alliance of the Armed Forces with the nation, and because he had the courage to dare the new."

The Bundeswehr started out with 101 soldiers 30 years ago. Between January 1956 and December 1960, the Armed Forces, built on the principle of mandatory conscription, developed a manpower strength of 350,000 soldiers in a crash program. Today, the Bundeswehr has a conscript strength of 490,000 soldiers and 140,000 reservists.

Palme's lies denounced by Swedish military officers

Leading officers of the Swedish armed forces have come out with an unprecedented public attack on Prime Minister Olof Palme for hiding the seriousness of Soviet submarine violations of Swedish territorial waters.

Naval Commander Hans von Hofsten replied in the pages of *Svenska Dagbladet* newspaper to Palme's statement to the Riksdag (Parliament), that Soviet submarine incursions have stopped and that his government was using "all means possible" to defend the coast against such incidents. Commander von Hofsten charged, "This is a deliberate lie. The most disconcerting thing about the whole situation for those of us at the front is that the prime minister makes such statements to Parliament—statements which both he and we know to be incorrect."

The unusual public outcry from the military, including a statement from 12 other naval officers in *Svenska Dagbladet* Nov. 10, produced an extraordinary meeting the next day at the Royal Palace, where Commander-in-Chief Gen. Lennart Ljung told the assembled heads of the five Riksdag parties that he has documentation, this fall alone, of 10 "very serious Soviet submarine incursions." Palme characteristically retorted that

the accusing officers had taken leave of their senses. So far, the conservative opposition party leaders Adelson and Westerberg have supported Socialist Palme on this issue.

Soviets protest to Turkish media on 'Global Showdown'

The leading Turkish dailies *Milliyet* and *Tercueman* gave front-page coverage to *EIR's Global Showdown* special report on Oct. 23 and Oct 25, respectively, focusing on the Soviet threat to Turkey, as well as the threat posed by Moscow's clients Syria, Bulgaria, and Greece. *Tercueman* features an interview with *Global Showdown* co-author Konstantin George.

In response, Soviet Ambassador to Turkey Lavrov sent a denunciation of *EIR* and *Global Showdown* to all Turkish media on Oct. 27. Days later, Soviet Chief of the General Staff Marshal Sergei Akhromeyev invited his Turkish counterpart, General Uruk, to visit Moscow on Nov. 11 for talks with the Soviet military leadership. This is the highest-ranking delegation to visit Moscow in the history of the Turkish Republic's relations with the Soviet Union. The last visit was in 1976, by then-Deputy Chief of Staff, Gen. Kenan Evren.

Thai paper covers new EIR charges on Kissinger

The leading Thai daily the *Bangkok Post* has aired *EIR's* charges that Henry Kissinger ordered the judicial murder of Gen. Kriangsak Chamonon (see *EIR*, Oct. 25, 1985, "Kissinger orders Thailand's former premier eliminated").

The daily reported that National Security Council Secretary-General Prasong Soonsiri denied a "report that former U.S. Secretary of State Henry Kissinger had told Prime Minister Prem Tinsulanond that for-

mer Prime Minister Kriangsak should be 'eliminated' because he is dangerous.'" Prasong said that he never heard Kissinger say or imply such a thing, but did not deny the truth of the report as such. The *Bangkok Post* noted that Kissinger is scheduled to visit Bangkok in December.

Soviet Nobel winner unfit says German party leader

Soviet Deputy Minister of Health, Dr. Yevgenii Chazov should not be given the Nobel Peace Prize, charged Heiner Geissler, the general party manager of the West German Christian Democratic Union. Chazov has been tapped for the prize along with the International Physicians for the Prevention of Nuclear War (IPPNW), which he helped found.

In a letter to the Nobel Prize Committee in Oslo, Geissler documented that Chazov participated in the campaign against Soviet scientist Andrei Sakharov, citing a 1973 *Izvestia* article, and that Chazov, as a member of the Central Committee of the Soviet Communist Party, should be held responsible for Soviet "genocide against the people of Afghanistan." He further emphasized that the IPPNW's Soviet section, technically belonging to the Soviet Academy of Sciences, is actually controlled by the international department of the Communist Party.

Geissler added that, by his own moral standards, Chazov was unfit for the award, and that he would come to Oslo himself to testify against Chazov if necessary.

Belgium in crisis after third terrorist attack

The Belgian government met in crisis session Nov. 11, after armed raiders left 8 dead and 15 wounded in a machine gun attack on a supermarket in Aalst, 25 km outside Brussels. The new killings follow four bombings against banks the previous week by the

Communist Combatant Cells, and two similar supermarket raids in September, which killed seven shoppers.

The events came as a major distraction for Prime Minister Wilfried Martens, who has been locked in talks with members of his center-right coalition, since their October election victory. Belgian Justice Minister-elect Jean Gol has stated that the government would increase security, stressing that this pattern may be linked to last year's urban guerrilla activity.

At press time, there have been no significant arrests in the terror-robbery which netted less than \$4,000. Brussels police spokesman Alfons van den Broeck said the terrorists "shot at anything that moved."

Múñoz stops in Panama on return from Rome

Peruvian Sen. Josmell Muñoz, a leader of the ruling APRA party who is close to President Alan García, stopped in Panama to preside over the founding of the "Committee in Solidarity with Peru and Alan García," on his return to Lima from Rome in mid-November. The Committee was organized by Eduardo Rios, leader of Panama's CON-ATO trade union. (See interview with Muñoz on pages 54-55.)

Múñoz greeted the founding of the new organization as a historic moment, and applauded the call for a conference on Ibero-American integration to be held in Panama. In his speech, Rios stressed, "The solution for Panama and Latin America is not with Fidel Castro, nor with Kissinger, but with the leadership of Peru's President Alan García."

The Peruvian senator also met the head of the Revolutionary Democratic Party, Bertha Torrijos de Arosemena, sister of the late President, Gen. Omar Torrijos.

Múñoz also stopped briefly in Bogota, Colombia, where he gave a press conference at the airport reiterating his nation's support for President Belisario Betancur's war on narco-terrorism.

Briefly

● **NARCOTICS POLICE** in Italy have seized five kilograms of cocaine and issued 17 warrants in an attack on a drug ring operating between South America and Milan. Three of the suspects are Austrian citizens. According to investigators, Milan has become a crossroads for the narcotics traffic from South America into Europe. The investigation that culminated in the drug seizure and the warrants began in late 1984, and involved foreign police agencies, notably the West German anti-narcotics forces.

● **MARIAN OLZECZOWSKI** replaced Stefan Olszowski as Polish foreign minister in the latest phase of a cabinet reshuffle announced Nov. 12 by Prime Minister Zbigniew Messner. Olzeczowski, who was a guest lecturer in history during the 1970s at the University of Hamburg, is very close to the "New Yalta" crowd in West Germany, which advocates an accommodation with the Soviet Union. His meteoric rise began during Yuri Andropov's reign in 1983, when he was named a candidate Politburo member, and appointed by Gen. Wojciech Jaruzelski to head the "Patriotic Movement For National Revival."

● **EDUARD SHEVARDNADZE** will be the first Soviet foreign minister to visit Japan in 10 years on Jan. 15, 1986. His predecessor Andrei Gromyko visited Tokyo in January 1976.

● **BOLIVIA'S** drug king, Roberto Suarez, accused the previous government of Hernan Siles Zuazo of allowing the United States to intervene in Bolivia's internal affairs, "to persecute me." The cocaine trafficker accused "other countries that have already given up their national sovereignty," of helping to attack him. "In the name of fighting drugs, they attack private property and free enterprise." He protested, "I'm a patriot, and help my country."

