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# EIR

## From the Managing Editor

Over the latter half of 1985, *EIR* began to play a major role in efforts to save the Philippine nation from the State Department's drive to destroy this U.S. ally on the model of Iran. This issue's cover story contains some explosive new material on what is actually afoot in this struggle to keep the United States a power in the Pacific.

As we have stated repeatedly: Where there is terrorism, there is drugs. The Philippines is no exception. The Marcos government's crackdown on drug trafficking, led by Chief of Staff Fabian Ver, is the real secret behind, for example, the attempted frame up of Ver for the Benigno Aquino murder.

This issue also breaks new ground in *EIR's* ongoing investigation of AIDS. Secret biological protocols negotiated with the Soviet Union during the first Nixon administration by Henry Kissinger, and the network behind him—Bertrand Russell's Pugwash Movement, the World Federation of Sciences, the Stockholm Peace Research Institute (SIPRI), the U.N. Task Force on Biological Weapons, and the Geneva-based World Health Organization—is today the principal obstacle to the United States launching a full-scale basic research program to combat AIDS (page 56). This material is a preview of a *Special Report* on AIDS which we shall issue shortly.

By the end of this month, *EIR* will also issue its fourth *Quarterly Economic Report* for 1985: "Gramm-Rudman, Treason, and the End of an Historical Era." It will document in great detail the devastating impact of this "balanced budget" abomination on the country, a small foretaste of which is given in this issue (page 9 and page 62).

Of special note is the exclusive interview with Lord Home of the Hirsell (Sir Alec Douglas-Home), the former British prime minister, on the subject of the President's Strategic 44); and Lyndon LaRouche's contribution of the first in a series: "The automobile of the future: How can we develop a good car that will last 20 years?" (page 20).

*Vin Berg*

# EIR Contents

## Interviews

### 35 Reynaldo Puno

The minister counselor for public affairs of the Philippine embassy in Washington, D.C. describes the stakes in the coming election.

### 44 Lord Home of the Hirsell

The former British prime minister (then Sir Alec Douglas-Home) discusses NATO's strategic crisis—and how to deal with the Soviets.

## Departments

### 51 Dateline Mexico

The PAN and U.S. fundamentalist sects.

### 52 Middle East Report

Countdown to a Syria-Israel clash.

### 53 Report from Bonn

The Genscher-Qaddafi connection.

### 69 Eye on Washington

Shultz stunned by EIR inquiry.

### 72 Editorial

The Mossad-Third Rome alliance.

## Economics

### 4 Peru's Garcia takes emergency measures to defend the nation

### 6 Is the Fed pulling another 1929?

### 7 South Africa's industrialization is the key to ending apartheid

### 9 The world enters the critical phase of the third modern dark age

Christopher White compares the periods 1200-1400, 1550-1650, and 1882 to the present.

### 15 Currency Rates

### 16 Southeast Asia

Thailand decides for development.

### 17 Report from Rio

State Dept. rehabilitates Garner.

### 18 Business Briefs

## Science & Technology

### 20 The automobile of the future

How can we develop a good car that will last 20 years? Lyndon H. LaRouche, Jr. contributes the first in a series.

## Feature



Army of the Philippines

General Ramon Montaña, commander of the Army of the Philippines' Narcotics Command, with troops and villagers who are fighting a war against the drug traffickers.

### 26 The Philippines: strategic conjuncture and future prospects

The United States is in danger of losing a crucial strategic ally, thanks to the folly of the State Department and the U.S. intelligence community. Paul Goldstein reports from a recent trip to Manila.

### 29 President Marcos and General Ver wage war on drugs and terrorism

An exclusive report on a three-decade war that the media doesn't want you to know about.

### 33 Asian tour links Pacific Rim nations

Peruvian Gen. Edgardo Mercado Jarrín's visit to Southeast Asia to forge "horizontal relations."

### 35 Interview: Reynaldo Puno

## International

- 36 Khomeini's massacre of the children of Iran
- 38 Gorbachov heralds 1986 as the year of 'major changes'
- 40 Prime Minister Gandhi tells party: Lead movement to 'Build India'
- 42 Moscow's undeclared war against Pakistan
- 43 Of British cocaine runners and addicts
- 47 The Club of Rome targets Africa for a 1986 genocide offensive
- 49 The Russian hand in Iran's terror
- 54 International Intelligence

## Strategic Studies

- 56 How Kissinger shut down U.S. bio-research capability  
The protocols which Henry Kissinger and the Pugwash crowd foisted upon President Nixon, must be overturned immediately, if we are to prevent the extermination of our population by an AIDS epidemic. An analysis by Warren Hamerman, director of *EIR*'s Biological Holocaust Task Force.

## National

- 62 Gramm-Rudman bill's impact begins a political upheaval  
The constitutional challenge—and the trap into which the President has fallen.
- 66 How your congressman ranks on the issues
- 67 NDPC campaigns turn politics upside down
- 68 1988: the year of born-again paganism?  
Pat Robertson's presidential campaign and Jerry Falwell's new "candidates movement."
- 70 National News

**Correction:** *EIR* erred in its 1985 Year-End Review issue, Vol. 13, No. 1 (Jan. 3, 1986), on page 42, when it stated that "The French and Swiss governments reached the decision that *Global Showdown* was controversial enough to warrant seizure by customs agents at the border." Such an incident regarding *EIR*'s Special Report did occur in France, but not in Switzerland.

## Peru's García takes emergency measures to defend the nation

by Valerie Rush

On Jan. 9, Peruvian President Alan García ordered out the military to patrol the borders, and to take over all transportation and distribution of the nation's potato supplies. It is one of a series of emergency measures García decreed at the start of the new year to carry out his pledge that the Peruvian people shall not be allowed to starve.

At the same time, the Peruvian President has continued to escalate his war on drugs, this time turning his guns on the higher-ups in the financial world who make the laundering of the drug trade's profits possible. And, in collaboration with the Catholic Church, he has begun to move against the proliferation of drug-running pseudo-religious sects who exploit the desperation and poverty of rural Peru.

García's non-stop campaigns to restore his nation's sovereignty have provoked a nervous response from *New York Times* scribbler Alan Riding, who wrote on Dec. 25 that García "has opened fire in all directions at the same time, which has to be dangerous. But he has also hit a number of targets, and that has encouraged him to keep on firing, which may also be dangerous."

Riding's characterization of García as a man "obsessed by the urgency of transforming this country in his single five-year term" was more aptly phrased by Pope John Paul II during his February 1985 tour of Ibero-America, which included Peru. The Pope told millions of Peruvians at the time: "This is the time for men of audacity [who can ensure] that the people of your cities, your farmers . . . have their basic human dignity affirmed. . . ." Alan García took office in July.

### Food and dignity

President García's pledge to feed his people is no mere populist appeal, but an urgent necessity if the nation is to survive. According to statistics released by the Food and Agricultural Organization in October, 80% of all Peruvians are considered malnourished, and only 5% of the population has "a good diet" by FAO standards. García has publicly charged that the years of austerity policies imposed by the International Monetary Fund "dramatically aggravated" the country's hunger, and in his Nov. 11 address to the FAO in Rome, promised to "relaunch agriculture, the source of well-being and nourishment," through increasing both production and consumption by any and all measures necessary.

Those "any and all measures" included his July 28 (inauguration day) announcement of a 90-day government-decreed price freeze on a wide range of basic food products, a decree later extended through June of 1986 and which quickly led to confrontation not only with producers, transporters, and wholesalers, but with his own Agriculture Minister, Mario Barturen, who denounced García's price-control policy as "police measures" that violated the law of the marketplace. Barturen is a former accountant for the television network Panamerican, which is in turn linked to Manuel Ulloa, the man whose economic policies as finance minister under Belaunde Terry helped convert Peru into a haven for the drug mob.

On Jan. 7, Barturen was fired. The President clearly means business.

On Jan. 8, following a six-hour session in the ministry of

agriculture, García gave precise instructions to the commander-in-chief of the Peruvian Army to crack down on food contraband flows across the national borders, which he described as "an act of treason." Rice, sugar, and powdered milk, all government-subsidized, have been among the basic food products which have been disappearing from Peruvian territory, while beef, chicken, and potatoes have been vanishing from the markets since Christmas—the result of wholesaler hoarding to force a price hike.

To deal with the lack of potato supplies in Peruvian cities, García ordered the deployment of army trucks to Huanuco and other centers of potato production to bring back some 6,000 metric tons, bypassing the wholesalers and thereby guaranteeing normalization of supply to the population. He has also begun negotiations for importing potatoes from Colombia, intended both to serve as back-up in case of future shortages and to help regulate market prices.

Although Barturen had informed the Peruvian lower classes that red meat was to be considered a luxury beyond their reach, García has ordered emergency purchases of beef from Argentina and Uruguay, and the placing on the market at near wholesale cost of 1,500 tons of New Zealand lamb that were being stored in government warehouses. Another 1,500 tons of lamb are being brought over from New Zealand in the next two weeks. In addition, 40 metric tons of chicken and shipments of fertilized eggs ready for incubation are en route to Lima from the United States.

García informed the population that the chicken shortage was, in part, due to the increased buying power of the population which has gone from eating mostly potatoes to including chicken in their diet as well. He told reporters on Jan. 8: "We should not lose our calm over this patch of bad times. . . . We will overcome our obstacles."

Not content with bringing in emergency food supplies, García has also ordered a total revamping of the country's food wholesale market, with one-by-one evaluation of wholesalers to eliminate those who, either through inefficiency or criminal behavior, have been charging exorbitant prices for their goods.

García's measures, while highly popular with the majority of the Peruvian people, have met with fierce resistance from the "free market" economists who, like Barturen, argue that the food shortages Peru is currently facing are the result not of deliberate sabotage, but of "an impractical, unrealistic price-control policy." Food industry mouthpieces, not content with the increased credit, lowered interest rates, and generous tax breaks offered by the President to encourage increased production and to compensate for initial per-item profit losses, are threatening that in one or two months, "there will be nothing left to eat but fingernails!"

García is also facing resistance from the leadership of his own APRA party, reportedly incensed at the firing of Barturen. It remains to be seen whether the new agriculture minister, Remigio Morales Bermúdez, son of former President Francisco Morales Bermúdez, will prove a "loyalist" to García or another Barturen.

One of Morales's first statements after his swearing-in Jan. 9 was to call for up to 20 years of imprisonment for hoarders and speculators.

## **Drugs, usury and corruption**

García has simultaneously continued to press forward with his crusade against the frequently related problems of drugs, usury, and corruption. On Jan. 6, the Banco Amazónico, the dominant financial institution in the Amazon region of Peru, was taken over by the government. The bank, which had operated one of the most overt drug-money laundering operations in the region, and whose vice-president owns one of the mafia's most infamous air taxi (read: smuggling) services in the Amazon, had remained untouched throughout the Central Bank administration of Harvard professor Richard Webb. Webb was dumped by President García last December and his successor, Lionel Figueroa, moved against the bank almost as soon as he took office.

Still another flank in the war on drugs was opened late last month when García challenged the Supreme Court to either clean up its own act, or have it cleaned up. The government had sent scores of reports on cases of judicial corruption to the Court, but no action was ever taken. On Dec. 31, García asked, "What is it worth for a Civil Guard to risk his life, if we still do not have a judicial power willing to act and struggle against crime." The Supreme Court president protested what he called "interference and pressure" from the executive, but was chastised by the Justice Minister, who warned that the judiciary's autonomy did not mean "extraterritoriality." The Peruvian Congress sided with the President.

Fresh from his success in imposing Peruvian terms on the oil multinationals which have been looting Peru blind for years, García has extended his investigations to the mining sector. On Dec. 30, García named Southern Peru Copper Company, a huge open-pit operation run by Lazard Frères bank, among others, as warranting an investigation by the mines and energy ministry on its tax payments and profit remittances. A similar examination would be made of all the mining companies, promised García.

## **Going after the cults**

A more recent flank has been opened against the rapidly proliferating cults and sects which prey upon the poor throughout Ibero-America. In particular, the García government has been working with Interpol in the prosecution of the so-called "Children of God" and "Messengers of God" cults, which have not accidentally centered their operations in the cocaine-producing region around Cuzco, Peru. These cults have been accused of kidnapping, brainwashing, and abusing hundreds and possibly thousands of children.

Monsignor Luciano Metzinger, president of Peru's National Episcopal Commission on Social Communication, urged the García government to move quickly against these mass kidnapers, while the Peruvian daily *Hoy* urged the government to apply tax and other fiscal sanctions to dry up the funds of these insidious cults.

# Is the Fed pulling another 1929?

by David Goldman

It may be more than coincidence that the stock market's 2.5% decline Jan. 8 occurred as the Federal Reserve Board announced restrictions on "junk bonds," the speculative vehicle used to finance corporate takeovers. More than \$10 billion of such paper financed corporate mergers, takeovers, leveraged buyouts, and whatnot during 1985, i.e., supported the sort of chicanery that kept stock prices rising atop a dead economy. Wall Street's sensitivity to the issue probably has less to do with the restriction of financing as such, than with Fed Chairman Paul Volcker's cavalier contempt for the protests lodged earlier by White House Chief of Staff Donald Regan. If the Fed ignored the White House, the speculators believe, it may be about to take the punch bowl away.

The Federal Reserve may well be repeating the stock market crash of 1929, under chillingly comparable conditions. As market history buffs recall, a snap tightening of credit starting September 1929 led rapidly to the slaughter of November 1929 and the beginning (in popular folklore) of the Great Depression.

Contrary to folklore, the Great Depression began in 1928 in Germany, crushed under the weight of Versailles reparations, and the Dawes Plan reorganization of war debt imposed by the Bank of England and the Morgan Bank in the United States. Germany was the principal recipient of short-term loans, provided by American banks either directly, or via the tarnished City of London. The exhaustion of Germany's ability to borrow coincided with the promotion of America's stock market bubble, and all free-floating cash headed to Wall Street.

Germany's collapse led to a series of austerity governments (on the Gramm-Rudman model), then Hitler.

By early 1929, the Bank of England's imperious governor, Sir Montagu Norman, was sending cables almost daily to the New York Federal Reserve, demanding steps to suppress the speculation draining funds from the rest of the world. The New York Fed, by August, won approval of the Bank of England's policy through the entire Federal Reserve System. The November market crash followed, as it was supposed to; the next day, Montagu Norman sent a congratulatory telegram to his stooges in New York.

That much is history. Reading the central bankers' cables of that time, against the 1985 *Annual Reports* of the International Monetary Fund and World Bank, the cable traffic of 1929 seems very up to date.

The United States, with a \$125 billion per year trade deficit, is borrowing a like amount on international markets to finance this deficit. America's foreign debt is projected to reach \$1 trillion—more than the foreign debt of the Third World—by 1990. Some \$50 billion of the \$125 billion borrowing requirement appears as "errors and omissions" on our balance of payments—funds whose source cannot be identified. An additional \$35 billion comes in via numbered Swiss accounts and the like—funds of equally obscure origin. Federal Reserve and Commerce Department officials believe that most of this is narcotics revenues.

Hot money from abroad has financed the speculative bubble in all sectors of the U.S. economy, including the doubling of the Dow-Jones average, since 1982. The Fed had a hand in this; during 1985, the narrowly defined money supply grew by 11%, one of the highest rates on record, while, even according to the Fed's own fraudulent data, industrial production remained flat. That financed such things as a 20% rate of consumer debt expansion.

The IMF and World Bank argue (not without a diabolical twist of truth) that the huge flow of funds to the United States has denied credit to all other borrowers, including the hard-pressed developing sector. Therefore, the United States must cut its borrowing, starting with a massive reduction in the budget deficit.

Leave the stock-market columns in the newspaper to the next generation of stand-up comedians; the Fed, in its own way, has given notice that the days of unlimited money-supply growth are over. One example that did not make it from the wire-service desk into the newspapers: On Jan. 8, the Fed first announced a generous injection of funds into the banking system, and then, a half-hour later, denied its own report, claiming that the New York Fed had been the victim of a hoax. In its own peculiar way, the Fed is giving signals, and Wall Street responds.