Congressional 'summit' admits the system is broke

by Ronald Kokinda

Recognition that the current international monetary system is "broke, and needs fixing," was the dominant theme at a Nov. 12-13 conference in Washington, D.C. called the "U.S. Congressional Summit on Exchange Rates and the Dollar." Sponsored chiefly by would-be presidential aspirants Rep. Jack Kemp (R-N.Y.) and Sen. Bill Bradley (D-N.J.), a high-level group of government officials, financiers, economists, and other frontmen for the international financial oligarchy, met to propose and consider remedies to the "volatility" of currency exchange rates.

More interesting than the proposals advanced was the participation of officials from the U.S. Federal Reserve, the Treasury Department, European central banks, and the French, Italian, German, and Japanese governments, which gave the conference a semi-official status. Also unusual was its billing as a "U.S. Congressional Summit." Congress usually holds "hearings" on matters it will consider.

There were several suggestions at the conference to increase the "macro-economic policy coordination" among nations including holding multinational parliamentary or congressional commissions. Treasury Secretary James Baker reported on the G-5 emphasis on increasing International Monetary Fund surveillance and oversight, and Assistant Treasury Secretary Richard Darman expressed concern that the G-5 participants could not deliver on their agreements within their respective national sectors.

The potential for subordinating the U.S. Congress to supranational decision-making was clear.

The conference had the endorsement of House Majority Leader Jim Wright (D-Texas), Budget Committee chairman Rep. Bill Gray (D-Pa.), House Minority Whip Rep. Trent Lott (R-Miss.), and Sen. William Armstrong (R-Colo.),

chairman of the Senate Republican Policy Committee.

As Kemp outlined his intent at the opening, he wanted the establishment of "an official congressional commission on international monetary reform" to result from the conference. Also, a resolution asking heads of state, finance ministers, and other officials, to consider world monetary reform at the next G-5 meeting in April 1986. Bradley demanded that the U.S. government "stop pretending there is no problem and start offering solutions."

Action against the IMF by Peru, and growing hostility to the IMF by a number of nations, forced the U.S. Treasury under Baker to begin addressing the crisis, even if not meaningfully. The present conference was in essence addressed to the problem of how to ensure that those dominating the present system continue to dominate as the system collapses.

Prominent among those insisting that, from this standpoint, there is a crisis, was former Treasury Secretary and Trilateral Commission member Alan Greenspan, who moderated many of the panels. "Many here would say there is an extraordinary problem with the system," Greenspan said, "and I share most of those views." He said that there was now an "extraordinary consensus in the business community" that high capital costs and floating exchange rates have penalized durable goods especially, and goods production overall. Chief executive officers (CEOs) of several major industrial firms, including Du Pont, Dow Chemical, Archer Daniels Midland, and others, emphatically concurred.

Greenspan was also backed by economist Robert Triffin, who called the current system a "non-system," and the "World Monetary Scandal." "It's a disaster," he said, in which the Third World countries have become the major creditors and the advanced countries the major debtors in terms of world

reserves. Felix Rohatyn, partner at Lazard Frères and author of New York City's disastrous "Big MAC" reorganization, also backed Greenspan. Financial markets have "been turned into junk-bond casinos." If the United States keeps its market open, it destroys its industry and agriculture; if it closes its markets, it destroys its banks. Pushing the Trilaterals to the hilt, Rohatyn called for a monetary reform commission to be headed by former West German Chancellor Helmut Schmidt, Arthur Burns, and Greenspan.

Dr. Norman Bailey, former National Security Council international economics director, said participants were converging on the idea that "the system is broke, it must be fixed, or we face a crisis of 1930s proportions. . . ."

Prominent among those who felt the current floating exchange rate system was not that bad were several German and Japanese participants including Toyoo Gyohten, of Japan's International Finance Bureau. Perhaps the most laughable defense of the status quo was by Rainer Gut, president of Crédit Suisse, who countered Rohatyn that the junk-bond business was "not necessarily bad, it created ingenuity, new financial instruments," and allowed financiers to go after new investment areas. Allan Schwartz of Bear, Stearns, and Co., suggested that floating rates had accomplished what they were designed for, changing domestic economic policies that were out of balance.

Greenspan was also the most prominent in putting forward proposals for changing the status quo. "A restoration of something approximating the old gold standard in today's environment would, in my judgment, clearly be desirable," Greenspan offered. He said that while he had come to doubt the "feasibility" of returning to the gold standard, this was because governments remained politically "wedded to expansionary fiscal and monetary policies." Gold had to be rethought, he insisted. "When the history of this century is written, I suspect the abandonment of this gold standard will not be hailed as it was at mid-century or even today." He was seconded by Columbia University's Robert Mundell.

Other proposals generally compared the merits of moving from floating to fixed exchange rates. Consensus emerged that fixed rates were not possible, but rather a "managed floating exchange rate system," or as French President Mitterrand's chief adviser, Jacques Attali, proposed, a "reference zone" for currency exchange rates.

But the objective of this exercise, to ensure that the financial interests who produced the crisis are the ones to reorganize things, was apparent in the demands for "discipline," limitations on sovereignty, structural adjustment, and other euphemisms for austerity. Occasionally, a speaker would chastise the group for no longer paying lip-service to economic growth. Renato Ruggiero, secretary general of the Italian ministry of foreign affairs, advanced a quaint term for supranational control, "a collective exercise of sovereignty." "The importance of sound, coordinated macro-economic policies have been underestimated," he said. "We need multilateral surveillance" by the G-10.

Attali was more explicit. He demanded "stronger international institutions," "increasing the resources" of these institutions, "the greater opening up of economies [which is the] only way to get acceptance of the discipline that will be required," and for a greater role for SDRs, IMF funny-money.

Some protests

A handful of protests stated that such proposals did nothing to address the reality of the current debt crisis, and attacked usury—Bowen Wells, member of parliament from the United Kingdom; Shirley Williams, president of the Social Democratic Party, U.K.; Ajit Singh, Queens College, Cambridge; and Rep. Jim Wright. Wells said that the current system was only helping the "money-lenders of the world [who] never produce anything," and vociferously insisted that it was "immoral" to forget the impoverishment of the Third World "if only because they are our future markets." Williams warned of political action on the debt front, pointing to Mexico for the next debt moratorium, especially if oil prices drop. She defended discussion of tying export growth to debt repayment. Singh gave his "view from the south" that none of the proposals discussed at the conference would "ameliorate the current crisis" for years, and said that the debt issue would come to a head within two or three years. "Six or seven percent rates of real growth" are needed in these countries, he argued.

But MIT economist Lester Thurow summed things up: This is "an Anglo-Saxon conference . . . we don't pay attention to industry."

Representative Wright argued that the "prerequisite" for any real reform of the monetary system is "our willingness to come to grips with the twin problems of high pervasive debt and high interest rates." Not only governments, but the private sector as well, have swallowed the "tapeworm of debt" which is now threatening not only financial but political solvency of nations. Unless interest rates can be dropped so that Latin American nations can retire debt, he warned, these "democracies will be doomed to perpetual economic stagnation and quite possibly political chaos."

Wright went into an impassioned attack on usury and urged a worldwide effort to drop interest rates, as did Henry Kaufman of Solomon Brothers, Inc. Some call it "heresy" to control interest rates, Wright said, "but no function of society is more hallowed by historical precedent. Legal injunctions against usury date back through more than 3,000 years of human history to the Pentateuch. Economics embraces among other things the historic struggle between those who must work for money and those whose money works for them. One function of civilized society—at once both moral and sensible—is to curb the greed of the lender before it leads, as untethered it can, to his own self-destruction, and to see that those who must borrow to set aflow the wellsprings of economic growth are not doomed to see their hopes of a better future rendered stillborn by oppressive rates of interest."

AIDS has emerged as top election issue

by Patricia Salisbury

In a statement released Sept. 15, *EIR* contributing editor Lyndon H. LaRouche, Jr. argued that in the course of the 1986, 1987, and 1988 election campaigns, the spread of a new global pandemic more deadly than the bubonic plague, AIDS, would become the issue which will determine the outcome of elections throughout the United States and Western Europe (see "U.S. politicians comment on AIDS," *EIR*, Sept. 27, 1985).

Although generally ignored in the press in both the United States and in Europe, the first signs of this coming political explosion were clear from the results of the 1985 off-year elections. In large cities such as New York and Houston, where the ravages of liberal and counterculture politics had seemed unstoppable, liberalism was put on the defensive almost overnight. The National Democratic Policy Committee (NDPC)—the political action committee founded by LaRouche—with its call for an emergency public health approach to AIDS and rejection of the liberals' cynical "civil rights" sloganeering, polled more than 300,000 votes nationally and sparked strong campaigns by conservative political figures in both political parties.

In New York, the AIDS issue was first raised by NDPC-backed primary candidate for mayor Judah P. Rubinstein, but was then taken up in the general elections by GOP candidate Diane McGrath. The supposedly unchallengeable Mayor Koch was forced to immediately respond with promises to re-examine his positions on maintaining "gay" bathhouses, and other "civil rights" for gays. McGrath, who was abandoned in favor of Koch by the liberal wing of the Republican Party, did not follow through on her promising beginning in driving home the AIDS issue, but nonetheless drew 10% of the vote.

Just days before the election, with a landslide electoral victory assured, Koch was forced to go against all his natural inclinations and announce moves to shut down the city's homosexual bathhouses. Within days of his re-election, police padlocked a gay sex club called the Mineshaft. The Mineshaft had been one of the most protected assets of the pornography-dope mafia in New York City. Police officers who raided the establishment in 1980 were subjected to grand jury investigation, and were ultimately hounded out of their jobs. But, a few days after the election, the New York police,

no doubt bolstered by the beginnings of anti-AIDS insurgency, have finally held a 5,000-person demonstration against Koch's fellow liberal Brooklyn District Attorney Elizabeth Holtzman for hampering law enforcement efforts.

In neighboring New Jersey, the State Assembly—dominated by Democrats for the past 12 years—shifted over to a lopsided Republican majority. Most commentators attributed the results to the coattail effect of the big-margin victory of New Jersey Republican Gov. Thomas Kean, who trounced pro-drug liberal Democrat, Peter Shapiro. In fact, the AIDS issue, avoided by Kean himself, was raised as a major issue in the state legislative campaigns. Most liberal Democrats beaten were sponsors of a "gay civil rights" bill being considered by the Assembly Judiciary Committee, occasioning heavy attacks from their Republican opponents. The Democratic Party leader of the Assembly complained to the press, following the election, that defeated Democrats had been smeared for being "pro-AIDS" and "pro-gay." Democrats in the state legislature also reacted to the direction of the political winds by electing conservative Democrat John Russo, the primary opponent of ultra-liberal Shapiro, as the new president of the senate.

Pro-AIDS liberals on defensive

In Texas, the issue of AIDS completely dominated the municipal elections, with two conservative slates challenging the liberal incumbents, and as in New York, liberal incumbent Kathy Whitmire was forced onto the defensive. An 11-candidate slate backed by the National Democratic Policy Committee polled over 90,000 votes, and were instrumental in shaping the issues in the race. The liberals were also challenged by the "Straight Slate"—a pro-family, anti-homosexual coalition. Two of Whitmire's close allies on the city council were forced into runoffs, because of the size of the NDPC and Straight Slate vote. Political observers credit the strong showing of NDPC-backed candidate Elizabeth Arnold, who received 37,149 votes, with forcing a runoff for city councilman-at-large in the 5th district. Both incumbents and Straight Slate candidates are now reportedly seeking advice and endorsement from the NDPC. In the aftermath of the primary, Texas Gov. Mark White endorsed a proposal by the state health commissioner to quarantine AIDS victims on a case-by-case basis.

In the West Coast states of California and Washington, the leadership of the anti-AIDS insurgency was carried entirely by the NDPC in a series of municipal and school board elections. NDPC-backed candidates won two county community school board seats in California, and consistently polled over 30% of the vote in the Washington state elections—something the liberal *Seattle Post-Intelligencer* warned could happen only if "the mainstream political system and voters hand power to them by default." The AIDS issue broke wide open when the Republican candidate for King County Executive, publicly adopted the NDPC program for screening and quarantining AIDS victims.

Anti-Strategic Defense Initiative arguments 'just plain foolish'



Dr. Dixy Lee Ray, former member of the Atomic Energy Commission and former governor of Washington state, was interviewed by EIR's Nicholas F. Benton after she participated with other eminent scientists in a Washington, D.C. conference that hammered out a communiqué in strong support of the Strategic Defense Initiative Nov. 9-11. The group also included: Alvin Weinberg, Fermi Award recipient, former director of Oak Ridge National Laboratory; Eugene Wigner, Nobel Prize in physics, Manhattan Project; Behram N. Kursunoglu, Florida-based theoretical physicist; Carlo Salvetti, ex-deputy chairman, Italian Atomic Energy Commission; Jean-Pierre Gomané, vice-president, Centre des Hautes Etudes, Paris; Henry King Stanford, president emeritus, University of Miami; R.V. Jones, Department of Physics, University of Aberdeen.

EIR: Can you give us some idea of the contents of the statement signed by the group of eminent scientists that were gathered for this conference this weekend?

Dr. Ray: We met for two days here in Washington in a seminar on the Strategic Defense Initiative. We all had occasion to voice our opinions on what has been accomplished so far, and what the goals and objectives of this particular program are. We listened to a number of people who are working directly in the program, and we also heard from Lt. Gen. James Abrahamson, who is directing the research program for the SDI. Our group was made up primarily of scientists working in similar fields: physicists, mathematicians, and engineers. And it included a couple of people not directly involved, like myself, whose experience has been rather more on the fringe of this kind of research—familiar with it but not doing it directly. Also included in the group were representatives of France, from Italy, and from Great Britain. The group was well equipped to speak in a critical way about whether a defensive system which would operate to try to intercept and shoot down incoming missiles could, in fact, operate.

We know are fully aware, that there has been a great deal of criticism of this system. In fact, many scientists, many with good credentials, have said it simply will not work. We believe that the system *can* work, that what has been done in

the last year and a half since the President first announced the initiative has already shown that this is a feasible system, at least for some of the laser-based components. What has been accomplished so far has really been quite remarkable. The whole SDI is really a vigorous program of research. It is meant to be research and development to test the feasibility of detonating ICBMs or other missiles and warheads before they can reach their target. I have to tell you, sir, that it is beyond my belief that there are people who could object to defending their country in a way in which an already-launched missile, on the journey to causing mass destruction, could be destroyed in outer space where it won't do any harm.

EIR: You do have those who assert that the technologies involved in the SDI will not work. You made a comment on that at the press conference earlier today.