Will the next stock market crash devastate the economy as in 1929? The question is formulated wrong: It was not the stock market crash per se, but the Versailles war reparations system, that caused the Great Depression.

Although there is no direct relationship between the impulsive spasms of the Dow-Jones average and economic activity as such, the rise in U.S. equity values of the past three years characterizes a more general speculation which will die along with the stock-market bubble. Five-sixths of the 112 million Americans now on the payrolls are involved in so-called services. Practically all of the 10 million added to the payrolls since 1981, and a large part of those previously on the payrolls, owe their jobs pushing paper or flipping hamburgers to some form of speculation, usually in real estate.

Fast-food franchises and retail stores are not there to make money; they are there to justify the cancerous expansion of shopping malls, based on. An old-style panic will not just bring down equity values, but the entire speculative climate in which equity values rose; we will see a kind of mass unemployment which may well dwarf that of the 1930s.



# South Africa's industrialization is the key to ending apartheid

During the first half of 1986, the British Commonwealth's Panel on Apartheid will be reviewing the progress of reforming apartheid in the Republic of South Africa, following which member governments and others will decide whether or not to impose sanctions to cripple the South African economy. A policy of sanctions is fraught with great danger for the Western world, since any effort to end apartheid in this way would destroy the economic basis for the future existence of the nation and the entire southern African region, driving unemployed urban dwellers back to an impoverished existence on the land. If new initiatives are not taken soon to unleash the vast economic potentials of the region, any prospect of progress toward peaceful black-white negotiations in South Africa will be blocked, and interstate relations will be governed by Soviet-backed escalation to military confrontation.

A Western policy of sanctions and disinvestment, like the scorched-earth policy of the Soviet Union and its African National Congress (ANC), is de facto a *pro-apartheid* policy. As Zulu leader Chief Minister G. Buthelezi, a leader of South African black moderate forces, stated in a June 1985 article, "The economic interdependence of black and white thus favors the politics of negotiation. Black South Africa is moving into an era of increased bargaining power. . . . If the West wants to increase black bargaining power, it must double up on its investments, not disinvest."

The process of industrial development itself, in particular the development of the infrastructural requirements for an urban industrial workforce, has strained apartheid to the bounds of economic viability. Equally important, but little understood in the West, is that it was the National Party, which has ruled continuously since 1948, which utilized dirigist methods to develop a metal-producing and -processing industry—in part for national security reasons—thereby generating a growing demand for a skilled and semi-skilled workforce. Alongside this, and in increasing conflict with it, the hideous pre-existing apartheid system of the British imperial era was put on a more formal basis, with the concept of "separate but equal" development and the formation of segregated black "homelands."

## A potential powerhouse

The question of ending apartheid cannot be separated from the question of the industrial development of all southern Africa. When Zimbabwe President Robert Mugabe demands economic sanctions against South Africa, he certainly does not neglect to add that he, of course, will need large doses of international aid to cushion the impact of a South African economic collapse on his economy. The fact that South Africa produces 54% of the African continent's electrical energy and 37% of its steel, has 20,000 km of Africa's 80,000 km of rail lines and carries 104 million tons of freight/km of all Africa's meager 127 million tons of freight/km, gives an approximate idea of the importance of South Africa's industrial development for the continent as a whole. Forty percent of the motor vehicles, 33% of the trucks, and 44% of the agricultural tractors on the African continent are in South Africa, as well as 25% of cement production.

The importance of South Africa's transportation infrastructure for southern Africa is reflected in the amount of trade from the rest of the region that is routed through South Africa. **Figure 1** shows the findings of a 1982 South African study on this question.

In 1982, the South African Transport Services loaned 38 diesel-electric and 40 steam locomotives to neighboring states. In 1983, a daily average of 5,883 SATS freight cars were operating on foreign rail lines, as against 936 foreign cars on

FIGURE 1  
Percent of southern African trade that is routed through South Africa

	Imports	Exports
Zaire	57% 60% of lead and zinc 40% of cobalt	45% of copper
Zambia	70%	40%
Malawi	60%	50%
Zimbabwe	68%	65%

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*Without an industrial development policy, there can be no solution to the apartheid problem in South Africa. Those who demand economic boycotts are pursuing a pro-apartheid policy.*

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South African lines. Indeed, the SATS agreements with the neighboring rail administrations is a model of regional cooperation. While part of the regional rail problem relates to civil war conditions in Angola and Mozambique, areas where South African military involvement exists or had existed, the problems of the Tazara railway line between Kapiri Mposhi, Zambia and Dar es Salaam, Tanzania are exemplary. The line has a maximum freight capacity of 2 million tons a year. Some 452,000 tons were moved from Zambia on this line in 1979, as opposed to 637,000 tons moved the same year on the South African route. The underutilization is due to chronic locomotive shortage and terminal bottlenecks.

Aside from the relatively better standard of living available to South Africans, as compared to the rest of Africa, due to this industrial development, its importance for the creation of an urban workforce is reflected in the statistics in **Figure 2**.

"The southern subcontinent has enormous natural resources and South Africa has the technical know-how with which, provided there is cooperation, to bring southern Africa to a level of development comparable with that of the United States within a couple of decades." This comment by leading South African water management engineer D. C. Midgley, accompanied a proposal for harnessing the region's water resources, published in *Africa Insight*, a publication of the Africa Institute in Pretoria. South Africa, Lesotho, and Swaziland are projected to attain a population of 95 million by the year 2020, with water demands for domestic, industrial, irrigation, and forestation purposes projected at 40,000 million cubic meters per annum. At that time, based on reasonable domestic water exploitation options, a deficit of nearly 10,000 million cubic meters per annum emerges. Confronted with this problem, one can either adopt Malthusian attempts to restrict population growth (disease is an excellent means) and promote the IMF and World Bank's "appropriate technology" subsistence agriculture and labor intensive "industry"—or, one can solve the problem.

The Okavango and Zambezi Water Transfer Projects demonstrate such a solution. Involving 1,340 km of canals, 80 km of tunnels, pipelines, and siphons linking the Zambezi to the northern Transvaal water system, it would cost 3 billion Rand, at 1980 prices. This price is equivalent with that of a modern Electrical Supply Commission (ESCOM) power

plant. It could provide 3,000 million cubic meters of water per annum. Midgley also points out that the other aspect of regional cooperation would be to develop the hydroelectric potential of the region, importing electricity and reducing water requirements for domestic production of electricity. Zaire, Angola, and Mozambique account for 63% of Africa's potential hydroelectric power. The largest untapped concentration of potential hydropower in the world is at the Inga rapids on the Congo River in Zaire. A 120 m-high dam equipped with 35,000 MW of power could generate 300,000 GWh per annum which, according to Midgley, could be absorbed into the South African electrical grid within 11 years. Due to the cheapness of hydroelectric power in comparison with coal-generated electricity, "the net annual benefit of establishing an energy supply from Inga would be sufficient to provide the capital to build a cooperative water supply from the Zambezi."

At this time in southern Africa, the main area with a head start on industrial development, whose further development generates the demand for northern water and hydroelectric surpluses, is the Pretoria-Vereeniging-Witwatersrand (PVW) complex. This region is the economic motor of all southern Africa. It includes the Reef gold mines, associated industrial areas, coalfields, and the ESCOM power stations supplying electricity to much of the subcontinent, as well as the Bushveld igneous complex—perhaps the richest storehouse of the minerals required worldwide to cope with the modern technological age.

Without the continued industrial development of this region, there is no basis to invest in the water and hydroelectric potential of South Africa's black neighbors. Those black nations on South Africa's borders must realize that their bargaining power lies not in sanctions, but in proposals that maximize South Africa's need for their resources and for the skilled labor of black South Africans—a pro-investment policy.

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**FIGURE 2**  
**The labor force of southern Africa**

	Population <sup>1</sup> (millions)	Labor force <sup>2</sup>		% of population in urban areas <sup>3</sup>
		% in agriculture	% in industry	
<b>Angola</b>	8.2	59	16	22
<b>Botswana</b>	1.0	83	n.a.	11 <sup>4</sup>
<b>Lesotho</b>	1.4	87	4	13
<b>Mozambique</b>	13.3	66	18	9
<b>Swaziland</b>	.7	75	n.a.	15 <sup>4</sup>
<b>Zambia</b>	6.3	67	11	45
<b>Zimbabwe</b>	7.8	60	15	24
<b>South Africa</b>	31.3	30	29	50

<sup>1</sup>1983

<sup>2</sup>1980

<sup>3</sup>1982

<sup>4</sup>1974-77

# The world enters the critical phase of the third modern dark age

by Christopher White

*The following speech, titled "The Critical Phase of the Third Modern Dark Age: A Comparison of the Periods 1200-1400, 1550-1650, and 1882 to the Present," was delivered on Dec. 30 to a conference of the International Caucus of Labor Committees, in Herndon, Virginia.*

Twice in the modern history of our civilization, humanity has plunged into the depths of a dark age. First in the period culminating in the outbreak of pandemic disease, bubonic and pneumonic plague which scythed across Europe between the years 1347-51, taking in its wake between one-third and one-half of the souls then living. Barely two centuries later, the grim reaper again took his toll: visiting the indigenous populations of Ibero-America with destruction more total than any seen in history, returning to Europe to sweep away over one-half the population of war-torn Germany and other parts of central Europe.

Twice in our modern history, mankind has descended into the abyss. Twice he has climbed out, to continue the progress disaster interrupted. Our culture has therefore proven twice, that there are policies which cause dark ages, policies which resulted in the hideous collapse of population levels of the 14th and 16th centuries. And on the other hand, that there are alternate policies, policies under which human progress can again flourish.

This difference, the difference between the life of civilization and death, is what has to be understood. What then is it that makes a dark age, a dark age? And why is it that 1986 is to be the turning point in the Third dark age known to our culture? The turning point which will determine whether humanity is to descend into an abyss worse by far than that of the 14th, or 17th centuries, from which humanity may not recover, or whether humanity will have the morality to adopt again, the policies proven by the framers of the Golden Renaissance, and by Gottfried Leibniz and his circle, that overcame our previous dark ages.

We shall show that with the bankruptcy of the United States, and the dollar-based monetary system, we have come to the end of an era. Not simply the post-war era of supposed American hegemony, nor simply the order that has prevailed since the Versailles settlement of World War I, but the end of the modern imperial system in the West—the concert of so-called Great Powers that was consolidated during the 1880s.

Let us proceed with the first question posed, before turning our attention to the second.

## **The 'Protestant work ethic'**

Those who lie to mislead, along with those who do not know the modern history of our culture, have obfuscated the way our culture developed, with their mythical account of how it came about. In their view, the view that is taught in schools and universities, espoused by those who make policy, modern economic theory begins in the 18th century with the so-called free enterprise system of Adam Smith, the British Liberal School. Others, with a somewhat broader sweep, locate the beginnings of modern economics in the Reformation of the 16th century.

They talk of the so-called Protestant work ethic, the development of the profit motive, and the changes Protestantism introduced in social conceptions of the individual. For such, the Reformation's so-called conception of an individualized work ethic, and its supposed reward, the making of individual profit, is the precursor of the liberal economics of Adam Smith, Ricardo, Bentham, and Mill: individual profit-making regulated by the workings of the Invisible Hand of the market place.

The history of our development did not happen that way, nor could it have. This, we have proven repeatedly over the years. Underneath the nice-sounding words "Protestant work ethic," "individual profit," "freedom of the market place," what conceptions for practice are we really dealing with?

The issues are much older. Our culture has developed as the by-product of warfare: warfare between the republican world-view and current, and the opponent oligarchism. The ebbs and flows of our history of the last seven centuries are the determined by-products of that warfare. Dark ages are the result of oligarchic rule and express the essence of the oligarchy and its world-view.

The customary periodization of our history is a fake. Historical progress can only occur politically under conditions of oligarchic defeat.

Oligarchism is what underlies the authoritative rhetoric. It is a racist world-view and a racist practice, rooted in the massive injustice that must flow from the arrogation of supremacy by any heteronomic group. A practice that has been repeatedly doomed in the course of human history. As we

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*'Individual profit,' what is that other than a nice name for greed untrammelled? The lining of one's own purse at the expense of others. The working of the market, under which the actions of individual robbers are governed. Freedom for the system of usury.*

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imbibe the rhetoric, are we to conclude that all non-Protestants, that is primarily those of non-northern European extraction, are lazy, and do not know how to work?. Useless eaters relative to the superior WASP?

"Individual profit," what is that other than a nice name for greed untrammelled? The lining of one's own purse at the expense of others. The freedom of the individual to rob and steal. The working of the market, the so-called self-regulating system, under which the actions of individual robbers are governed. Freedom, then, for the system of usury, under which individual profit-makers rob and steal from others in the name of interest, rent, and speculation, which fictions are supposed to hide the robber from the eye and justice of the robbed. Are we to conclude that mankind's progress remained impossible until moral restrictions against usury and its attendant practices had been done away with?

Our mythical history is the rationalization of primarily White Anglo-Saxon Protestants, rejecting the prior constraints prohibiting the practice of usury, robbing the rest of the world for their own gain. This is in fact the outlook that has increasingly dominated the policymaking of the Western world under the imperial system of Great Powers that has been in effect since the 1880s. More broadly, it is the tolerated practice of the new dark age. The practice that, as we

shall see, has brought to an end an era in human history. It is not an account coherent with the history of mankind's development. It is the rationalization of insurgent oligarchism, and its world outlook.

For the credulous, such ideas may appear convincing. After all, our world is very different from the world of the 17th century, and as far removed again from the society of the 13th and 14th centuries. Our culture is the culture of the urban center, based on the spread and assimilation of the technology of the heat-powered machine. The earlier developments of mankind in our modern history were predominantly agrarian societies, based on muscle power, whether animal or human, supplemented by the power of wind and water.

Our world may well be separated from earlier periods in our history by such a vast gulf as distinguishes the population of the urban-based, heat-powered technology-dependent society, from the population of the rural society. But we are the same human race. The capacity for development, progress, is what distinguishes our species absolutely from the lower beasts. That capacity, Lyndon LaRouche has proven, permits societies, as different as ours may appear to be from its predecessors in the modern period, to be judged by common yardsticks based in physical economy. Those yardsticks, in turn, permit the policies which characterize human progress to be distinguished from those which dominate in a dark age, and which unleashed, lead unerringly to the kind of catastrophe visited upon mankind in 1347, and repeated in Europe and Ibero-America during the 16th and 17th centuries.

### **Potential relative population density**

What are those yardsticks? The increase of potential relative population density. In our culture, this is reflected as the increase from tens of individuals per square kilometer of habitable land that characterized the agrarian societies of the 13th and 15th centuries, to the hundreds of individuals that can inhabit the same square kilometer of land given the urban technology of the modern period. Worldwide, the same order-of-magnitude increase characterizes the entirety of the modern period.

The increase in potential, reflected as an increase in actual population density, is measured relative to the technological improvement of land for habitation and cultivation. This can be seen, crudely, in two ways: In the earlier periods, the 14th- through 17th-century agrarian society, it can be argued that 90% of the population was required to support the 10% of the population that lived in the cities of the time. Cities, with few exceptions—like perhaps Constantinople and Paris—were large if they reached a population of about 25,000. Now for us, these ratios are more than reversed. Across the so-called advanced sector, less than 10% of the population is required to produce for the 90% of city-dwellers; roughly 20% of which live in cities of more than 250,000 inhabitants. Worldwide, of course, the same is not true.

The increased potential represented by such advance, is

created as advances in technology mediate increases in the productive powers of labor, which increase the potential relative population density. Thus, correlated with the order-of-magnitude increase in population density over the course of the modern period, there is a roughly six orders-of-magnitude increase in the power of the technology deployed by mankind, as the muscle-power, wind, and water of the earlier periods have been supplanted by coal and steam, and the succession of technologies based on electricity that have characterized the recent 100 years. The rapid population advance of the 19th century, for example—approximating the Golden Section geometric pattern of growth, at twice the rate of the 14th or 17th century, and more than twice the rate of our own century—correlates with the most rapid extension of the power of technology in human history, as man created the potential to forever free himself from the relative fixity of muscle-powered peasant culture, the relatively bestial form favored by oligarchism.

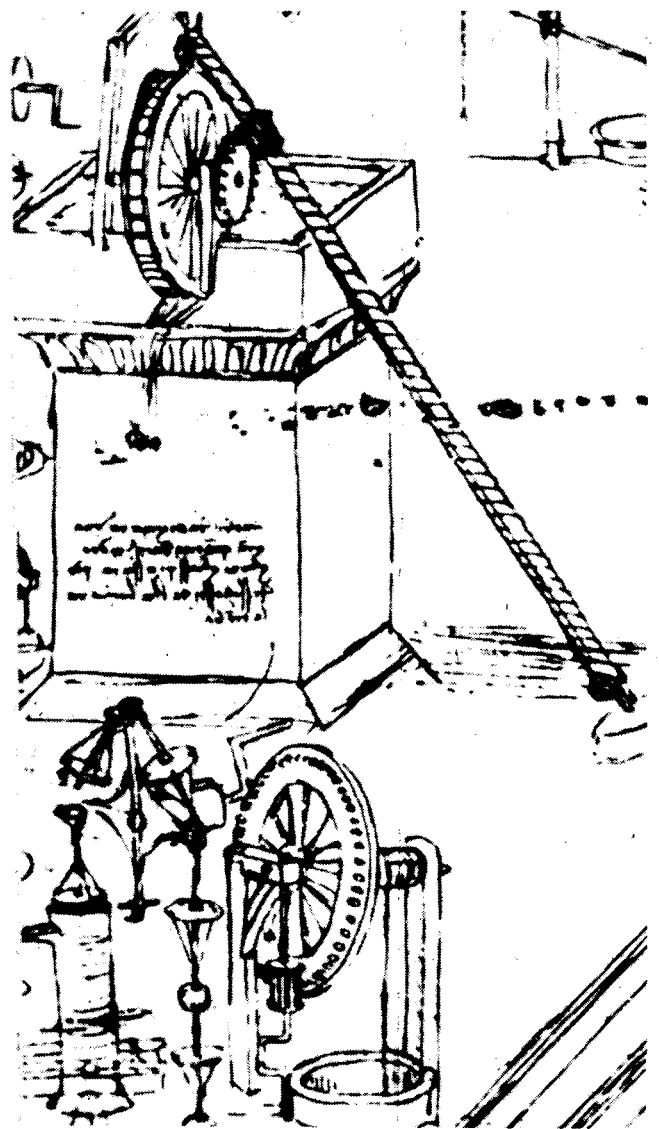
Human population does not grow as the population of the animal kingdom grows. Growth of population density is not simply a function of the increase of population. To maintain the growth of the population, and increase of population density, the technological potential of the society must increase faster than the growth of the population. Credit policy and finances must therefore subserve the broader aim of fostering the necessary increase in rates of relative potential. Correlated cultural requirements are demanded of the population; educational requirements of the workforce rise; productive working life is extended as life expectancy increases.

Societies can thus be ranked in terms of the necessary increase in relative potential population density. By the same criteria, a society's capacity to increase such potential can be assessed. The society which is characterized by stagnation or decline in relative potential population density, is a society which, violating the principles of natural law which have been proven efficient by human progress itself, is dooming itself to submit to a new dark age.

In a dark age, relative potential population density declines, because contrary policies are dominant. Relative potential population density is parasitized in favor of accumulations of nominal wealth, the proceeds of usury, ground rent, and speculation, feeding on the decaying body of the host.

The decline in potential can, over time, continue to appear as a growth in actual population, and growth in population density. But under such conditions, there will come a point when a threshold is crossed. The relative potential falls below the actual population density reached. At that point, the society can continue to stagger along, but its days are numbered. Sooner or later, the actual population will fall to the levels established as sustainable in that technological mode by the decline in potential.

The process which governs such a decline can be known, as well as the process which governs advance. Both are governed by the same laws. The turning points in the downward descent are identifiable.



*Models of pumps driven by chains, drawn by Leonardo da Vinci. Technological advance is the basis for increasing potential relative population density; without it, the world enters a dark age.*

### **Are there limits to growth?**

In recent years, the recurrent catastrophic crises of the 14th and 17th centuries have again been used to adduce proof for the discredited thesis which Parson Malthus stole from the Venetian monk Ortes, that there are limits to a society's continued growth. Under the constraints of an apparently fixed technological mode, a society appears to converge on the limits of the resource base defined by its technology. The better a society appears to reproduce itself in the form of expanded population, the more rapidly it appears to exhaust the resource base on which it depends. Ortes and Malthus argued that human population growth, in the agrarian peasant-based mode, would always outrun man's capacity to bring land into cultivation on a large enough scale to supply the needs of the increased population. What they called "nature"

would apply corrective measures to restore balance, eliminating the so-called surplus population.

Our very existence is the proof that there are no such limits. If there were, we would not be here. Human history would have ended long before the crisis in the 13th and 14th centuries that marks the beginning of the modern era in European culture. If there are no such existent absolute limits, then the reduction of potential relative population density that is characteristic of a dark age, though governed by the laws of economics, is not fundamentally economic at all, but rather political and cultural. A dark age is governed by the law of economy, in the way that a violation of law is nonetheless governed by law. In this sense, 1986 is marked as a turning point in the dark age of the last 100 years.

Man must not adopt, or tolerate those policies which result in a reduction of the potential relative population density. But if progress, as measured by the increase in that parameter, is what distinguishes mankind absolutely from the beasts, then, under the policies of a dark age, man must in effect have renounced in his practice his species identity, to reduce himself to the fixed range of practices otherwise characteristic of the beasts.

Where the progress of human society is mediated through increased productivity of labor, and therefore through the increase of wealth available for humankind, the dark age is characterized by parasitical growth. Progress is stopped. Wealth-generation is made subservient to the compounding of usurious debt, as the parasite spreads. Labor's capacity to assimilate advanced technology is degraded to the repetitious fixed routine of the beasts. Labor becomes another source of loot for the parasite. The parasite takes over the host.

Our century is a dark age of that form. Let us return to the divisions we referenced before, distinctions between predominantly agrarian and predominantly urban forms of economic organization, and between the power of muscle and the power of the machine assisting muscle, to establish in what ways the dark age of our century is comparable to the earlier dark ages, and in what ways it is different.

### **Imperial domination continues**

First, our world, like the world of the 13th century, like the world of the 16th century, is still primarily agrarian. The earlier phases of our modern culture foundered on the limitations imposed by agrarian existence. We have disposed of the power, for over 100 years now, to have ended the apparent cycle in which simple human labor, condemned to live out the cycle of the seasons, in exactly the same way as did generations before, is subordinate to the ostensible powers and vagaries of nature. We have had the power to end this arrangement, but under the dominant Great Power system, of imperial "master race" and nation ruling subject colonies, we have not done so.

The nations of the southern hemisphere, under the standing imperial arrangements consolidated since the 1880s, were



adapted to the requirements of what had become the captive world of the industrialized countries, captive to the usurious financial interests that had taken them over. In the intervening century, no country has been added to those numbered among the industrialized, with the possible exception of Japan; the industrialization of Russia by then was underway. The spread of the industrial system outside the northern hemisphere was halted, not because of the racial supremacy of the inhabitants of the north, but because a decision was made, and has effectively been kept, to draw that line.

The nations of the southern hemisphere, whether free or colonized outright, became the suppliers of raw materials to the economies of the industrialized world. To accomplish such a function, urban centers, urban work-forces were developed, along with the rudiments of infrastructure-to permit the extraction of products for export.

This looting activity nonetheless increased the potential of the nations of the southern hemisphere, unleashing an expansion of population unprecedented in human history—but without providing the in-depth development that would sustain such increased potential. Except for pockets of development, such as Argentina was, or India became, the principal century-old enforced obstacle to development, is the maintenance of an unproductive peasantry as a cheap pool of substitute labor available to replace those otherwise employed in occupations considered urban.

For the oligarchy and its financial power, this is the System. Eternal. Unchanging. The way things ought to be. The way things will stay, cleansed of the influences of industrial urban life. A peasantry that knows its place. An urban-based



UN Photo/John Isaac

Shown left is a fragment of a fresco in Florence, showing survivors of the Black Death of the 14th century. Above are victims of famine in Ethiopia, 1984.

oligarchy whose global financial power permits it to rule the world.

Under such arrangements, there are essentially two options. Of these, the one proven correct in the development of the industrial economies themselves, is the one rejected out of hand for the last 100 years: the industrialization of agriculture, facilitated by the in-depth development of infrastructure, and in-depth industrialization. The other is the simple extension in scale of existing agricultural practices.

Under the latter, potential relative population density is doomed to decline. As more land is brought into cultivation and production to provide for more people, the less such available cultivable land must remain to be introduced to cultivation. Under this option, the availability of land appears to impose a limit which reduces population. But the more extensive cultivation of the lands thus farmed, must also result in accelerated exhaustion of otherwise fertile soils. As the growing population approaches the limits apparently set by the availability of land, the quality of the land farmed must also decline: the dust bowl phenomena of the 1930s. Land cannot be farmed extensively, indefinitely, without being transformed into drought-ridden parched-out dust bowls. Labor-intensive cultivation of crop land is perhaps the fastest way to ensure the depletion of the soil and the onset of drought and famine.

In this dominant mode of agricultural production, turning points in the devolutionary process can readily be defined: the rate at which the growing population is approaching the limit of land cultivable in that technological mode; the rate at which cultivable land is being depleted, relative to the need

for increased crop yields from that land; the rate at which the depletion of land results in formerly fertile land being taken out of cultivation; the rate at which production in per-capita terms is falling short of satisfying necessary consumption to maintain the population; the rate at which the demands of usury, ground rent, and tax farming are accelerating the underlying decline.

It is an illusion to think that so-called things in the real universe stay as they are, or maintain a steady state. There is either growth, or decline. Change governed by law. The System has not maintained an eternal steady state. It has declined worldwide at an accelerating rate, especially in the period since the eruption of the currency turmoils of the 1960s. By such parameters, Africa has already traversed the course of the accelerating downward spiral, but Africa is not alone.

In this respect, the dark age of our century appears to conform to the pattern established in the 14th, and again in the 16th century. There are those whose policy this was, among the oligarchic families and their retainers, who take comfort from that, thinking that the consequences of their system—and they know what those consequences are—will be confined to those parts of the world against which such policies have been applied. In this, the white race supremacists are profoundly wrong.

They have adopted a model, as Bertrand Russell and Barbara Tuchman have made clear.

### How the Black Death happened

The model is the process which led to the Black Death. Twelfth- and 13th-century Europe saw perhaps the most rapid expansion in population then known to the human race. Between the beginning of the 12th century and the beginning of the 14th, the population of Western Europe more than doubled. The increase in population was based on the clearing of forest-covered lands, and drainage programs, which must have more than doubled the amount of land available for cultivation.

The productivity of the land thus claimed for use was improved by the introduction of three-field crop rotation, alternating winter and spring crops and fallow land, and by the widespread use of the horse collar, which permitted that animal to be used for draught purposes more effectively. The power of water mill and wind mill supplemented the achievements thus made.

The apparent economic limits to this kind of approach were actually not reached, even on this technological base, as is evidenced by renewed clearance and drainage, by the same methods, in subsequent centuries.

The apparent limits of this agrarian-dominated mode were imposed politically, through primarily the spread of sheep-grazing for the production of wool. Sheep and wool served as the vehicle for the extension of usurious credit, and tax farming, supplying an export market in the eastern Mediter-

anean, barter goods, via Venice and Florence, for the spices and drugs of the East, coming via the overland route through the Near East. The sheep were moved onto cultivable land, typified by the creation of the Mesta in Spain, the mortgaging of England to Venetian and Florentine wool interests, on the security successively of sheep and land, and the parallel destruction of northern France and Flanders. The potentials that had been developed were undercut, even as the population continued to grow. The agricultural system, now supporting twice as many people as ever before, began to break down, 50 years and more before the Black Death hit. Famine appeared and spread beginning 1312, killing, in a first pass,

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*Our century, despite its technological achievements, is in fact not the paradigm of technological progress it might appear to be. Deprived of markets for the expansion of the culture of industrial society, the northern world has reduced its own relative potential population density.*

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an estimated 10% of the population of northwestern Europe, and perhaps more.

This is how an agrarian-based society is destroyed. In the post-Renaissance period, the same general considerations apply, even though this is known as the period of religious wars. The scale of European-based activity had expanded to encompass the globe, through improvements in ship-design and construction, and the recovery of navigation. The opening of intercontinental navigation was accompanied by the improvement of internal water-borne transportation along European rivers and canal systems, typified by the systems built, and projected for construction, by Leonardo da Vinci. If wind and water and muscle remained the dominant power sources, advances and improvements in the technology and infrastructure of transportation cheapened costs of all activity, increased productivity, and produced related benefits, along with advanced war-fighting capabilities—in metal-working, for example.

But again, the previous pattern applies. In the period 1515-27, the usurers took over; usury latched onto the great power of the period, imperial Spain; Europe was plunged into a century or more of war. The indigenous population of Ibero-America was exterminated in less than a century, by the combined impact of disease and slave labor in mines to produce the precious metals that would permit Spain's debt

to be serviced, and Venice to finance its trade with the East.

In this respect, the new dark age may appear to conform to the previous pattern. But it does not. The numerical domination of the world's agrarian-based population does not therefore mean that it is agrarian society, and the patterns of agrarian society, which determine the course of events. Our agrarian-dominated world does not exist in isolation. It is rather the symbiotic product of the master-slave relationship perpetuated from the developed North for the last 100 years. By enforcing the backwardness of the southern hemisphere, the North has in fact sealed its own death warrant.

Some will argue that if population potential in the southern hemisphere has fallen, and continues to fall, nonetheless the technological North has continued to advance. The technologies that have been developed in the last 100 years might be marshaled in support of such a claim. We have conquered the Moon, broken beyond the confines of the Earth's atmosphere, mastered the principles of supersonic and powered flight. We have replaced the horse with the automobile and tractor.

### **Stagnation of production**

What we have *not* done is more to the point. Look at two industries which characterize modern industrial processes: the making of steel, and the generation of electricity. Above we argued that human progress is dependent on increasing the rate of increase of potential relative population density, that the productive powers of human labor, mediated through technology, must therefore advance more rapidly than the growth of population density itself. Technology which advances the productive powers of human labor, characteristically advances the flux density of the energy source delivered to the work surface. If the productive powers of labor are to advance, then the flux density of the technology applied must advance more rapidly again.

We have seen that the order-of-magnitude increase in population density effected between the 14th century and the 19th, was correlated with a five or six-orders-of-magnitude increase in the power of technology applied. The generalization of the increasing power of technology was halted and consolidated in the aftermath of the decisions which sealed off the southern hemisphere from industrial development. Electrification of the economies of the North, begun in the 1880s, despite the *New York Times*, and in the United States largely completed, with the exception of the farm sector, by 1925, was the last such effort.

In the case of electricity generation, and also with steel, the flux densities of processes applied, have stagnated at levels reached earlier in the century.

Our century, despite its technological achievements, is in fact not the paradigm of technological progress it might otherwise appear to be. Deprived of markets for the expansion of the culture of industrial society, the northern world has reduced its own relative potential population density.

Demographically this is reflected in declining birth rates



throughout the advanced sector, declining below demographic replacement levels. It is reflected in the increased proportion of the population that is aged, in the stagnation and decline of population, in the decline of urban culture, measured simply by the proportion of the population resident in cities of over one-quarter of a million.

Economically it is reflected in the greater cost of raw materials, costs which increase as a function of the refusal to permit the development of cheaper, higher-flux-density technologies, such as nuclear energy and thermonuclear fusion power, which would redefine the energy throughput of the economy more dramatically than steam power did. The increased costs, in terms of labor and energy requirements, are not offset by the falling prices paid to Third World countries for their production, accelerating the decline in the South, concomitantly with the North.