Dr. Ray: Saying something won't work is the easiest possible cop-out. When Thomas Edison proposed that you could electrify cities, the Royal Society in London, which probably encompassed the best scientific minds in Great Britain at that time, met and, in a formal resolution, took a position against that, saying that to electrify cities was against scientific principle, and it could not possibly work.

The same thing has been said about splitting the atom, or achieving any kind of control of a nuclear reaction. There were plenty of physicists, plenty of engineers and mathematicians, in the early decades of this century who said that these things couldn't possibly work. When the Manhattan Project, itself, was begun, there was so much that was unknown. It was an open question whether actually a chain reaction could be started and controlled and put to a useful purpose. I'd love to have an hour or two just to detail the many useful things that have come from understanding how to control the energy of an atom.

There was Lee DeForest, a very eminent physicist, who in 1926 said that television, while it was a theoretical possibility, had no chance of ever being developed economically and for wide use. If we go farther back in history, the director of the Patent Office of the United States in the late 1800s said there was no point in having a Patent Office because everything had been invented that could be invented. And when

Robert Fulton appealed to Napoleon Bonaparte to develop steamships for the French navy, Napoleon said to him something along this line, "Excuse me, sir, are you trying to tell me that you can drive a ship against the wind and the currents by building a bonfire under her decks? I beg you, do not make me listen to such nonsense!"

EIR: A number of speakers at the press conference made repeated references to the Manhattan Project in which we gained control of the atom for the first time. It was said that the necessity that the Manhattan Project represented can be equated with the present situation, and that the Soviets are developing an equivalent to the SDI. What do you have to say on that?

Dr. Ray: With respect to the Soviets, why are they so violently opposed to our having a defensive system, when we know—and they know that we know—that they've been working on their own defensive system to defend the U.S.S.R. through SDI for more than 10 years? We know—and they know that we know—they've already tested out a number of anti-satellite weapons, and are working hard on laser-directed beams and similar things, just as we are. It seems to suggest that they want to be able to defend their country, but do not want us to be able to defend ours.

EIR: What do you say to those who argue that if the SDI is not able to shoot down virtually every single incoming missile, then it is useless, and only destabilizing?

Dr. Ray: That is just plain foolish. There is nothing that can ever be guaranteed to be 100% perfect in every way. You can't have 100% effective offensive weapons either, because you can't guarantee that every single one is going to hit the target. We have no such thing as perfect systems. With respect to defense, your shield—and that's what this really is—is to be able to prevent these things from coming in, and it will certainly prevent some of them. The important thing is, that your adversary will not know how many you can shoot down before they arrive at their target. So that introduces a kind of uncertainty which he has to take into account, and wonder how many more missiles he must set up in order to be sure some of his will get through. The idea that it is OK to have no means of defending ourselves, but not OK to defend ourselves against most missiles, is impossible to understand. It is to be expected that if there is the beginning of a nuclear exchange, some will probably get through. We hope that doesn't happen. . . . But, that would not be the end of the world, because we've already detonated two atomic bombs, and we know that didn't end the world. The idea is to make a situation where your opponent must stop and calculate how difficult it is going to be to overcome your defenses, rather than having your opponent know that you have no defenses, and having his decisions based only on a calculation as to whether he can sufficiently overcome your

offensive weapons so that you can't retaliate. That is what is called the MAD doctrine—the Mutually Assured Destruction doctrine—which is the stance we've been in for quite a long time. I believe that assuring ourselves of the best possible defense, and therefore putting your adversary in the very difficult situation of trying to calculate how good your defense is, is far to be preferred.

EIR: As a former governor of Washington state, and a Democrat when you were governor, you represent an element within the party which is supportive of the SDI. Do you have anything to say about whether the Democratic Party ought to stop following the pathway of those who categorically oppose such programs as the SDI and the development of the peaceful uses of nuclear energy?

Dr. Ray: First, I must correct what is a reasonable assumption on your part. I ran on the Democratic ticket. That doesn't mean I'm a Democrat. I ran on that ticket because I had to. You have to have some kind of identification in order to be a candidate for the office that I was seeking. But the Democratic Party never really accepted me, and I do not agree with many of the tenets of the Democratic Party. I believe that, in the years since I ran, it has become even farther to the left, and positions that the party has taken on such things as nuclear energy and defense, and so on, I simply can't accept. You see, our state is kind of a maverick. You don't really have to be a party member to be elected to office. So far as voting is concerned, we have open ballots on all elections, so one can vote one way or the other. I've never attended a party meeting and I never intend to. My own personal opinion is that political parties in this country are anachronisms, and all they do is come out of the woodwork every four years and provide you with candidates to vote for. I think that that could be done in better ways.

EIR: You signed a statement by the Schiller Institute in support of a new formation in West Germany called the Patriots for Germany, which has taken a position above all in strong support for the Western Alliance and the SDI. How do you see the role of the SDI in strengthening the alliance?

Dr. Ray: I think that our white paper that we issued today at this conference was very much strengthened by having members here representing interests from France, Italy, and Great Britain, because the strength of the SDI can only be enhanced by having it developed in cooperation with our allies, and having this roof of protection . . . apply as well to the intermediate-range missiles as to the ICBMs. That, of course, is the interest of our allies in Europe. It is as important for the defense of Europe as for the defense of the U.S. I believe . . . that the Western Alliance is extraordinarily important, and it is critical to maintain its strength today more than ever, because the dangers are far greater, as are the efforts to break it apart.

Anti-nuke referendum is unconstitutional

by Edward Spannaus

A proposed referendum which would have permitted New York City residents to vote on the construction of a proposed U.S. Navy base for ships capable of carrying nuclear weapons was thrown off the ballot as unconstitutional by New York State courts before the Nov. 5 elections. The ruling of the State Supreme Court, subsequently upheld by the state's appellate courts, was remarkable in its vigorous defense of the basic principles of the United States Constitution.

The ruling, issued by Justice Charles A. Kuffner of the State Supreme Court for Richmond County (Staten Island), was unique not only for its comprehension—all too rare in these troubled times—of the Framers' purposes in creating the Constitution—but also in that the case involved a state court which overruled a local action, on grounds of the supremacy of federal constitutional law.

"The City of New York may not legislate, by referendum or otherwise, in such fashion as to hinder the effectuation of national security objectives," wrote Justice Kuffner.

"We are one people. The United States Constitution vests in the Federal Government the obligation to provide defense to the entire nation and all of its people without regard to their location. A necessary correlative to the duty imposed upon the Federal government is the right it enjoys to make and effectuate decisions respecting the deployment of defense systems, within the United States, unfettered by local regulation designed to impede its efforts."

If the purpose of the proposed referendum were "purely to obstruct the Federal Government because of local disagreements with national defense policies, the local referendum must give way."

The actual purpose of the referendum, contended Kuffner, is to hold a plebiscite on nuclear weapons at taxpayers' expense—an improper purpose. He cited a statement by one of the proponents regarding the referendum:

"It would send a very clear message to City Hall and to Washington and throughout the world that the arms race had gone on long enough."

This, said Justice Kuffner, also is grounds for throwing

out the referendum, on the basis that it would be merely an advisory referendum, whose effect would not be to prevent the United States Navy from constructing the port, but just to force the federal government into the expenditure of additional time and effort.

Purposes of the Constitution

Justice Kuffner's conclusion is written in language which evokes memories of earlier times, when our judiciary was possessed of judges who passionately understood the context in which our Constitution was written, and the necessity of its supremacy over all state and local law:

"The United States Constitution confers the duty of defending our nation, as a whole, upon the Federal Government. It is perhaps the gravest responsibility of all, for without an unfettered ability to defend ourselves from predatory foreign forces, all other powers conferred upon the federal government, as well as all of our cherished rights guaranteed by that same document mean precious little. The common defense was one of the purposes for which the people established the Constitution. The experience of the Revolutionary War, in which the states were only loosely associated to carry on a unified defense, and of the old Articles of Confederation, in which only limited powers of defense were granted to a central government, convinced the delegates at the Constitutional Convention of 1787 to create a national government with adequate powers, distinct from those retained by the sovereign states.

"This Court has a solemn duty to uphold that great plan, and if a state or local law exists which might upset that delicate balance existing between the federal and state sovereignties, the state or local law must give way.

"The powers of the federal government to provide a defense and maintain the armed forces emanate not from the people of New York City alone, but from the people of the United States, whose laws made in pursuance of those powers are declared to be supreme. Only the people of the United States have been entrusted with controlling those measures which affect all. The City of New York alone should not be permitted to compel the Navy to change its decisions when they relate to military strategy, like the tail wagging the proverbial dog. . . ."

Justice Kuffner concluded by citing the great (and usually forgotten) *Commentaries on the Constitution* of Justice Joseph Story, the great 19th-century American jurist:

"It is important also to consider, that the surest means of avoiding war is to be prepared for it in peace. . . . How could a readiness for war in time of peace be safely prohibited, unless we could in like manner prohibit the preparations and establishments of every hostile nation? The means of security can be only regulated by the means and the danger of attack. . . . It will be in vain to oppose constitutional barriers to the impulse of self-preservation."

EIR smokes out factional struggle on drugs

The heavy hand of the international financial forces attempting to block the War on Drugs in the United States was clearly seen in Washington this week in contrasting reactions to the Betancur government's forceful action against the M-19 narco-terrorists in Colombia.

While the treasonous *Washington Post* blamed the Betancur government for the bloodshed because of it refused to capitulate to the drug-runners, the State Department followed suit in its own way by refusing to comment at all on M-19 links to drug-trafficking, and Attorney General Ed Meese waffled. All of this came to light because of *EIR's* probing.

First, this reporter demanded the State Department's official position at its daily briefing. The State spokesman said: "We are deeply shocked by the terrorist takeover of the Palace of Justice. The U.S. government condemns the lawless elements that perpetrated this act of senseless violence. It represents a complete lack of respect for the rule of law and the principles of democracy in a free society. President Betancur faced an extremely difficult situation, and we expressed our fullest support to the Colombian government as it sought to bring the Supreme Court takeover to a conclusion."

Sounds good enough, but when asked to comment specifically about the M-19's links to drugs, the spokesman said, "I can't help you. We don't have anything on that."

Later that day, I posed the same question to Jon Thomas, head of the Bureau of International Narcotics Matters in the State Department, who

was sent into the State Department by the White House as a man with military, rather than diplomatic, credentials, to coordinate U.S. collaboration with Ibero-American nations in the War on Drugs.

Thomas had a different answer on the critical question of the link of the M-19 to drugs. "It has been clear in the past that the M-19 has been involved with narcotics trafficking. We've caught them with their hands in the cookie jar, and that's a matter of record," he told me on the record.

He also confirmed this during his testimony before the Task Force on International Narcotics of the House Committee on Foreign Affairs Nov. 12, where Drug Enforcement Administration Assistant Administrator David Westrake also said that "certainly there has been a relationship between the M-19 and drug trafficking for several years." He added, "There was some speculation that narcotics-related files were destroyed as a priority of the group in the raid."

Despite Thomas's clear statement, and Westrake's testimony, however, the "official" State Department line continued to be "no comment." The next day, when Thomas's verbatim quotes were presented to State Department press spokesman Bernard Kalb, he snarled again, "We have nothing on that!"

Next, Ed Meese was put to the test. The attorney general was holding a press conference with Italian Interior Minister Luigi Oscar Scalfaro to announce a joint agreement between our two countries to fight drugs, organized crime, and terrorism. This reporter asked Meese whether he supported Betancur's action, citing the testimony of the slain Colombian judge's wife that drugs was the motivation for the M-19 terrorist act.

Clearing his throat, Meese said, "I

don't think it is appropriate to comment or second-guess what occurred in Colombia." He quickly reverted to a generalization, adding, "The fact that increasingly narcotics traffickers are resorting to terrorist criminal acts to try to intimidate governments, witnesses, or others, is one of the reasons for extending the [joint Italian-American] working group and task force to the subject of terrorism."

Not exactly what President Betancur, and the other Ibero-American nations hotly waging the bloody War on Drugs in their countries needed to hear!

Monarchists on the Hill

Representative Don Edwards (D-Calif.) told New Solidarity International Press Service correspondent Kathleen Murphy that Prince Charles had specifically requested a meeting to discuss how to change the U.S. Constitution while he was in Washington, D.C. Edwards was in the on meeting held at the Library of Congress, and said that Charles "was especially interested in the fact that there were pro-monarchists at the Constitutional Convention" (back in 1787).

"He wanted to know how strong the monarchist movement was at the time," Edwards said, adding that Charles was "taken" with the observation, that "if George III had been wise enough to come over and have the kind of discussion we were having with the Prince now, then we would still be part of England."

Charles was "most interested in how the Constitution is changed and adapted, how flexible it is," a Library of Congress spokesman said. Among those present at the meeting were representatives of the Committee for a Constitutional System, which advocates major changes in the Constitution.

AFL-CIO finances anti-SDI movement

The union rank and file supports the Strategic Defense Initiative, but Kirkland's funds go to anti-SDI candidates.

The Center on National Labor Policy, a strictly anti-union "public interest foundation," released a study on Nov. 11 titled "AFL-CIO Political Action and Its Impact Upon National Defense." The study reveals, in documented detail, that the overwhelming majority of union political action committee (PAC) money in 1984 congressional elections "went to those candidates whose National Security Index ratings and SDI votes were decidedly against an increase in national defense programs."

The study points out that the union PAC contributions fly in the face of the values of the majority of union members, as revealed, for instance, in the 1984 CBS-News/*New York Times* Poll, which showed 66% of union households opposed cutting the defense budget. A January 1985 Gallup Poll further showed that at least half of the nation's union households support development of President Reagan's Strategic Defense Initiative.

While trade-union membership has dropped substantially over the past 10 years, labor still has the greatest organized power in American elections. Sixty-four percent of labor-backed candidates were elected to the House of Representatives in 1984, which translates to 235 congressional seats, a clear majority in the Congress. More than 400 union PACs in the nation put over \$19 million into U.S. Senate and House elections in 1984, a 22% increase over funds contributed in 1982.

The Center's record of candidate positions on defense issues is based on

the National Security Index (NSI) developed by the American Security Council, generally regarded as the most comprehensive and authoritative index of this sort. The candidates' position on the SDI is based on an index compiled by the U.S. Defense Committee of four House votes and five Senate votes which dealt with funding the research for the SDI: Senate votes 99, 100, 101, 103, and all amendments to S. 1160, Department of Defense Authorization, Fiscal 1986; House votes 160, 161, 162, 163, 164 and all amendments to H.R. 1872, Department of Defense Authorization, Fiscal 1986.