This situation is also reflected in the stagnation and decline of basic industry and infrastructure. Through war and depression of the last hundred years, we have been living vicariously off the scientific and technological accomplishments of the past, refusing to make the investments that will create our own future.

### A turning point

Now comes the time of reckoning. Increasingly, the nations of the developing sector no longer produce raw materials, but rather export manufactured products, intermediate products, and final consumer goods into markets that northern nations like the United States can no longer supply. The decline in the South is accelerated by this absolute shift of resources, redirection of labor and energy, out of internal economic activity. Surplus food-producing areas, especially in the North, are destroyed, while millions starve.

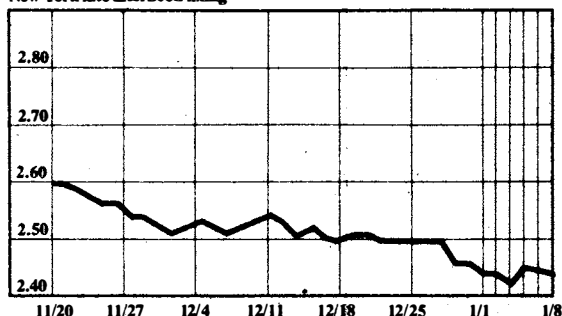
And over all, the claims of the users, for their title against world productive activity. The monetary system is bankrupt. The largest of the great powers of the West is bankrupt. The time has come for the bankruptcy of the financial and credit system, typified by the approximately \$7 trillion worth of claims against the U.S. government, economy, and so-called consumer. The compounding of interest on the \$7 trillion dooms the system that has thus been parasitized, as previously the users doomed the Spanish monarchy, and doomed the culture of 14th-century Europe.

The collapse of the southern hemisphere, under usurious looting that can no longer be sustained, the collapse of northern industrial capabilities, under related policies of enforced technological backwardness subordinating productive economy to usury, the bankruptcy of the leading economy of the West—these are the features, accelerating the decline of relative potential population density, which make 1986 a political and economic turning point for mankind. This is the year in which the decisions are made which determine whether mankind, and human civilization survives. Our responsibilities are therefore of an immensity proportional to what is historically at stake.

## Currency Rates

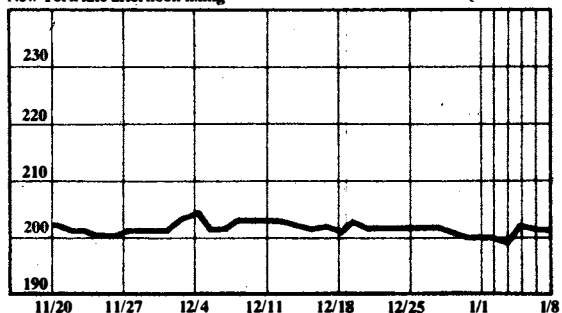
### The dollar in deutschemarks

New York late afternoon fixing



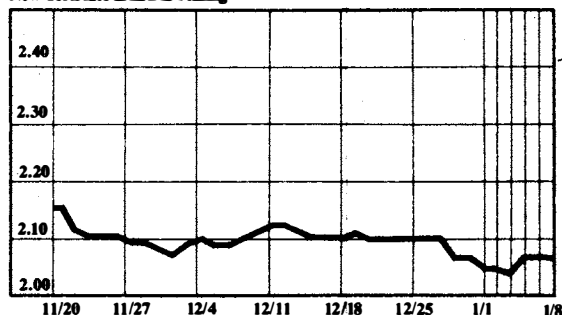
### The dollar in yen

New York late afternoon fixing



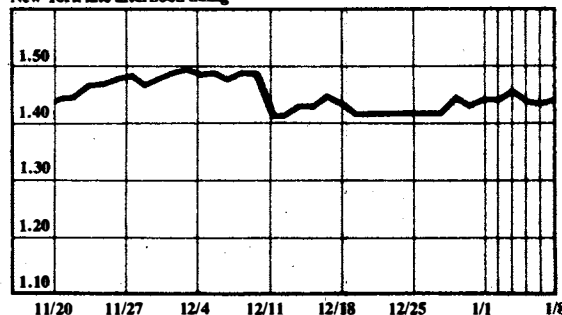
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



## Thailand decides for development

*Japanese business interests push for the Eastern Seaboard projects, in opposition to the IMF-World Bank.*

After a tug of war between the World Bank and the Japanese business interests over the past months, Thailand's long-delayed Eastern Seaboard (ESB) infrastructural development projects have finally been approved by the Thai government. The Prem cabinet's approval on Dec. 23, coming despite opposition from World Bank officials, received high praise from the American, British, and Japanese chambers of commerce in Thailand.

The Eastern Seaboard industrial complex includes such projects as the Mab Ta Put deep-sea port (\$74.6 million), Mab Ta Put industrial estate (\$14.6 million), Laem Chabang deep-sea port (\$57.1 million), Laem Chabang industrial estate (\$13.6 million), and Mae Kuang irrigation project (\$42.8 million). Soft loans from Japan's Overseas Economic Cooperation Fund (OECF) make up the single largest source of funding for the \$2 billion program. Japanese contractors, fearing their investment opportunities were being curtailed by the IMF and the World Bank, decided to lodge complaints with the OECF and their embassy.

On Dec. 17, outgoing Japanese ambassador to Thailand, Masatada Tachibana, had urged the government to go ahead with the Eastern Seaboard projects for the sake of long-term economic development. In a meeting with Sulee Mahasandana, minister of the Prime Minister's Office and head of an ad hoc committee assigned to review the ESB projects, Ambassador Tachibana warned that the Japanese government was closely watching the

outcome of the Thai review of the projects.

During the third week of December, even former Foreign Minister of Japan, Dr. Saburo Okita, known to be a Kissinger associate, was involved in influencing the Thai government. Dr. Okita, president of the International University of Japan, was in Bangkok for a mid-December seminar organized by the Thailand Development Research Institute (TDRI). He criticized the Thai austerity economists who are pushing IMF-World Bank policies as being "overly pessimistic," and saw hope in cooperation from various major countries, especially the industrialized nations.

Debate on the the Eastern Seaboard projects was led by pro-IMF-World Bank austerity economists Dr. Virabhongsa Ramangkura and his supporters in the Economics Faculty of the Thammasat University, and, on the other side, by the Japanese-connected Finance Minister Sommai Hoontrakul.

Just before the decision to approve the ESB projects, Thammasat University Economics Professor Rangsan Thanapornpan warned that the project would increase the national debt-service ratio and widen the gap between rural and urban areas. Minister Sulee of the Prime Minister's Office, backed by Prem's economic adviser from Wharton School, Dr. Virabhongsa, advised scaling the projects down. Other opponents of the ESB complex said that the scheme has ceased to be viable since smaller natural gas finds than expected in the Gulf of Thailand and falling oil prices would result in

reduced investment returns, especially in fertilizer and petrochemicals.

The much-criticized intervention of the Japanese into Thai economic policy should rather be lauded. The Japanese initiative, taken perhaps from the standpoint of their interest, is also a mutual benefit to, and in the national interest of, Thailand.

The year following the baht devaluation has been more than long enough to prove that IMF-World Bank inspired policies have totally failed in Thailand.

During the past year, Finance Minister Sommai has come under virulent attack especially from the Social Action Party (SAP), the largest and most important coalition partner in the Prem government. Sommai and Virabhongsa have worked in tandem to implement the IMF austerity policies which led to a drastic decline in Prime Minister Prem's popularity.

The stability of the Prem government is now threatened. During the first week of January, 3,000 rice farmers marched into Bangkok to protest against the collapse of rice prices. This was unexpectedly supported by pineapple growers who dumped 20 truckloads of pineapple in front of the Government House. M. R. Kukrit Pramoj, leader and founder of the Social Action Party, recently resigned from his leadership position in protest of the government's austerity policies. Kukrit has been very critical of the IMF and World Bank and of Sommai's and Virabhongsa's collaboration with those supranational institutions. At the moment of this writing, the SAP is trying to force Prem to reshuffle his cabinet or revamp the present economic orientation of the country by threatening to pull out of the government. The capacity of the Prem government to change will determine the political and economic situation for the near future.

## State Dept. rehabilitates Garnero

*Shultz & Co. once again use U.S. policy to protect dirty-money laundering networks from scrutiny.*

In the second week of December, the swindler Mario Garnero, owner of the Brasilinvest firm, and stooge of the European oligarchist families, was politically and economically rehabilitated under U.S. State Department and Trilateral Commission pressure. Garnero's rehabilitation came at the same time that the Brazilian government caved in to the pressure from international banks, and agreed to pay 50% of the foreign debt of the three banks which had been put into receivership by the government in November—as had happened to Brasilinvest last April—for having defrauded savers and for speculative practices.

On Dec. 26, William Rhodes, chairman of the committee of Brazil's creditor banks, sent a circular to the foreign creditors of the Comino, Maissonave, and Auxiliar banks, to report the government's agreement to pay their bad debts.

In May 1985, the state court of Sao Paulo started proceedings against Garnero; in late November, it went into the final phase to prepare for sentencing. At that very moment, the State Department mounted a pincers operation to alter the course of justice. First, the Italian Feruzzi group got the Central Bank's nod to buy out Brasilinvest. This not only exonerates Garnero from any trial for fraud, but covers up the dirty-money laundering operations linked to Brasilinvest. Next, the line went out through State Department channels in the mass media that Garnero is "our man," and from now on he will move back into the

ranks of "men above all suspicion."

The Feruzzi industrial group is headquartered in Ravenna, Italy; the head of the group, Raul Gardini, known in Europe as the "sugar king," lives most of the time in Entre Rios, Argentina. Feruzzi has financial operations in Brazil, Luxembourg, Belgium, Paris, and the United States. He owns 800,000 hectares of land divided between Paraguay, Brazil, and North Carolina and Louisiana (U.S.A.). The feudal policy of substituting alcohol fuel for oil, imposed in Brazil by Garnero and company, was such a huge boon to Gardini's sugar business, that covering for Brasilinvest's losses is doubtless a minimal cost compared to the profits he has reaped.

The anglophile magazine *Senhor* and the daily, *Folha de São Paulo*, the latter famous for promoting Fidel Castro and the pagan cult called Liberation Theology, took it upon themselves to run interviews with Garnero of such length that they could have financed several editions as paid advertising.

In the interview in *Senhor*, Garnero admits to being the State Department's man in Brazil, stressing his friendship with Kissinger Associates partner Bill Simon, and his business partnership with George Shultz. In Garnero's words, together with Shultz and Michael Deaver (then White House public-relations chief) he ran Ronald Reagan's trip to Brazil in 1982, by-passing then-Foreign Minister Saraiva Guerreiro.

So as to leave no doubt about his backers, in reply to a question on the reaction of George Shultz and Thomas Enders when they learned of the proceedings against him, Garnero said: "In the international area people's behavior has not changed. For example, I am a member of the boards of American University and the Americas Society, formerly Council of the Americas, and my relations with these entities underwent no change. I continue to get the normal invitations, including from Gerald Ford and David Rockefeller."

The State Department's conduct in Brazil corresponds to the Reagan government's behavior in investigations into the laundering of narco-dollars and illegal flight-capital money. In Washington, the attorney general and Treasury have dropped investigation into dirty money laundering from drug trafficking, in which, as *EIR* has documented, major financial institutions like the Bank of Boston and Merrill Lynch are involved.

Garnero's rehabilitation was imposed by the State Department to get the Brazilian state to stop investigating the hazy origins of institutions like Garnero's or the three banks put in receivership in November; this is because Brazil is seen as a key link in the illegal financial structure run out of Switzerland and other banking centers.

The State Department has also meddled in Brazil with heavy-handed backing for the machine that elected the psychotic neo-Nazi Janio Quadros as mayor of Sao Paulo, especially for the group around Affif Domingos, president of the Association of Merchants of Sao Paulo, a rabid Friedmanite liberal who heads opposition to any effective government action against the International Monetary Fund. He has been a faithful chum of Garnero, through thick and thin.

# Business Briefs

## 'Free Enterprise'

### British customs sets drug haul record

British customs officers seized a record amount of narcotics with a street value of \$154 million in 1985, according to figures published in Britain Jan. 7.

Seizures of cocaine rose by 125% (174 pounds) from 1984, heroin by 11% (767 pounds). Richard Lawrence, customs chief investigation officer, warned of a growing future threat from South American drug dealers who are trying to widen the British cocaine market.

"There are signs that the cocaine market in the U.S. has reached saturation level and dealers are now looking toward Europe for new markets," Lawrence said heroin remains the biggest single problem in Britain.

Customs officers said they smashed more than 70 organized drug rings last year. Lawrence said that a further 360 lbs. of heroin and 47 lbs. of cocaine were confiscated by foreign police as a result of information provided by British police.

## International Investment

### Japanese industry in Great Britain

Over 40 Japanese companies now have factories in Britain, with investments at \$2.8 billion, about 5% of foreign investment in Britain. Most produce consumer goods, about 5% of foreign investment in Britain. Most produce consumer electronics, light engineering (robot machine tools and construction equipment), and cars (Nissan).

The largest share of Japanese investment in the European Community is in Britain, with about 7,500 jobs created. The factories began as "screwdriver" assembly operations for Japanese products, but the aim now is to increase local content to 60-80%.

Products with over 50% local content are considered "made in Europe" and no duty is levied.

Additionally, 40 Japanese banks and security houses now operate in London, and

more are expected when the London Stock Exchange membership is opened up in March 1986. Japanese banks account for one-third of London non-sterling overseas lending, mostly in Eurodollars, and they hold one-fifth of all assets held by banks.

## International Banking

### Peking group to buy Hong Kong bank

The Peking-based China International Trust and Investment Corporation (CITIC) agreed in principle to buy up 90% of Ka Wah Bank, a small Hong Kong bank with \$128 million (Hong Kong \$1 billion) in problem loans.

The Peking deal will save the Hong Kong government from having to bail out the bank, six months after the Overseas Trust Bank bailout. Forty percent of the bank is now held by the Singapore-based Low family.

Negotiations over the Peking deal were led by David Li, head of HK's bank of East Asia, who met with CITIC officials in Tokyo and then went to Peking with Hong Kong Monetary Affairs Secretary David Nendick.

Ka Wah is one of a small number of publicly quoted banks left in Hong Kong. The deal will put CITIC in direct competition with the Bank of China, the umbrella for 12 Chinese-owned sister banks, the *Financial Times* states.

Ka Wah has 27 branches in Hong Kong, and assets of HK\$6.4 billion with a large number of loans to Malaysia. The price for Ka Wah "is unlikely to be large."

## International Trade

### Japan fears retaliation from Red China

Japanese bankers said on Jan. 5 that they feared China would try to retaliate this year against imports from Japan because of the surging Japanese trade surplus with China.

The bankers were commenting on a report in the Hong Kong magazine *Zheng Ming* which said that Peking had ordered a ban on imports of Japanese consumer goods, in-

cluding domestic electric appliances, beginning Jan. 1.

One Japanese banker told Reuters that there was no way Japan could quickly increase imports from China and that the firms feared unilateral action by China to cut the deficit. *Zheng Ming* also said that public anger has increased following reports that some Japanese firms sent defective goods to China, including 5,800 trucks and 15,000 TV sets.

## Money Laundering

### Bankamerica to be fined for transactions

On Jan. 3, the Bankamerica Corp. and the Treasury Department said they were close to an agreement on the amount of a fine that could be as high as \$7 million against Bankamerica for failing to report large cash transactions, banking sources said.

This could be the largest civil penalty ever imposed under the Bank Secrecy Act; \$2,250,000 was levied against Crocker National in August 1985 for failure to report 7,877 transactions totaling \$3.98 billion.

According to sources, the number of violations involved at Bankamerica is close to five times the number at Crocker.

## International Debt

### Poland defaults, gets extension

Poland has defaulted on \$550 million in foreign-debt repayment that came due Dec. 31. The so-called Paris Club of official creditors has given Poland a three-month extension on the due date, according to the *Financial Times* of London.