To quote the study's principal findings:

"Fully 77% of the AFL-CIO's PAC money went to those candidates whose NSI rating was less than 39%. The average contribution for these candidates was \$67,648. In comparison, those candidates with a pro-defense NSI rating of 60% or greater received only 13% of the total union PAC money. Their average contribution amounted to \$12,134."

In 1984, congressional candidates with a 100% pro-defense NSI rating received \$830,034 from the AFL-CIO PACs, for an average contribution of \$7,217. In contrast, 1984 congressional candidates with an NSI rating of 0%, received \$3,974,075 from the union PACs for an average contribution of \$55,207, nearly eight times as much as the pro-defense candidates, according to the report.

On the SDI, the labor PAC contri-

butions are even more one-sided. Ninety-one percent of the AFL-CIO PAC contributions went to those candidates who opposed funding the SDI. \$12,705,823 went to fund a total of 268 candidates who voted in opposition to funding SDI research. \$1,322,393 went to funding 128 candidates whose vote favored SDI research.

The worst labor PAC, from the standpoint of national defense funding, is the International Association of Machinists, a union whose membership depends upon defense contracts for their livelihood perhaps more than any other. The president of the IAM, however, is William Winpisinger, one of the top figures in the Socialist International and an outspoken advocate of American disarmament.

According to the Center's report, 84% of the IAM's PAC funds, \$800,782, went to those candidates who voted in support of pro-defense issues less than 39% of the time. Only 7%, or \$66,600, went to candidates who had a pro-defense rating of 60% or greater. On the SDI, 97% of IAM PAC contributions went to candidates who opposed its funding.

The AFL-CIO should rightfully be leading the nation in a defense mobilization, to end the threat of nuclear annihilation through full-scale development of the SDI. Organized labor was the crucial factor in President Roosevelt's ability to mobilize the nation to fight the Nazi menace in World War II, gearing up the factories to produce United Auto Workers President Walter Reuther's famous "500 Planes a Day." Instead, labor's rank and file has allowed a treasonous nest of Tri-lateral Commission members, such as AFL-CIO President Lane Kirkland, to steer the significant political power of the coalition in the interest of the nation's enemies.

Defense reorganization —more harm than good?

The Senate Armed Services Committee began hearings Nov. 14 on improving the "organization and decision-making procedures of the Department of Defense and the Congress," its chairman Sen. Barry Goldwater (R-Ariz.) announced. Goldwater said he hoped to have legislation prepared for introduction into Congress by January. But chances are, Senate action will do more harm than good.

The hearings follow the Oct. 16 release of a committee staff study 30 months in the making, which proposes sweeping changes in the Pentagon, including the abolition of the Joint Chiefs of Staff, and the reorganization of the Defense Department from a "functional" to a "mission" orientation. The perspective of much of the staff study, shaped in an atmosphere of a years-long press campaign on the theme of Pentagon overspending, fat-cat defense contractors, and budget deficit frenzy, is to undercut the Strategic Defense Initiative and the notion of Mutually Assured Survival. This is clearly the intent of Senators Sam Nunn (D-Ga.), Bill Cohen (R-Maine), Ted Kennedy (D-Mass.), Carl Levin (D-Mich.), and John Glenn (D-Ohio).

Secretary of Defense Caspar Weinberger, the lead witness, told the committee that at least half the recommendations in the staff study would be implemented. But Weinberger flatly rejected the proposal to abolish the JCS, saying he had always received "timely, accurate, and competent advice" from the Joint Chiefs. Senators Phil Gramm (R-Tex.), John East (R-N.C.), and Pete Wilson (R-Calif.), agreed. Wilson pointed out that the

expertise and dissents of individual services are often just as important as receiving a consensus viewpoint from the Joint Chiefs. Wilson said he "strongly disagrees with the recommendations of the study that we should have some priesthood" to replace the JCS.

Weinberger also criticized proposals to organize the Pentagon on the basis of a "mission" orientation, advocated by Goldwater, Glenn, and others. You "can't push into four or five little boxes all the missions that can arise," he said.

Nunn, Kennedy, and Goldwater were especially hostile to Weinberger. "You better go back and read this report of ours," Goldwater said.

Gramm-Rudman threatens meat-axe defense cuts

The House and Senate approved an \$80 billion increase in the national debt limit Nov. 14, enough to allow the U.S. government to continue to borrow to meet its obligations until roughly mid-December. The temporary extension allowed President Reagan to go to the Geneva summit without the U.S. government being in default.

But a further increase remains hostage to the Gramm-Rudman "deficit reduction" nonsense, which in its present form, would automatically impose across-the-board cuts in U.S. defenses.

Appearing before the Senate Armed Services Committee on Nov. 14, Secretary of Defense Caspar Weinberger said he is "opposed to Gramm-Rudman" as passed by the Senate, and said he knew of no differences between himself and the admin-

istration on this point. Asked if he would recommend to President Reagan that he veto the bill, Weinberger said that "it doesn't take a great deal of cryptographic work" to determine what advice he will give the President. Reagan, however, has supported the Gramm-Rudman principle of a fixed deficit-reduction package.

At a press conference on Nov. 15, House Armed Services Committee chairman Les Aspin (D-Wisc.) said there is "no way" the President can get a real 3% increase in defense spending, and Gramm-Rudman, too. Aspin forecast cuts of up to 6% in all programs, and said he would prefer that any cuts in defense come from procurement and R&D, rather than readiness or personnel costs.

House and Senate conferees are expected to decide that defense will suffer half of any automatic deficit reduction cuts that go into effect as a result of Gramm-Rudman.

AIDS lobby howls for help

The AIDS lobby is beginning to feel the heat of public outrage over their resistance to any action on the deadly AIDS epidemic. Rep. Henry Waxman (D-Calif.), a regular columnist for the ADL's *B'nai B'rith Messenger*, is now shrieking to "end the politicking about AIDS and AIDS scares," after he endorsed the incompetent guidelines of the Atlanta Centers for Disease Control as "the best advice of the world's experts."

The new CDC guidelines recommend against any regular mandatory screening of health care, personal service, or food service workers. Rejecting the evidence of some of the world's

most distinguished scientists, Waxman insisted that "Anyone now trying to stir up more restrictive actions is not interested in science or public health, but just in politics."

Waxman was echoed in a Capitol Hill press conference by Dr. Mathilde Krim, co-chair of the American Foundation for AIDS Research, who said that any proposals for more rigid measures than those advocated by the CDC have "no other purpose than to carry out a witchhunt." The Swiss-born Krim is married to Arthur Krim, an intimate of Soviet asset Armand Hammer and a board member of Occidental Petroleum. Krim's AIDS foundation is funded by Soviet asset Hammer.

Rep. William Dannemeyer (R-Cal.) meanwhile denounced the CDC guidelines as "totally irresponsible," and vowed to redouble his efforts to win congressional approval of his five-point legislative program for stringent public health measures to deal with the AIDS epidemic.

New attacks on Philippines

With the full backing of the Reagan administration, the House passed H. Con. Res 232 by a vote of 407 to 0 on Nov. 14, aimed at "bringing about a restoration of democracy in the Philippines," according to its chief sponsor, Rep. Stephen Solarz (D-N.Y.). A similar bill sponsored by Sen. Edward Kennedy (D-Mass.) was also passed, 15 to 0, on the same day by the Senate Foreign Relations Committee. The resolutions call for "free and fair elections in the Philippines."

Although the Solarz bill claims to "take no stand for or against Marcos

or any opposition figure," its implication is that President Marcos cannot win a fair election. The resolution demands an impartial Commission on Elections be appointed and staffed by politically independent commissioners; that a "citizens election monitoring organization" be accredited, have access to all polling places and phases of the electoral process, and can fully report its findings; that opposition candidates have full access to the media; and that the military remain neutral.

Sen. John Melcher (D-Mont.) meanwhile continued his attacks on the State Department handling of Philippines policy on the floor of the Senate Nov. 12. Melcher noted that the insurgency is growing in the Philippines because of the bad economic situation, attacked the State Department for "bungling or ineffective meddling with the government, business, and structure" of the Philippines, and urged "prompt economic and food aid to the Philippines."

Hearings expected on SDI and Europe

Information gathered by a Congressional delegation which visited Europe to promote the Strategic Defense Initiative "will be the basis for hearings" to be conducted in a few weeks by the House Armed Services Committee according to the delegation leader, Rep. Duncan Hunter (R-Calif.). The hearings will "explore the relationship of SDI to the defense of Europe."

The delegation, which also included Republican Reps. DeLay (Tex.), Dornan (Calif.), Dreier (Calif.), Hansen (Utah), Hendon (N.C.),

and Oxley (Ohio), visited with officials in the defense and foreign affairs ministries, and legislators in the United Kingdom, Belgium, Germany, and France, and focused on Soviet arms-control treaty violations as well as the SDI. "There is an urgent need for toughness on arms-control violations and the necessity for Europeans to explore anti-tactical ballistic missiles," Hunter said.

At the initiative of Rep. David Dreier, members of a number of European parliaments joined with the delegation in drafting a letter to Gorbachov criticizing Soviet violations and challenging him to "live within the spirit as well as the letter of arms control commitments." The letter, the first initiative of this type signed by Americans and Europeans, is now being circulated for signatures in Europe. It is expected to be sent to Gorbachov and made public while the Geneva Summit is in progress.

The delegation reported a positive response to the SDI in all meetings in Europe. In Germany, Dr. Lothar Ruehl, State Secretary of the Defense Ministry, "sympathized with our point of view that the arms-control process has become a very clever way to expand Soviet forces throughout the world. Dr. Ruehl said that we must address the threat of shorter-range systems and the problems they pose." In other meetings, "the German side was frank in urging the administration to be more open and forthcoming with evidence of Soviet violations."

In France the delegation they reported "a terrifically productive meeting" with Isabel Renouard, deputy political director of the French foreign ministry. The delegation praised "the seriousness with which the French are approaching defensive technologies."

National News

Poll shows concern about AIDS

A *Washington Post* poll on questions concerning AIDS has revealed some new facts about American attitudes to the disease.

Of 1,200 people polled, 88% are aware of AIDS and 87% were worried about it. One-third believe that AIDS can be contracted by sharing a cup with infected people, and one-third believe it can be contracted from infected foodhandlers. The *Post* calls this "confusion" on their part.

Of those polled, 75% said the military should be tested; 74% said food handlers should. Forty percent said AIDS students should attend some form of school and 40% disagreed. Twenty-eight percent would not allow their kids in school with an AIDS victim, 55% would.

Forty percent said all workers should be tested for AIDS.

Armand Hammer under fire for KGB links

The KGB connections of Occidental Petroleum's Armand Hammer caused an uproar over a \$10,000-per-plate dinner given in the honor of Britain's Prince Charles on Nov. 12 in Palm Beach, Florida. Mary Sanford, "the Queen of Palm Beach," resigned on Nov. 11 as chairwoman of the gala, which is benefitting Hammer's United World College of the American West, one of six United World Colleges sponsored by Hammer and Prince Charles.

Sanford said she is angry over "shabby treatment" by Armand Hammer, but the real source of the controversy, according to Palm Beach Town Councilor Nancy Douthit, is the Soviet angle: "We're just being used by Mr. Hammer, who many people are very suspicious of, because of his Russian connections." She called the United World Colleges of the West "training schools for the KGB."

Hammer's ties to the Soviet Union go back to his business enterprises there during the 1920s.

Asian organized crime meeting held in Texas

The Eighth International Asian Organized Crime Conference was held Nov. 11-14 at the Westin Oaks Hotel in Houston, Texas, where 200 law-enforcement officials met to discuss the problem of oriental gangs in North America. Attendance included U.S. state and federal officials, and those from selected other countries with oriental crime problems.

One of the experts on the Asian gangs is Sgt. Barry Hill of the Metropolitan Toronto Police Force. Hill fears that the 1997 takeover of Hong Kong by the People's Republic of China will cause an increased influx of criminals, since China has made it plain it will not tolerate organized crime groups. Hill also expects the unstable conditions in other Asian nations to hasten immigration.

The Asian gangs in North America were originally concentrated in large urban areas such as New York City, San Francisco, and Toronto, Canada, but have since spread to other Canadian cities such as Calgary, Edmonton, Vancouver, Montreal, and in the United States, to Boston, Chicago, and Houston, Hill said.

Government to be sued on genetic engineering

Jeremy Rifkin, the author of *Entropy* and the anti-genetic-research book *Algeny*, will sue the federal government in a bid to stop genetic engineering. Rifkin, a radical Malthusian and ultra-leftist who has worked with such organizations as the Institute for Policy Studies and the Club of Rome, has recently gained considerable support from right-wing evangelical circles because of his theological views—that God's creation is fixed, that any "interference" in nature by man is blasphemy, and so forth.

Working with the Foundation on Economic Trends, Rifkin has called the release of genetically altered "anti-frost" bacteria, used to protect sensitive plants such as ber-

ries, "inappropriate and irresponsible," in testimony before Congress.

Representative Albert Gore, Jr. (D-Tenn.), chairman of the congressional Environmental and Energy Study Conference hearing the matter, backed up Rifkin: "The administration still has not yet devised an acceptable, uniform methodology by which to consider the risks presented by genetically engineered organisms."

In the past, Gore worked very closely with Rifkin to set up a biotechnology committee, and Gore's father, former Sen. Albert Gore, Sr., is a business partner of the KGB's Armand Hammer.

Congressmen urge end to nuclear pact

A coalition of 46 House conservatives, liberals, and moderates, citing published reports that China may be providing nuclear assistance to Pakistan and Iran, are urging President Reagan to withdraw the nuclear cooperation agreement with Peking from congressional consideration.

They said the agreement is loaded with ambiguities and loopholes, and is insufficient to meet the nuclear non-proliferation goals of the United States.

The House members said nuclear weapons in the hands of Pakistan or Iran could upset the regional military balance, might tip the scales in Iran's long war of attrition with Iraq, and might pose the risk of cutting off the supply of oil from the region.

In a statement, Rep. Edward J. Markey (D-Mass.) noted that the agreement could go into effect automatically as early as Dec. 8 unless Congress acts to stop it.

New trial demanded for Atlanta cult killer

Radical lawyer William Kunstler, Georgia State Legislator Julian Bond, and Alan Der-showitz of Harvard, who is Meir Kahane's lawyer, have been brought to Atlanta, Georgia, by the National Anti-Klan Network to

represent Wayne Williams in an effort to get him a new trial.

Williams was convicted as the single individual involved in numerous ritual murders of children in 1979-81, despite strong evidence that a Satanist cult was behind the murders.

Kunstler, Bond, and Dershowitz are claiming that a retrial of Williams is necessary since the Klu Klux Klan was involved in the crimes, and that involvement was covered up by the Georgia Bureau of Investigations (GBI). Their efforts are being strongly supported by the *Atlanta Constitution*.