The amount was to have been the first payment of interest on the country's 1982-84 official debt arrears. Poland's hard-currency surplus fell in 1985 to below \$1 billion, some \$400 million less than in 1984.

Poland began talks in 1984 with Western creditor banks, largely from Europe, on the private half of its \$27 billion foreign debt.

## Labor

### Black workers laid off in South Africa

A mass exodus was in progress on Jan. 7 at three South African platinum mines where 20,000 black workers were fired for going on strike.

The surprise move came only hours after reports that a five-day old strike at the Gonor Company's Impala platinum mines appeared to have ended. The mines lie about 70 miles northwest of Johannesburg.

Gonor chief executive Gary Maude told a news conference in Johannesburg on Jan. 6 that efforts to resolve the dispute had failed and 20,000 of the company's 30,000 miners were dismissed.

Impala Platinum, Ltd., the world's second-largest producer, said its black workforce was being paid off and driven home in buses in an operation which could last several days. The mass firings followed a protest over working conditions at the mines, situated in the tribal homeland of Bophuthatswana.

Maude told Reuters there had been no violence as the workers collected their pay and were given a medical examination before going home.

He said workers began returning to the company's fourth mine in the area after being threatened with dismissal unless they reported to work on Jan. 7. The dispute has pushed up the price of platinum. South Africa produces 80% of the non-communist world's total output.

This represents the largest mass-firing in South Africa's history, exceeding the dismissal in May 1985 of 17,000 gold miners who staged a wildcat strike against Angola American and other mines.

## Peru

### García questions Soviet fishing contracts

Peru's contracts allowing the Soviets fishing rights will be reviewed, President Alan García asserted Dec. 30.

"We are not going to be pragmatic, realistic, and tough only in dealing with Western capital." He said the big Soviet firms operating in Peru would also have their profits examined. "How could it be that for fish which belong to Peru, our share is only 15%, and 85% is for the foreign company that doesn't even pay taxes and we don't know anything about it?"

His question echoes charges against the Soviets long made by Schiller Institute Trade Union Commission member Juan Rebaza, now president of Pescaperu, the state fishing company. Rebaza was fired from the company several years ago for making such criticisms, and for accusing then-Pescaperu President Cesar Elejalde of corruption. Those charges against Elejalde, now Peru's chief prosecutor, were upheld by the Supreme Court Dec. 19.

## Dope, Inc.

### Will 'Inca Health Tea' flood U.S.?

*Expreso*, the daily owned by Manuel Ulloa, a former prime minister of Peru, carried an article on Jan. 7 expressing the hope that the tea made from coca leaves which is sold in the United States as "Inca Health Tea" will become a major Peruvian export, serving to legalize coca-production.

*Expreso* reprints the commentary published in early January in the *Journal of the American Medical Association* by a Harvard professor and others, who claimed that the tea "contributes successfully to the detoxication of addicts and their rehabilitation." The *JAMA* letter admits it contains cocaine, but calls it "innocuous."

*Expreso's* editorial is ecstatic at the possibility that "its curing properties will be recognized, which will open the immense U.S. market, with all that that means not only for our trade balance, but also to orient coca cultivation legally in our country, favoring our great peasant mass."

Ulloa's editorial notes that China and North and South Korea have made profitable exports out of products such as ginseng, whose stimulating and diuretic qualities are much less proven than those of coca tea.

## Briefly

● **ITALIAN** hospitals began providing only emergency services on Jan. 7, after 100,000 doctors began a three-day strike demanding higher salaries. Hospital doctors in West Germany earn four times as much as their colleagues in Italy. *Corriere Della Sera* said in an editorial that the doctors have a case to be answered. It said the strike reflected the "crisis affecting Italy's welfare state, which is falling apart day by day."

● **BRAZIL** is planning to expand its steel exports to the European Community and to the U.S.S.R. in 1986. Currently, Brazil exports 230,000 tons to Europe, and will increase that in 1986 to 260,000. A Brazilian delegation will visit the Soviet Union in mid-January to define trade and technology agreements between the two countries. The initial export of some 1,000 tons of steel to the Soviets may be begun in 1986. The U.S.S.R. imports some 15,000 tons of metal yearly.

● **THE UNITED STATES** will end its embargo of Mexican tuna fish, Mexico was informed during the presidential summit in Mexicali Jan. 3. The embargo was slapped on in 1980 in response to Mexico's detention of U.S. tuna boats for fishing in Mexico's territorial waters.

● **VOLKSWAGEN** will sign a deal with the Soviet Union worth \$2 billion. Reports from Bonn say the Volkswagen Corporation is about to build an engine-production plant in the Soviet Union, which will produce 300,000 engines for cars per year.

● **BOLIVIA** will not pay its foreign debt if it does not receive enough international support, Adolfo Linares, chairman of the Special Committee for the Debt, told the private international banks in Washington in early January. "This does not mean that Paz Estenssoro's government is denying its obligations, but it is not feasible to resume debt payments while we do not receive massive credit support from multilateral and bilateral agencies," Linares added.

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## The automobile of the future

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*How can we develop a good car that will last 20 years?  
Lyndon H. LaRouche, Jr. contributes the first in a series.*

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Will the automobile of the future be, like the fabled "Deacon's One-Horse Shay" of the story, "built to last for a hundred years and a day?" We can not expect any such extreme change in automobile designs to occur during the next years, but Detroit could begin to move in that direction soon, if urgent changes in current U.S. monetary and economic policy occur.

The most obvious keys to an early revolution in design of aircraft and motor vehicles, are three. First, the long-overdue shift from use of petroleum as a fuel, to use of hydrogen as a fuel for either simple combustion or as a source of electrical power of fuel cells. Perhaps, use of methane as a fuel might be an intermediate step. Second, the emergence of mass-production of new types of metallic ceramics, as replacements for conventional steel and aluminum products.

The basic problems of safety and other handling of methane or hydrogen as vehicular fuels, for aircraft and ground-vehicles, have been solved at the engineering level. The introduction of ultra-strong, temperature-resistant ceramics, to construction of both vehicular bodies and of vehicular engine-plants, promises qualitative improvements in the durability of these key components of vehicular construction, including improved protection to vehicle occupants. The ability to construct engines adapted to what are relatively very high combustion temperatures, creates a demand for rapid shifts into general use of hydrogen as a fuel.

The environmental gain in combustion of hydrogen is elementary: The waste-product of burning hydrogen is water. The major obstacles standing in the way of such use of hydrogen, have been the matter of cost of producing hydrogen

cheaply enough in quantities required, and the need for effective distribution of the gas or fuel-cell charges through networks of local filling-stations. With the development of the high-temperature gas-cooled fission reactor, and the prospective development of fusion reactors, the problems of producing the fuel at acceptable costs, and in required quantities, are in reach of solution. As to the problem of distribution, the change in fuel modes could be made most readily for regularly scheduled air-transport, and in port-oriented water-borne transportation. In highway vehicles, the earliest use would probably appear in trucking. However, the existing networks of filling-stations can readily be adapted to the needs of the changeover for general use.

Considering the fact that the production of new steel is collapsing rapidly world-wide, moving toward less than 40% of 1970s' levels, the development and production of new types of metallic ceramics is already a major growth industry, relatively speaking. Strength of materials, and improved toleration of high-temperature processes, are leading incentives for growth. As a by-product of research and development under the auspices of the President's Strategic Defense Initiative, the use of devices such as lasers as cutting-tools, is opening up economical and effective methods of working ceramics not otherwise possible.

There is a twofold incentive for U.S. industry's moving toward use of ceramics on a mass scale.

First, the United States' production of primary metals must modernize, if it is to be competitive. It has the choice of either simply trying to catch up with the most modern such industries in Japan and Europe, or, the superior option, of



Reynolds Metals Company

*To construct an automobile that will last, engineers will have to stop planning obsolescence into the automobile's design, as has been the trend in the U.S. auto industry for decades. Shown is Ford Motor Company's St. Louis assembly plant.*

making a technological leap ahead of foreign nations. Already, Japan and Germany are engaged in developing the ceramics industry, whereas the United States has been stagnating in this field. We must rebuild our primary metals capacity, anyway, so why not take the long-range view, and concentrate on the newest technologies?

Second, in order to make these new investments, both the independents and captive industries must open up very large markets for sales of the new materials, markets whose appetites are large enough to bring the new plants up to breakeven levels of output very quickly. Production of vehicles, especially passenger cars, is the obvious market to open up.

It is therefore clearly in the strategic national interest of the United States, that both the automobile and primary metals industries cooperate to facilitate this change. On the condition that the present, recessive monetary and economic policies were corrected, it would be in the national interest that the tax-code be adjusted to resume the successful investment-tax-credits policy launched by the Kennedy administration. Also, to encourage higher rates of reinvestment of retained earnings, federal statutes should be changed to discourage operations of corporate raiders. Under these conditions, the incentives to corporations for high rates of investment in new, technologically advanced work-places, would encourage going-ahead with the "ceramics revolution."

### **Why 'The Deacon's One-Horse Shay'**

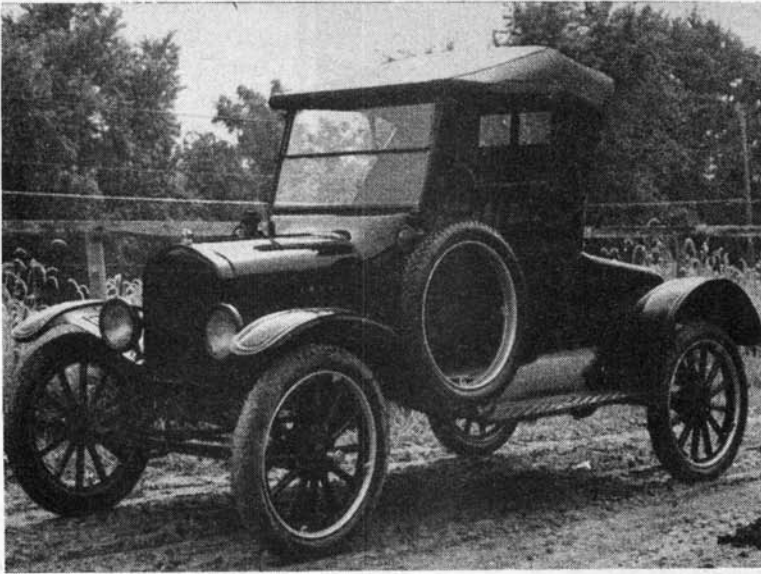
At first glance, the leading objection to the new type of passenger-vehicle would be, that it would cost significantly

more than present types of construction. This would not have discouraged the Henry Ford who created the automobile industry: Remember the Model T, which it was almost impossible to kill, was easily repaired, and did about everything but milk the cow? The true cost of an automobile, is the average annual cost of ownership. So, if the purchase price is, say, twice that of the present models, if the new model lasts two to three times as long, with a lower rate of maintenance cost over its useful life, the purchaser owns the higher-priced new model at a saving in cost of possession over the cheaper present models.

If such improved models are mass-produced, the economic problems of marketing the new types are soon solved.

What about technological obsolescence? If the prospective buyer is the repressed (or not so repressed) sex maniac, whose automobile must match his wish to change his mistress each year, the long-lasting ceramic-based automobile will not meet the recent decades' emphasis on style-changes. As proud Mercedes owners attest, technological obsolescence and style changes are quite different matters.

If we ask the right question, the answer pops up almost immediately. How does one construct an automobile, so that it is both easily repairable, and easily modified by substitution of parts, to adjust to technological improvements which come along in the later years? This requires that the engineers chose a basic modular design, in relationship among the parts and whole, which they can foresee as durable for 10 to 15 years. This simply means reversing the trend to "Value Analysis" in design, which took over Detroit back during the 1950s. Instead of designing automobiles to force planned obsolesc-



*Henry Ford's Model T was almost impossible to kill and was easily repaired. What replaced it? The car designed for the repressed sex maniac, whose automobile must match his wish to change his mistress each year.*



General Motors

ence on the market, design for the opposite purpose: Put the emphasis relatively on production of parts and accessories, which are constantly being improved modularly, but which conform to those modular principles of design which favor easier repair and incorporation of supplementary features. Devote relatively less percentile of production capacity to production of assembled automobiles, and devote a relatively larger percentile of capacity to production of constantly improved lines of parts and accessories.

This takes us back to Henry Ford's marketing policy, which defined the family's automobile as a household's capital good: the durable, safer automobile, cheaper to own, an automobile which can not be "killed" without aid of shaped charges or a laser "cutting-torch," an automobile whose by-product "pollutant" is water.

### **The market of the future**

Today, relative to 1970s standards, the net production of automobiles in the United States is the equivalent of 4 million units annually. Otherwise, in 1983 there were 127 million private passenger-cars registered as in operation, with gross-unit sales at a nominal 88.7 billion per year. How many new automobiles of the new ceramic series would Detroit market each year?

All other things being equal, assuming relatively full employment at wages adequate for a standard household, the potential demand for automobiles in use varies in proportion to two factors: 1) the number of households, and 2) the demographic fertility of households.

Therefore, assuming a continuation of present market-conditions, if we double the price and triple the life of the



average new automobile produced, we would expect that the average number of automobiles produced and sold annually, would tend to level off at a rate not in excess of 4 million units per year, equivalent to a 12-million-units-per-year level during the 1970s. We would also expect a 50% increase in the ratio of parts and accessories sold to units in use.

There is another factor to be considered. The use of passenger cars for intraurban and interurban transport of persons, is part of a three-way trade-off among air, rail, and highway transport. The more available, and better, any one of these becomes, the smaller the relative share of the transportation market, in passenger-miles, for the other two.

There are two areas, in which the present patterns of transportation-habits are savagely counterproductive. The truck and passenger-vehicle congestion in urban centers is a disease on several counts, relative to increased reliance on modern rapid-transit. We can transport commuters more cheaply, more comfortably, and faster, by rapid-transit systems, than by highway passenger vehicles. There would be a great reduction in the combined costs of transportation to households, businesses, and government. The second area, is interurban transit between major population-centers, in which both air-traffic and interurban highway passenger-car traffic are excessive in terms of aggregate costs, time lost, and safety factors.

In addition to the excessive direct costs built into present patterns in transportation, including the costs of pollution to automobile owners and urban communities, the excessive use of the passenger-car has led to a counterproductive change in the organization and development of cities, and counterproductive uses of what have become suburban land-areas. The decentralization of urban activities, has been the principal cause for rising per-capita costs of basic economic infrastructure in urban areas, and has collapsed the tax-revenue base of the core-cities.

If the absurd, but now-popular, delusions concerning nuclear energy are overcome, the replacement of fossil fuel as a prime source of electricity and process-heat, will mean that industry becomes environmentally clean, to the degree that it should be located on the immediate outskirts of major population-centers, and linked to those centers by rapid-transit systems with high degrees of connectivity. In this circumstance, core-urban areas' land will be of high value, such that rebuilding of the sub-surface infrastructure, and use of new materials and methods for durable construction of buildings, will be favored.

This change could develop rapidly during the remainder of this century, if urgent changes in monetary and economic policy occur. In nuclear energy, for example, the United States needs the addition of about 1,000 gigawatts of electrical-generating capacity by the close of the present century. This will require simplified plants, composed of modules of up to 350 megawatt units plugged together to form an energy-generating complex, and will encourage us to use alternate methods of mass-production of the components of such in-

stallations, such that a year's time for the installation of a unit would be the probable requirement. This would simplify safety procedures (if a 50 MW unit inside a 1.2 GW complex even threatened to snuffle, let alone sneeze, it would be shut down automatically, with no effect on the general level of total output of the complex). It would improve quality control of construction, through testing of each component in a series-production mode. For the first time in history, a city could be as clean, environmentally, as a pristine countryside.

Merely rebuilding railway roadbed, and maintaining it properly, would permit interurban rail-transit at speeds between 120 and 150 miles per hour. More advanced technologies, would bring us to the range of 200 miles per hour. At those levels of performance and increased safety, it does not pay to board an aircraft for travel between such centers as Boston and New York City, or New York City and Washington, D.C. Air-traffic safety would be improved; costs of

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*Will better cars mean fewer jobs in the auto industry? 'Labor-saving' technology has never actually caused a reduction in the number of operatives' work-places. True, there have been periods of reduction in employment. Technology usually causes marginal displacement, but never unemployment.*

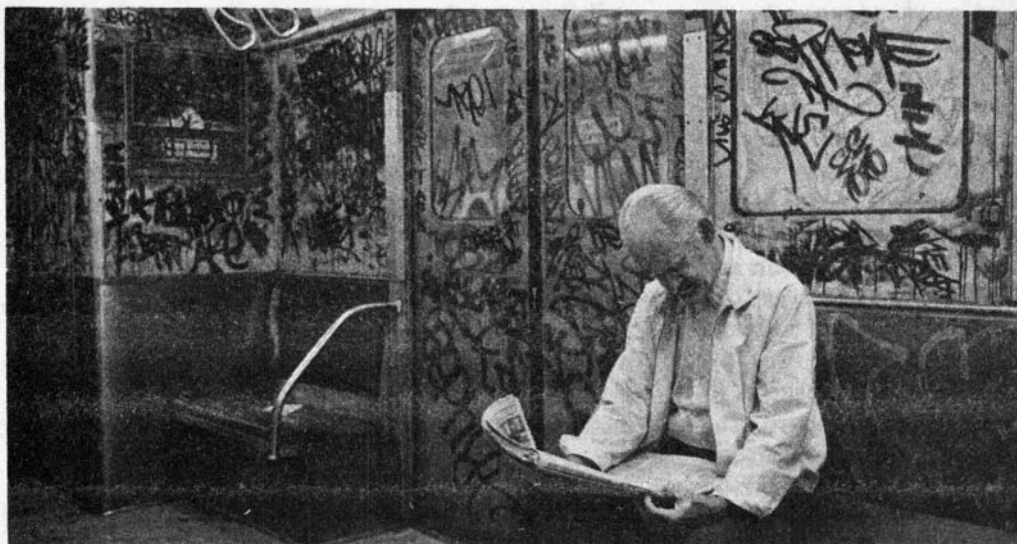
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transportation would drop below levels of air or highway vehicle transport; and less loss of time, and of life and injury, would be suffered per passenger-mile traversed.

Our cities are generally rotted-out beyond repair. The subsurface infrastructure is the immense bottleneck now beyond mere repair. It were cheaper to dig entire areas of cities down to the subsurface roots. In so doing, we are able to build in new rapid-transit capabilities at relatively the lowest cost, at the same time we build in the service-ways for water, power, communications, and sanitation, building the future city which can be repaired without excavations, more cheaply than present designs. In this respect, we must expect the density of motor-vehicle traffic in metropolitan areas to drop by an order of magnitude.

Assuming a vehicle which costs twice as much, and lasts three times as long, a level of 4 million new units sold per year would be a reasonable asymptote-maximum for present U.S. population levels, even for a somewhat expanded population. The initial levels would probably reach to approximately twice that rate, under conditions of prosperity, as the



*The subsurface infrastructure of our cities is rotted-out beyond repair. Shown here is the New York City subway.*

population replaced existing kinds of stocks in use with the new series of models. As the new type of vehicle replaced most of the older types, the rate of replacement-sales of new units would drop toward an "equilibrium-level."

### **The impact on Detroit**

Does this mean fewer jobs in the automobile industry? An auto which costs twice as much and last three times as long, means a cut of more than one-third in the number of operatives employed in that production, taking technological improvements' effects into account. This does not mean, however, fewer operatives' work-places in the industries which produce automobiles.

"Labor-saving" technology has never actually caused a reduction in the number of operatives' work-places. True, there have been periods of reductions in employment, and since the days of the Luddites, there have been strident voices which have insisted that "labor-saving" technology caused this unemployment. "Labor-saving" technology does reduce the total number of persons required to produce a bushel of wheat, or an automobile; this often causes displacement of some operatives from their present work-places. The Luddites of yesterday and today, point to this marginal displacement of work-places, and shriek as they point: "See, technology is causing unemployment right there!" It's a hoax; technology usually causes marginal displacement, but never caused unemployment.

In the history of industrial economy, technological progress causes two general kinds of marginal displacement in employment of operatives. Farmers move to employment in industry, and industrial operatives move from employment in production of households' goods to production of producers' goods. As part of this, the labor-cost of everything produced is cheaper, thus making possible a rise in the average income of employed labor. Under conditions of healthy investment, technological progress absorbs the operatives dis-

placed marginally from production of households' goods, into production of producers' goods, such as construction of basic economic infrastructure, of materials and components of production, and capital-investment goods of industry.

The automobile industry is already a capital-investment-goods-producing industry, as well as a producer of automobiles. Under conditions of relative high rates of capital investment, encouraged by a properly designed investment-tax-credit policy, the operative in the automobile industry will tend to seek promotion from such locations as the assembly-plant, up the ladder toward employment as a machine-tool specialist. In a rational policy of adjustment to the effects of technological progress, the automotive industry's personnel policies, on the sides of both the company's and the unions, would use every marginal shrinkage of numbers of work-places required in automobile production, as the opportunity for upgrading that number of the best-qualified operatives to capital-goods work-places.

As the labor-costs represented by the present household goods' market-basket are reduced, by labor-saving methods, the portion of households' income spent for these goods is reduced, and the standard of living of the labor force is upgraded by adding new kinds of goods to the standard household market-basket. The same logic applies to the market-basket of companies producers' goods. The demand for new kinds of products is increased, to the effect that the demand for operatives to fill work-places is never reduced by technological progress; instead, the demand for operatives tends to be increased!

A net loss of employment is caused by lack of investment. Under any circumstance, there is an average amount of investment needed to create one operative's work-place in the U.S. economy. Divide the disinvestment in the economy by this average amount, and that is a fair estimate of the number of work-places lost because of disinvestment.

The new work-places created at Ford, General Motors,

and Chrysler, will be in the capital-goods, components, and materials sectors. Laser technologies and ceramics technologies, will be the obvious major factors of such in-company growth through diversification. These firms will tend, under healthy economic and managerial policies, to become increasingly vendors of the kinds of capital-goods and materials technologies which they develop in connection with automotive technologies.

This is very, very desirable: We should desire an improved per-capita market-basket of households' goods, of which the transportation element is one part. We should desire that this more and better be available at a reduced net cost per unit to society. We should desire, that the greater part of the labor-saving accomplished, should be swung into increased investment in better materials, better components,

and capital-investment goods. When that occurs, we are experiencing true economic growth.

So, why shouldn't everyone desire an automobile which is much better, which costs twice as much, but lasts three times as long, even if this means fewer new units sold each year, over the longer run? Better, the automobile might last four times as long, with even fewer units sold each year over the longer run. An automobile that is sound for 20 years, a house or apartment which lasts several hundred years, and is relatively maintenance-free, relative to present types, is also very desirable. We might not wish the new type of automobile to be exactly as durable as "The Deacon's One-Horse Shay," but perhaps 20 years would be a reasonable objective, provided we could incorporate technological improvements into "old faithful," as easily inserted parts or accessories.

## The accelerating collapse of the U.S. auto industry

The automotive industry remains the driver of the U.S. economy—largely by default. The urgently needed expansion of urban and intra-city public transportation, which could have followed on the heels of the NASA program, never occurred.

The growth in the number of automobiles on the road, has more than kept pace with the growth of the U.S. population, as the tables show. However, this does not take into account the fact that people are holding on to their cars much longer—not because they are built any better, but because of the high cost of financing new purchases. In 1960, the average (mean) age of an automobile was 5.9 years; in 1975 it was 6.0 years; and by 1983 it had increased to 7.4 years. We have therefore adjusted the figures for automobile stock downward, to what they would have been if people had been getting rid of their cars at the same rate as they were in 1970. From this standpoint, it can be seen that the automobile stock is actually *dropping* with respect to population growth.

FIGURE 1.  
Automobiles and the population

	1950	1960	1970	1979	1980	1981	1982	1983	1984
	(millions)								
Population	152.3	180.7	205.1	225.1	227.7	229.8	232.1	234.2	236.0
Workforce	58.7	68.5	82.8	105.0	106.9	108.7	110.2	NA	113.5
Operatives	18.2	19.3	22.4	NA	25.1	NA	23.4	NA	22.7
Cars produced	6.6	6.7	6.6	8.4	6.4	6.3	5.0	6.7	7.6
Cars in operation	NA	56.9	80.4	104.7	104.6	105.8	106.8	109.0	112.0
In operation (adjusted)*	80.4	86.9	85.1	86.3	83.7	80.7	NA		
<b>New cars</b>									
Steel (1,000 tons)	8,364	5,868	5,435	4,147	5,213	5,532			
Pounds per new car	74	51.5	47.3	35.7	44.5	46.8			

\*The number of cars which would be in operation if people were getting rid of their cars at the same rate as in 1970; that is, assuming the current population of cars 5 years old or less, constituted 61.4% of the total population, rather than 45.5%, as it was in 1983.

FIGURE 2  
Persons per automobile

	1960	1970	1979	1980	1981	1982	1983	1984
	(individuals)							
Per car	3.18	2.55	2.14	2.18	2.17	2.17	2.14	NA
Per car (adjusted)*	2.55	2.59	2.68	2.66	2.77	2.90	NA	
Per new car	27.0	31.1	26.8	35.6	36.5	45.5	34.4	31.0
Workers per car in operation	1.20	1.03	1.00	1.02	1.03	1.03	NA	NA
Cars in operation per operative	2.96	3.58	NA	4.16	NA	4.57	NA	NA

\*The number of cars which would be in operation if people were getting rid of their cars at the same rate as in 1970; that is, assuming the current population of cars 5 years old or less, constituted 61.4% of the total population, rather than 45.5%, as it was in 1983.

## The Philippines: strategic conjuncture and future prospects

by Paul Goldstein

The Philippines today is undergoing its most important development since it declared independence from Spain in the late 19th century and earned independence from the United States in 1946. The Philippines reached this historic branching point when President Ferdinand Marcos declared a "snap" election slated for Feb. 7 of this year. After months of deliberation and enormous pressure from the United States, Marcos has set out to prove that his political mandate is intact and that, in his relations with the United States, he will assert his nation's sovereignty in a new way.

During a recent trip to the Philippines, which included meetings with the President and other top officials, this writer was told by one knowledgeable source that President Marcos, over the last 13 months, has learned more about the United States and its internal workings than the U.S. has learned about the Philippines. Whereas President Marcos has tended to be more patient toward the "dumb" Americans, the liberal-controlled U.S. Department of State has only displayed the worst attributes of arrogance and ignorance, with its leading representative in the Philippines, Ambassador Stephen Bosworth, exemplifying both.

Marcos's thinking about his relationship with the United States is best seen in his own words about World War II: "When I was in the battlefield and looked around me, I didn't see American GIs dying, but 200,000 Filipinos. That is not to say Americans did not die, but rather to make clear that it was the Filipinos who were in the front lines, taking the brunt of the attack." Similar remarks were made on U.S. national TV, reflecting the President's deep bitterness in the face of what he has come to see as "the American betrayal."

Marcos is not alone in thinking about the United States in this way. The U.S. State Department and the Eastern Liberal Establishment are hell-bent in bringing into existence a "New Yalta" arrangement with the Soviet Empire, which means selling out key U.S. allies from West Germany to Tunisia to the Philippines. A handful of U.S. military and intelligence officials are opposed to what the State Department is up to, but for pragmatic and narrow reasons. Even these individuals, located throughout various institutions in the government, are guided by no higher



*An election rally of the Bayan, a coalition of left-liberals and communists which is supporting Cory Aquino's challenge to President Marcos.*

commitment to the sovereignty of what a republican ally like the Philippines truly represents.

In contrast to this pragmatic approach of power-politics, and to assume the proper intelligence standpoint for judging the historic developments in the Philippines, it is useful to consider two quotes, from Lyndon H. LaRouche and President Franklin Delano Roosevelt. Both of the quotes reflect the anti-colonial outlook which was imbedded in the U.S. military and the World War II intelligence agencies. It is an outlook which needs to be revived in the United States, if we are to survive as a superpower. It is the basis for dismantling the policy of the International Monetary Fund (IMF) and World Bank.

LaRouche, candidate for the 1988 Democratic Party nomination, stated in a recent document: "In such a world order of sovereign republics, just as each individual must be equal before the law, so must each and all sovereign republics be equally sovereign before the law of nations. There must be no empires, no systems of satrapies. There can be only true partnership among sovereign states which share the same general principles for fostering of civilization. As each individual must contribute to civilization, according to his or her means, so each sovereign state and people must contribute according to its potentialities. As the only proper differences among individuals are those of merit, so the fact that a more powerful state has greater responsibilities does not lessen the political equality of other states."

LaRouche's concept of a "community of principle among nation-states" was nearly articulated by FDR in a meeting with British Prime Minister Winston Churchill, when the two

were discussing the future world order following the war. Roosevelt stated: "American foreign policy after the war must be along the lines of bringing about a realization on the part of the British, and the French, and the Dutch, that the way we have run the Philippines is the only way they can run their colonies. . . . I am firmly of the belief that if we are to arrive at a stable peace, it must involve the development of backward countries, of backward peoples. How can this be done by 18th-century methods?"

"Whichever of your ministers recommends a policy which takes wealth out of a colonial country, but which returns nothing to the people. . . . Twentieth-century methods involve bringing industry to these colonies. Twentieth-century methods include increasing the wealth of a people by increasing their standard of living, by educating them . . . by making sure they get a return for the raw materials of their country. . . . [if not] the colonial system [will] mean war.

"The point is that we are going to be able to bring pressure on the British to fall in line with our thinking, in relation to the whole colonial question. It's all tied up in the one package: the Dutch East Indies, French Indo-China, India, British extraterritorial rights in China . . . we're going to be able to make this the 20th century afterall."

The post-war failure to realize this anti-colonialist policy design is the primary reason for the present crisis in the Philippines. It is not, as the U.S. press and the official policy line would have it, the result of the "corruption in the Marcos regime" or "Imelda Marcos's investments in the United States." Even the limited numbers of genuinely patriotic members of the Reagan administration continue to view Mar-

cos as a man who has stayed in power too long. "He needs to step aside even if he is re-elected," one former U.S. military official told *EIR*.

### **The State Department's opposition ticket**

The forging of the Philippine opposition ticket to the Marcos-Tolentino one, was carried out by primarily two individuals, Cardinal Jaime Sin and U.S. Ambassador Stephen Bosworth. However, the architect of the policy of creating an opposition in the first place was the former ambassador to the Philippines and Iran, William Sullivan. Both Bosworth and Cardinal Sin are carrying out what Sullivan failed to do during his tenure as ambassador during the early 1970s. It was Sullivan's initial destabilization operation which prompted President Marcos's declaration of martial law in 1972.

The prerequisite for putting the opposition together to challenge Marcos was the Aug. 21, 1983 assassination of Ninoy Aquino, the husband of political neophyte Corazon

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*The Aquino-Laurel platform represents the precise outlook of the pro-New Yalta forces in the State Department. Despite an attempt at moderating her stance, Aquino continues to pledge the removal of U.S. military bases.*

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Aquino. According to one U.S. intelligence operative who served in the Philippines for 18 years, Aquino was killed in order to create a martyr, which was seen by Sullivan et al. as the essential ingredient for catalyzing an anti-government upsurge among especially middle-class Filipinos. This individual added that it is a known fact in the Philippines and inside U.S. intelligence agencies that Aquino was warned not to return to the Philippines, because there was a plot against him. Aquino was told by circles around Sen. Edward Kennedy that Marcos was dying from kidney failure and only Aquino could save the Philippines.

As the Philippines is a strongly Catholic country, the "martyrdom" syndrome of Philippine politics serves Cardinal Sin and his brand of "Liberation Theology" quite well. Sin, who has sanctioned the deployment of "revolutionary" priests to enter the ranks of the maoist terrorist force, the New People's Army (NPA), convinced Cory Aquino to run for President, on the wave of sympathy generated by her husband's tragic death. The political base that is deploying on behalf of Aquino is the Bayan, a coalition of left-liberals and a variety of communist front organizations led by the National Democratic Front. The NDF is backed in the United States by the leading left-wing think tank the Institute for Policy

Studies, and former Attorney-General Ramsey Clark.