The Congress on Racial Equality, headed by Roy Innis, has stated that the new efforts are an attempt to deflect investigations away from the evidence which they—and other groups, such as the Club of Life—have uncovered.

On cue, the *Atlanta Constitution* ran on Nov. 7 the first of a series of articles using secretly obtained GBI reports the paper claims were unjustly withheld in Williams's trial. There are supposedly eight volumes of these suppressed GBI reports.

GBI director Robbie Hamrick and Atlanta District Attorney Lou Slaton have denied any wrongdoing.

New HHS secretary favors euthanasia

Newly nominated Health and Human Services Secretary Otis Bowen, a physician and former Republican governor of Indiana, is apparently a "Governor Lamm" in Republican clothing. Colorado Gov. Richard Lamm is a leading spokesman for the "right to die" movement, who believes that expensive health care for the elderly and handicapped is an unnecessary social burden.

Secretary Bowen enthusiastically endorsed "living wills" in his capacity as chairman of the government's Advisory Council on Social Security, which restructured the Medicare program in such a way as to encourage the elderly and terminally ill to forego treatment.

In Senate testimony reporting on the Council's recommendations, Bowen stated: "Finally, the Council endorses the concept

of 'advance directives' or 'living wills' which are currently recognized by law in 14 states. The Council . . . encouraged other states to adopt similar legislation. *Living wills would prevent unnecessarily heroic measures* being taken in the terminal days of life. . . . The Council fully recognizes that this may be a controversial recommendation; however, the Council unanimously endorsed it. As a physician, *I initiated council discussions on this subject* having recently lost my father and thus knowing the enormous costs that were incurred in his terminal days prior to death. . . . [emphasis added]"

Bowen also backed the notorious Baby Doe decision (which President Reagan opposed), in which a handicapped infant was allowed to starve to death. Bowen himself gave his dying wife a marijuana derivative.

Bowen's appointment is being opposed by a number of right-to-life groups, but Sen. Bob Packwood (R-Oreg.), chairman of the Senate Finance Committee which must pass on his nomination, predicts that Bowen will have "clear sailing" through the Senate.

JDO's Mordecai Levi: 'Eliminate LaRouche!'

Jewish Defense Organization terrorist Mordecai Levi issued a call to "eliminate" Lyndon LaRouche at a press conference in Washington, D.C. on Nov. 14. Before an audience of a dozen journalists and JDO thugs, Levi made a string of thinly veiled death threats against LaRouche, and praised the assassins of Tscherim Soobzokov and Alex Odeh, two recent targets of threats from the JDO and Jewish Defense League, who were subsequently killed by identical sophisticated pipebombs.

Levi and his JDL-JDO terrorists are among the prime suspects in those two murders and a third bombing incident which occurred at the end of the summer. A recent mass circulation leaflet issued by Lyndon LaRouche charged that the U.S. Department of Justice—despite its rhetoric against terrorism—has been systematically covering up for Levi and the JDL-JDO, despite Levi's known connections to the three terrorist attacks and repeated assassination threats against LaRouche and his associates.

Briefly

● **SENATOR TEDDY Kennedy** may sober up long enough to run for the Democratic presidential nomination. In an interview with the *Boston Globe* in early November, Kennedy said he is "personally convinced" he can win the 1988 Democratic presidential nomination. His top aide, Lawrence Horowitz, was quoted as saying: "My marching orders are to proceed on the assumption that he is a candidate for President. I had the same marching orders in 1981."

● **CIVIL RIGHTS** activist Amelia Robinson from Georgia gave a half-hour interview to Radio Free Sweden, as part of a three-day tour of the country following her participation in Rome at a conference commemorating the 1,600th anniversary of St. Augustine, sponsored by the Schiller Institute. Robinson, a veteran of the Selma, Alabama integration marches, stated that the Schiller Institute is a natural heir to the U.S. civil-rights movement.

● **THE EPISCOPAL Church** formally decided to eliminate the *filioque* from the Nicene Creed, at its annual convocation in October, following pressure from the Russian Orthodox Church. The move took place at the same time that the Episcopalians released a report attacking the Strategic Defense Initiative and defending Mutually Assured Destruction.

● **MAYOR FEINSTEIN** of San Francisco will attempt to shut down San Francisco's bathhouses—finally. "I am absolutely convinced that the public health—not just of the people here but all over the world—would be better served by closure of the bathhouses," she said, adding that the AIDS virus does not have "civil rights."

● **IDAHO** has become the 50th state in the union to report an AIDS victim, with an announcement from state epidemiologist Dr. Charles Brokopp the second week in November.

Preserving the rule of law

With the emergence of the concept of the republic, especially in Renaissance times and at the birth of the United States, there was one key principle established: a republic represented the rule of law and reason, over the rule of men. That was another way of saying that the institutions of the republic were required to hold up the principles consistent with the well-being of the population, rather than be mere tools for the exercise of power by self-interested individuals, or groups.

To one degree or another, all the non-monarchies of the Western world, and many countries of the Third World, have adopted constitutions and governments consistent with these republican principles. And today, it is these institutions which are under assault by the feudal forces of East and West.

The most striking recent example of the assault on republican institutions of law and government, occurred on Nov. 7 in Colombia, when M-19 narco-terrorists took over the Supreme Court building, in the hopes of dictating policy to the Betancur government. The government refused to capitulate, and successfully reasserted the power of the national government, against these lawless forces.

Had Betancur not had the courage to put the defense of the institutions, above individual human life, the situation could have devolved in the same way it did in Italy, during the Moro kidnapping. There, the Italian government was wracked by months of wrangling over whether to negotiate or not. The result was that not only was Moro assassinated, but the institutions of state were drained of the moral authority they once had.

While Colombia has been the most blatant example, however, it is by no means the only place where the drugpushers and terrorists are threatening to rip apart the rule of law. Having built up enormous economic and military power, the drug forces are threatening central governments throughout the continent. It is their hope that through force, or payoffs, they can subvert them into acting as their agents, or destroy them altogether.

That is the situation in Peru, Venezuela, and Mexico, as well as Colombia. The drug armies there alternately offer to buy off the central governments, or to defeat them militarily. In every case of capitulation by governments on a pragmatic basis, the action undermines the republican institutions themselves.

But it would be a serious mistake to identify the drugpushers' assault against republican institutions as only against Third World countries. The very same process is occurring in the nation-states of Western Europe, and in the world's first constitutional republic, the United States itself. Step by step, the drugpushers—who happen to be the same individuals as those who push Nazi euthanasia and usury without limit—are replacing the rule of law with the rule of men—the drugpushers.

Take the practice of the drug trade itself. Despite assaults by the dope lobby, pushing drugs in the United States is still illegal, and, when perpetrators are caught, they are punished. But, at the same time, the U.S. courts, the Justice Department, and the Treasury Department have systematically refused to prosecute those who profit from, and arrange, the drug trade and its money flows on the top levels. The drugpusher can be jailed, but drug-money laundering is still not a crime!

Even more outrageous, the legal system has become an increasingly obvious tool for the high-level members of the dope lobby, to use in prosecuting their political enemies. The most egregious example of such actions, is now occurring in Boston, Massachusetts, where a grand jury has been operating for more than a year against leading anti-drug politician Lyndon LaRouche and his associates. The judiciary in Boston has ripped up one protection of the U.S. Constitution after the other in this case, just in order to keep the prosecution going.

In reality, what is going on in Boston is just as violent as the assault on the Supreme Court building in Bogota. Either the rule of law is restored, or our republic will be finished.

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