The Aquino-Laurel platform represents the precise outlook of the pro-New Yalta forces in the State Department. Despite an attempt at moderating her stance, Aquino continues to pledge the removal of the U.S. military bases at Clark Air Field and Subic Bay. She and Laurel have promised to make Southeast Asia a zone of "neutrality, freedom, and peace," and to repudiate all agreements entered into by Marcos if these "oppose the national interest," including the agreement with the United States on the bases.

Aquino's economic policy is that of the World Bank: In a speech Jan. 6, she said she would dismantle the monopolies in coconuts and sugar, and stimulate investments in "labor-intensive, rural-based, and small- and medium-scale enterprises," preferably in food production. She said that she would emphasize the private sector, "the engine of the economy."

The key economic advisor to Cory Aquino is Jaime Ongpin, who comes from one of the leading oligarchical families of the Philippines. His brother is presently Marcos's industry minister, and has helped bring the IMF policy into the Marcos administration. Jaime Ongpin has been invited to the United States several times by the State Department, for briefing discussions with members of the National Security Council and the Congress. His political base is the Bandila, a coalition of left-liberals and social democrats. He is also the owner of the largest mining company in the Philippines, called Beuget.

Ongpin's outlook on the IMF economic policy is as follows: "The IMF and World Bank are nothing but big banks. Every nation in the world, except those better managed, deal with the IMF/World Bank and those who pay their debts on time, who do not default and do not divert funds which are meant for scarce resources, are treated quite well. But for countries like the Philippines, which are chronic misallocators of scarce resources, the IMF and World Bank levy stringent conditions, all on account of these countries' misbehavior. It is very convenient to say, it's the fault of the IMF/World Bank, but is it really? We in Bandila say, it's the fault of those who were responsible for mismanaging these scarce resources. And it's our own fault for letting them do it."

The opposition's economic program is precisely what the IMF and the State Department want for the Philippines. Despite all the problems of the Marcos government, and despite the economic difficulties it is facing, Marcos is committed to the economic development of his nation; he still represents the fundamental interest of the Philippines, in opposition to the very compromises he has made with the IMF. This was clearly defined when he defended Peruvian President Alan García's decision to face down the IMF (see *EIR*, Dec. 13, 1985, "Marcos Gives Backing to Peru; Declares War Against the IMF"). Marcos and the country's patriotic institutions and individuals, including some of the legitimate opposition, are still looking to fulfill what Franklin D. Roosevelt had promised for the Philippines and all former colonies: the right to sovereign economic development for the benefit of their populations.

# President Marcos and General Ver wage war on drugs and terrorism

by Paul Goldstein

A "secret" war is taking place in the Philippines: the War on Drugs. Without much publicity—none in the United States—the battle now being conducted by the Armed Forces of the Philippines (AFP) represents the potential leading edge for defeating the Soviet-backed New People's Army (NPA). With limited resources, the newly reorganized Narcotics Command (NARCOM) is fighting to eradicate the logistical support for this narco-terrorist organization.

Contrary to myths perpetuated by officials of the State Department and the anti-Marcos faction of U.S. intelligence, concerning the quality of the AFP fighting units, this outfit is a highly motivated elite force, which operates in conjunction with the Scout Ranger battalions and other units headquartered at Camp Crame in Quezon City. Founded on Feb. 1, 1983 by Chief of Staff Gen. Fabian Ver, it has had a remarkable success story, despite the well-known difficulties within the AFP, which are recognized by President Marcos and General Ver.

## The AFP and the United States

Before reporting on the progress of the war against narco-terrorism, it is necessary to dispel the exaggerations and lies concerning the Philippine military situation and the role of General Ver. During a recent tour of the Philippines, this reporter interviewed or met with leading military figures, some connected to the opposition, and also with U.S. military personnel, both retired and active. The striking picture which emerged from these discussions, is that the problems inside the AFP are the result of poor training and lack of equipment, rather than the standard line of "corruption, cronyism" and over-extension of senior military officials. These conditions are tied to the fact that U.S. military assistance has been negligible, due to the internal politics of the U.S. intelligence community, the Congress, and the Defense Department. Indeed, the policy orientation of the United States toward the Philippines is determined by the State Department—which is committed to a U.S. strategic withdrawal from the region—and by the faction of the Wall Street banking community which is up to its ears in laundering the ill-gotten gains of dope traffickers such as those the Armed Forces of the Philippines is trying to wipe out.

The political intelligence warfare within U.S. policy-making institutions has aggravated the factionalization within the Philippine military. The key catalytic event which forced these frictions to surface in the AFP was in the aftermath of the assassination of opposition leader Benigno Aquino in August 1983.

One of the results of the Aquino assassination was the targeting of General Ver, who was accused of involvement in the assassination and was later acquitted. The drive to oust General Ver is the key to the whole dynamic of present U.S. policy toward the Philippines. Not only is Ver the Chief of Staff of the AFP; he is also President Marcos's director of the National Intelligence and Security Agency (NISA), which makes him one of the most powerful individuals in the country. It was through the personal efforts of General Ver that the war on drugs was upgraded. The international-drug cartel—Dope Inc.—determined to get rid of him.

At the point that Ver was removed to stand trial for conspiracy in the Aquino assassination, Marcos appointed Lt.-Gen. Fidel Ramos, a West Point graduate, as Acting Chief of Staff. Considered by the State Department, Pentagon, and U.S. intelligence services as the "savior" of the corruption-ridden AFP, Ramos was considered the potential leader of a coup d'état which would be backed by the United States. These events were to have taken place prior to the election call by President Marcos.

The pretext for such a coup was to be the threat of a "communist overthrow" of the Marcos government. This evaluation was fed by overblown intelligence concerning the communist threat, supplied by Paul Wolfowitz of the State Department and Richard Armitage of the Pentagon, who pushed this assessment based upon official CIA estimates. The analysis section of CIA and the CIA station chief in Manila were basing their reports on their assets inside the Philippine military and in the leading elements of the opposition—some of whom are on the CIA payroll. Any reports coming from pro-Marcos or pro-Ver sources are considered suspect and not to be included in any evaluation!

One U.S. Defense Intelligence Agency official in Manila reported that, contrary to the CIA's accepted estimates, the NPA operations could not be considered a serious insurgency

but were "showboating," and could not be sustained. He added that his own activity included traversing the entirety of the Philippine archipelago profiling the NPA actions, and filing official reports. But these reports and others contradicting the "prevailing perception" never reached headquarters, because the reporting and collection system goes through the State Department and CIA, which are predisposed to

discount them. This situation is the result of the political deals that CIA Director William Casey made with the Eastern Establishment concerning the Philippines. It is a more or less well-known joke that the present chief of station for the CIA has never met President Marcos and is not permitted in the Malacanang Palace, because of Casey's shenanigans. In an interview with the *New York Times*, President Marcos essen-

MANILA BULLETIN, TUES., JAN. 13, 1959

## SEE LINK BETWEEN MARIJUANA SYNDICATE AND COMMUNISTS

Investigation into the distribution and growing of marijuana plants developed a new twist yesterday when government intelligence men started looking into a possibility that introduction here of the plant was part of a communist move to spread addiction, weaken activity, and finance party activities. . . .

### A 26-year war against the drug traffickers

Who is Gen. Fabian Ver, whom the State Department and its friends in the Philippines opposition have targeted for ouster? The following article, "See Link Between Marijuana Syndicate and Communists," which was published in the Manila Bulletin on Jan. 13, 1959, documents his two-decade war on the drug pushers.

Investigation into the distribution and growing of marijuana plants developed a new twist yesterday when government intelligence men started looking into a possibility that introduction here of the plant was part of a communist move to spread addiction, weaken activity, and finance party activities. . . .

In Camp Crame, intelligence operatives were also looking into a possible tie-up between the marijuana syndicate and gun-runners, and dollar and gold smugglers. . . .

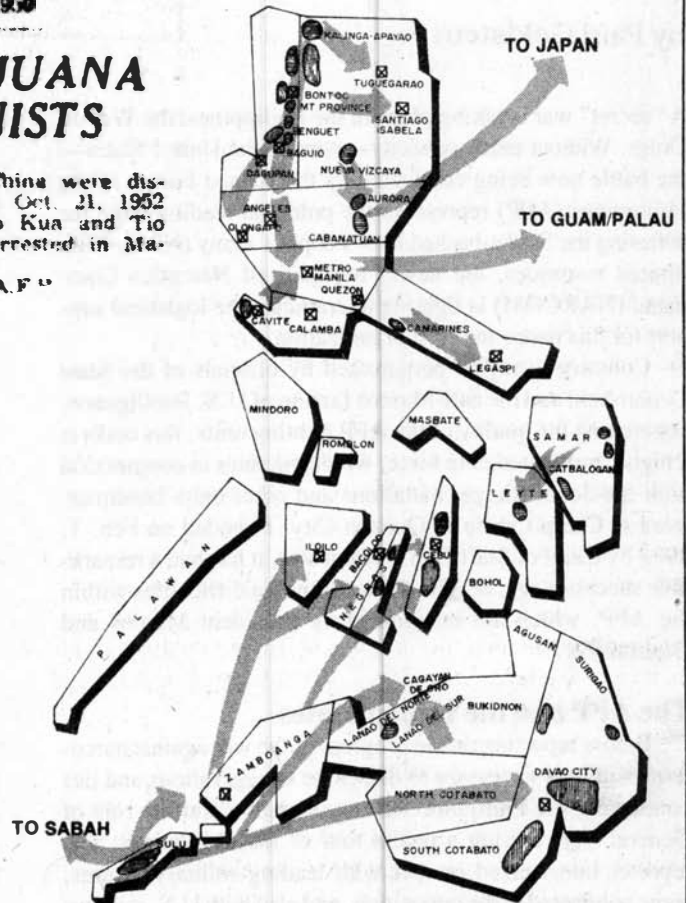
Earlier research made by the P. C. criminal investigation service under Lt. Col. Ramon Gelvezon showed that the Philippines was one of the principal air and sea routes of international traffic in narcotics, opium and marijuana derivatives.

A comprehensive report on the survey made by Capt. Fabian Ver of the C.I.S. stated that large-scale smuggling of narcotics in the Philippines from China were disclosed as early as Oct. 21, 1952 when José Lao Ko Kua and Tio Eng Tiong were arrested in Manila.

Researchers at A. F. P. G-2 also said Red China had

Philippines from China were disclosed as early as Oct. 21, 1952 when José Lao Ko Kua and Tio Eng Tiong were arrested in Manila.

A. F. P.



This map, published by the Narcotics Command of the Armed Forces of the Philippines in February 1985, shows the principal marijuana-growing regions in the country. The arrows indicate shipment routes.

LEGEND:  
 ⊗ - STASH SITES  
 ● - TRADITIONAL GROWING AREAS  
 ⊖ - NEWLY DISCOVERED GROWING AREAS

made several attempts to smuggle narcotics into the country through Russian submarines based on Hainan island, to support espionage activities and purchase strategic materials.

According to Ver's report, this was confirmed by Taipei officials. The report also said that rampant smuggling of narcotics in the south had been confirmed.



tially accused the CIA of unauthorized contact with the AFP "reformers." "What is the cause of the lapses of intelligence and discipline?" he asked. "Why does our intelligence seem to leak? And who's talking to the CIA without my permission?"

One of the critical problems that was created by this strained relationship between the Marcos government and the CIA, is the fact that, on advice from certain senior U.S. intelligence officials, Marcos and his close associate Eduardo Cojuangco hired a team of Israeli mercenaries, formerly with the Israeli Defense Force (IDF). Some of the members of this private security operation aimed at providing back-up to President Marcos's own personal security, and who also serve as advisers on counter-terrorism, are agents of the Mossad, the Israeli secret intelligence service. According to *EIR*'s intelligence contacts, this can become a "Trojan Horse" problem for the Philippines.

Complicating and compounding this problem is the foolishness of certain patriotic elements of the U.S. military, who saw General Ramos as the "reformer" to lift the AFP from its alleged morass of corruption and incompetence. By promoting Ramos and the "We Belong" reform movement, the United States caused the AFP to split into warring camps of pro-Ver and pro-Ramos forces, contributing to demoralization and threatening to plunge the Philippines into civil war. This is precisely the result that the "New Yalta" crowd in the United States—and the Soviet Union—want to achieve.

The misevaluation by patriotic U.S. military and intelligence officials of the situation within the AFP is based upon ignorance of Filipino culture, especially the question of loyalty within the military. Moreover, the political sensitivity required for handling this problem is ignored by the policy-makers in Washington, who are only interested in pursuing the "power-politics game."

### **The anti-narcotics command**

With this background in mind, look at the real situation of the AFP's War on Drugs. General Ver's intervention to transform the previously inefficient Constabulary Anti-Narcotic Unit into a branch of the AFP, represented a major threat to the international dope cartel, for from 1972 to the present, the Philippines has been judged an excellent transshipment point for drug-trafficking and a ripe area for marijuana and cocaine cultivation for domestic consumption as well as export.

In response to an enormous leap in marijuana cultivation between 1979-81 and again between 1981-83—marijuana went from 77,395 seedlings and plants to 433,612 and then to 908,995—General Ver began to investigate the relationship between the growth of the NPA and drugs. His personal commitment to uncovering the relationship between drugs and communist terror began in 1952 when, as a captain in the Criminal Investigation Service of the Constabulary Police, he found links between the communists and drugs coming from the People's Republic of China. Upon assuming the

position of Chief of Staff in 1981, Ver began his reorganization of the War on Drugs.

On Feb. 1, 1983, he appointed then-Col. Ramon Montaño, now a brigadier general, as commander of the NARCOM unit at Camp Crame. AFP intelligence and NISA ascertained that the hotbeds of NPA activity and marijuana cultivation overlapped, especially in the Tinglayan, Kalinga-Apayao, and Cordillera ranges. The first major crackdown against marijuana cultivation by the NPA met with stiff resistance. The 41st Infantry Battalion, augmented by two companies of the elite First Scout Rangers Regiment, went into action in the Kalinga-Apayao area. Deployed in support of the operation were helicopter gunships from both the Philippine Air Force and the Constabulary Integrated National Police (PC/INP). After the success of this operation, General Ver sent the NARCOM into action.

On July 18, 1984, elements of the NARCOM and AFP units, composed of the Scout Ranger Company of the 5th Infantry Division, were deployed to hit the NPA production base in the border areas of Bugnáy, Tinglayan, Kalinga-Apayao, and Barangay Bituagan. The operation successfully uprooted 200,000 full-grown marijuana plants in a three-hectare region. In the same general vicinity, AFP/NARCOM operations eradicated 350,000 plants and 300,000 seedlings.

During the year-and-a-half between the founding of NARCOM and the successful July 1984 operation, the AFP and General Ver were the subjects of continued political warfare. By 1985, discovered marijuana production in the Philippines rose to 9,907,885, alongside an expansion of NPA terrorism, just at the point that the pressure and cutoff from the United States of military assistance began in earnest, weakening the internal situation. These successful military operations were conducted with only two helicopter gunships!

Now, the Qaddafi-backed insurgency in the southern Philippines, the Moro National Liberation Front, has expanded its marijuana operations into the Sulu Province, selling the product in the Malaysian province of Sabah. Given the targeting of the northern Luzon area by NARCOM, the government is now faced with the second-largest area for drug-growing on the island of Cebu in the central Visayas. To cope with the war, Ver set up the Drug Intelligence Coordination Committee, where all law enforcement intelligence services, including Interpol, cooperate. Unlike the situation that prevails in the United States, in the Philippines there is great cooperation among the various agencies because of Ver's centralizing role.

The international drug syndicates from the Golden Triangle of Southeast Asia are operating in the Philippines. However, the Philippines has one of the toughest laws internationally on heroin and drug-smuggling in general. During the martial-law period between 1972-76, when the drug problem was reduced to virtually nothing, President Marcos ordered the execution, after a trial, of one of the leading drug smugglers of the Triad secret society, Lim Seng.

At present, the leading Golden Triangle/Golden Crescent network operating in the Philippines is an Australian one based in Thailand, where yachts are loaded and shipped to Hong Kong, then exported into the Philippines and finally transshipped to Europe and the United States. NARCOM busted the Colombian-Philippines connection for cocaine distribution headed by Peter Vizcardi a.k.a. Silvio Costa, an Australian national of Italian descent. Vizcardi was the financier of the Italian "Colombian-Philippines" cocaine trafficking group. Cocaine production in the Philippines is not as

extensive as marijuana; however, General Montaña told this reporter that it has been reaching into the upper echelons of Philippine society within the last two years, as a result of the influence of U.S. jet-set types. The major area of cocaine production is the Central Visayas and Iloilo.

Among the key distribution vehicles for heroin from the Golden Crescent are Philippine Airlines and Pakistan International Airlines. The Pakistan consul general was kicked out of the Philippines for coordinating the drug operation. NARCOM intelligence found out that some of the Pakistani

## The U.S. drug lobby and the Philippines

A close look at the circles in the United States and Canada who are running operations to topple the Marcos government, reveals numerous connections to the shadowy underworld of dope and terrorism. According to a former high-level U.S. intelligence official, one of the leading figures involved in the Philippines is **Hank Greenberg**, who runs the New York City-based International Insurance Company of America, one of the leading underwriters and re-insurers of the Philippines banking system. Greenberg is said to have had business ties to CIA Director William Casey, and this may have something to do with Casey's problems with the Philippines.

An Israeli intelligence source told *EIR* that a Mossad faction which was involved in the assassination of South Korean President Park Chung Hee, operates from Canada in conjunction with Greenberg. Two financiers, one Israeli and another a Canadian—**Harold Arviv** and **Charles Yannover**—using a South Korean assassin named Ji Shik Moon, not only were involved in the Park hit, but were also involved in planning the assassination of Philippines opposition leader Benigno Aquino, whose death in 1983 provided the pretext for the destabilization drive against President Marcos. Subsequent investigations revealed that Yannover, a joint Mossad-British intelligence agent, was involved in a North Korean-funded plot to kill both South Korean President Chun Doo Hwan and President Marcos at a golf tournament in 1981.

A key congressional opponent of the Marcos government, **Rep. Stephen Solarz** (D-N.Y.), represents dope-lobby interests, specifically, the Lebanese-Syrian Jewish banking interests in New York City (including from his Brooklyn constituency), Beirut, and Rio de Janeiro. So-

larz's key contact point in this dirty-money network is dope banker **Edmund Safra**, the former chairman of American Express Company and a friend of Henry Kissinger, who brought Kissinger onto the Amex board. Safra's apparatus extends into the Philippines through his long-standing relationship to Israeli arms merchant **Shaul Eisenberg**, who has offices in the Makati business district of Metro-Manila. Eisenberg's Far East Trading Corporation is the largest Israeli concern now operating in the People's Republic of China, where it manufactures light weapons. One U.S. intelligence source indicated that some of Eisenberg's weapons are winding up in the hands of the Soviet-backed New People's Army (NPA) in the Philippines. Eisenberg lives seven months of the year in Beijing (Peking), where he rents the top three floors of the Hilton Hotel.

Solarz and the Kennedy wing of the Democratic Party have financed the newspaper of the Philippines opposition in San Francisco, the *Philippines News*. It was bailed out with money from two real-estate operatives with ties to drug-money laundering: **William Coblentz** and **Moe Bernstein**.

**Michael Armacost**, former ambassador to the Philippines and now Undersecretary of State for Political Affairs, has interests in the Philippines through his brother Robert, who is president of the Bank of America.

Not to be overlooked is the media, which has played a crucial role in building the anti-Marcos destabilization internationally. As *EIR* has documented on other occasions, the *Washington Post*, *New York Times*, and the major television networks are closely interlocked with the drug lobby. Completely overlooked in the melee surrounding the assassination of Aquino was the role of ABC-TV's correspondent **Ken Kashihara**, who witnessed the assassination and, with the cooperation of NBC-TV's Asia news director, spirited out of the Philippines a witness who later wound up secretly testifying to members of Congress. Whether this unknown individual was Mrs. Quijano, the prosecution's key witness in the Aquino assassination trial, is the subject of an ongoing investigation.

revenues from heroin were being invested into Iranian assets throughout the Mideast.

As for the future prospects for the war on narcoterrorism, the AFP/NARCOM and the Scout Ranger units are in need of sophisticated communication equipment for coordination of their operations. In some recent cases, AFP and NARCOM forces did not have advance reconnaissance and intelligence on the whereabouts of NPA terrorists, and by accident ran into rather large units. In one instance, a bloody battle ensued in which NPA forces suffered significant losses. Badly needed counterinsurgency equipment, including helicopters and specialized counterinsurgency aircraft like the T-28, could be easily integrated into the AFP's already existing capabilities. General Montaña also told *EIR* that at present there is no satellite intelligence cooperation between the Philippines and the United States, which would make it easier to target the growth areas of NPA drug-cultivation activity. Of course, some of the NPA's marijuana winds up at the U.S. bases, Clark Air Base and Subic Bay. In November and December, the AFP/NARCOM and the U.S. Naval Investigative Service ran a joint interdiction operation; but this was too limited in scope to really address the problem.

## Two choices

To summarize what this war on narco-terrorism means, in the context of the upcoming election and the real choices facing the United States, let us quote from President Marcos on this issue and from one of the revolutionary priests who support the NPA.

President Marcos:

I, therefore, place myself and our government openly, unconditionally, and unreservedly on the side of all those who are fighting the proliferation of the illicit use of drugs, not only in the name of humanity, not only in the name of our God, not only in the name of our common purpose, but in the name of national objectives and our national ideals. Here in the Philippines, we will continue to fight the drug menace with all the weapons at our command as we are fighting all the enemies of our nation.

Father Gorospe, Society of Jesus, promoter of Liberation Theology and supporter of the NPA:

Like anything else, drugs are not evil in themselves, and they ought to be judged by their effects on the individual and society. Like coffee, alcohol, and tobacco, drugs may even be taken for pleasure and relaxation, if there is proportionate reason. We are obliged to take reasonable care of our health, not to expose our life to risk without a commensurate reason, and to avoid excess. What is excessive differs with different individuals and depends on so many variable factors. (In: *The Filipino Search for Meaning: Moral Philosophy in a Philippine Setting.*)

## Asian tour links Pacific Rim nations

The Philippines is an Asian country—but it is also Roman Catholic and was once a Spanish colony; it is now heavily indebted and engaged in a bitter fight against the International Monetary Fund's effort to impose austerity conditionalities. It clearly has a great common interest with the countries of Ibero-America. Yet, it was not until November-December 1985, when the Schiller Institute sponsored the tour of an international delegation to the Philippines, that these links were forged.

Following a meeting on Nov. 29 with Peruvian Gen. (ret.) Edgardo Mercado Jarrín and representatives of the Schiller Institute and *EIR*, Philippines President Ferdinand Marcos for the first time publicly endorsed the "courageous" move of Peruvian President Alan García to limit debt payments to 10% of export earnings, and announced that he would send observers to the upcoming Ibero-American heads of state summit in Panama, called on García's initiative to plan a joint strategy on debt and economic integration.

General Mercado Jarrín, who heads the Institute of Geostategy and Political Studies in Lima, Peru, was accompanied by Dr. Uwe Henke v. Parpart, Paul Goldstein, and Carlos Wesley. His tour also took him to Thailand, India, and Japan.

In his meeting with President Marcos and Foreign Minister Pacífico Castro, and throughout his tour, Gen. Mercado Jarrín stressed the need to establish "horizontal" relations among countries of the Pacific Rim, without the mediation of the United States or any other former colonial power. The economies of Ibero-American Pacific countries and Asian ones are "complementary," he said, and Ibero-America in particular has much to learn from Southeast Asia, where growth rates of 10% or more had been sustained throughout the 1960s and 1970s, while Ibero-America, for all its foreign borrowing, had not gone much beyond 8-9% even in the "boom" years. This, he attributed in large measure to the influence of the Japanese, who had been willing to transfer some technology to their Asian trading partners, while the same had not occurred in the Western Hemisphere. In addition, Asian countries had stressed much more the importance of developing infrastructure and capital goods production—an essential prerequisite for industrial development.

In his discussions with policymakers throughout the region, the general often used an image from the Age of Explo-

ration, to underline the potential that exists now for such "horizontal" ties. Recounting his own journey from Lima to Asia, via Los Angeles, he said that this was the same route employed by the Spaniards four centuries ago, when the "Manila Gallion" took off on its yearly voyage from Acapulco to the Spanish colonies in Asia. This, he said, demonstrates the need for direct transit routes between Asia and Ibero-America, without having to go through the United States or other countries.

In Thailand, Gen. Mercado Jarrín pointed out that that nation's first encounters with Europe were with Spain and Portugal—and that the hot chili peppers which are the principal spice of the Thai cuisine, were introduced by the Spanish from their New World colonies!

Thailand, like Peru and the Philippines, faces the problem of IMF and World Bank attempts to impose conditionalities that can only undermine economic and social stability. Mercado Jarrín held private meetings with former Thai Deputy Premier Boonchu Rojanastien, who is a vigorous opponent of the IMF (see EIR, Dec. 13, 1985, "Thailand's prospects for rapid agro-industrial development"), current Deputy Prime Minister Adm. (ret.) Sonthi Boonyachai, among other political and economic leaders.

### Common goal: industrialization

In India, Mercado Jarrín gave an interview to the *Hindustan Times*, in which he stressed the existing links between Peru and India that were set up by Indira Gandhi, who aided Peru in joining the Non-Aligned Movement. Since India has no significant debt problem, he found considerable reluctance on the part of Indian intellectuals to involve themselves in the plight of Ibero-America. To them, he stressed that the

debt fight was inseparable from the fight for a new world economic order, using the example of protectionist measures against textile exports, which affect both India and Peru equally. A similar case can be made for all raw materials exports—such as Peru's copper, which in the 1960s was worth \$1.50 a pound, and now is under \$.50 a pound—and the unfair competition Third World countries suffer, with their agricultural goods competing against subsidized European Community exports.

Mercado Jarrín met with Indian cabinet officials including Foreign Affairs Ministry Permanent Secretary Romesh Bhanbali, Minister of Finance V. P. Singh, and Minister of Foreign Policy Planning G. Parthasarthy, among other leaders. One outcome of these meetings was the promise that these advisers to Prime Minister Rajiv Gandhi would recommend that Gandhi include Peru on his next tour of Ibero-America, expected during 1986, while Gen. Mercado Jarrín would recommend that President García visit Egypt, Indonesia, India, and Yugoslavia—all founding members of the Non-Aligned Movement.

In Japan, Mercado Jarrín met with top officials of the Mitsubishi Research Institute, where he presented a proposal he had developed some time ago for a year-round highway from the east coast of Brazil, through the Amazon region, to Peru and the Pacific. Such a highway, Gen. Mercado Jarrín said, would greatly facilitate trade between Brazil and Japan, as it would alleviate bottlenecks at the Panama Canal, and would provide an alternative to the canal. Brazil currently sends Japan 9% of its export goods. Using maps and diagrams, Mercado Jarrín described the feasibility of the project, which could include tunneling through the Andes Mountains.



Philippines Government

President Marcos (right) meets Gen. Mercado Jarrín. With them are (left to right) Philippines Justice Minister Manuel Lazaro and Acting Foreign Minister Pacifico Castro.

## What's at stake in the coming election

*Mr. Puno, minister counselor for public affairs of the Philippine embassy in Washington, D.C., was interviewed on Dec. 13 by EIR's Washington bureau chief Nicholas Benton.*

**EIR:** . . . What do you see as the alternatives facing the Filipino people, and their impact on the United States, in the upcoming Feb. 7 election?

**Puno:** This will be the first time in our country's history that the elections will involve primarily a case of ideology. Since the post-World War II period, most of our elections have involved parties which generally acknowledge a certain amount of cooperation with the government and people of the United States. They recognize the historic ties that bind our peoples.

In this coming election, both parties involved in the election believe that the issues will be ideological. They will focus on two main issues. The first will have to do with the legalization of the Communist Party in the Philippines. The ruling party, Kilusang Bagong Lipunan (KBL), which translates into English as the New Society Movement, has thus far refused to legalize the Communist Party. The reason for this is that the Communist Party carries, as part of its agenda, the violent overthrow of the legitimate government in our country, and, of course, the ruling party is against this. It refuses to recognize this party and allow it participation in our political process, unless it disavows this trend towards violent overthrow. However, the opposition party, in its current platform, believes in the unconditional legalization of the Communist Party.

The second point at issue has to do with the continuation of the presence of the United States' bases in the Philippines. . . . The position of the ruling party is that regional security must be maintained, and there is every indication that the agreements that have been made thus far do contribute to regional security, and as long as these conditions remain, there is no reason why beyond 1991 the same arrangements of regional security should not be continued. The opposition party, on the other hand, has maintained that they will ask the Filipino people in a plebiscite their views on whether or not the presence of the bases should be maintained. There are two parties involved in the opposition group today. The Unido, which is the party of Sen. Salvador Laurel, the vice-presidential candidate, and the Laban Ng Bayan

(Laban) party, which translates as the Revolutionary Struggle Party, which is the party of Mrs. Aquino, the presidential candidate. The party of the presidential candidate has as one of the points in its platform the removal of U.S. bases from the Philippines. . . .

**EIR:** Here in Washington, there are the outspoken critics of Marcos in the U.S. Congress, one being Representative Stephen Solarz [D-N.Y.], whose committee seems to have found just this particular time to consider an investigation of some of President Marcos's real-estate holdings here. You wouldn't suspect that there might be an attempt to conduct this investigation for political purposes, would you?

**Puno:** It is an investigation of President Marcos's alleged real-estate holdings in the United States. Of course, many people are of the firm belief that there is no such thing. With respect to what the intentions are of this congressional investigation, what the U.S. Congress wishes to do is up to its own representatives. However, the perception in the Philippines is that the timing of this investigation is very curious, indeed, because they are covering issues which have been ventilated in your media, your newspapers, for the past couple of months. These are issues that are being brought up by the opposition candidates in the country today. . . .

We believe it is in the interest of the American people and the American Congress that these elections be conducted in as fair and objective a manner as possible, with a minimum amount of interference or commentary from parties that are not directly involved in the process. . . .

**EIR:** What is your perception of the strategic importance of Clark Air Field and Subic Bay, given the Soviet operations in that region?

**Puno:** I will make my observations from the point of view of a Filipino. You know, the United States might have its own reasons for having its facilities in the Philippines. However, here you have a small country in a region of the world that is considered a developing region, not as advanced as the other regions of the world. And there are major powers in our area. The United States has been there since early in the century—our country was a colony of the United States since 1898. Recently, of course, there has been an increased presence of the Soviet Union, and of course the People's Republic of China is just a short distance away from our country.

Now, while we wish to maintain friendship with all of these countries, it is of course a matter of concern to us that there not be too many abrupt changes in our region. We believe that the best way to preserve peace and security in our region of the world is for everyone to be able to function as freely as possible in an atmosphere of peace, freedom, and neutrality. And we believe that a development radically in favor of any of the forces in the region, which would cause instability in the balance of power, would be disadvantageous and possibly disastrous for small countries like ours. . . .

# Khomeini's massacre of the children of Iran

by Thierry Lalevée

On Nov. 20, 1985, the 40th anniversary of the convening of the Nuremberg Tribunal to hear evidence of Nazi Crimes against Humanity, the Schiller Institute, headed by Helga Zepp-LaRouche, issued a call for the convening of a new Nuremberg Tribunal. Its target: the Crimes against Humanity of the International Monetary Fund, the Soviet Union in Afghanistan, the international drug trade and terrorism, the mad and bloody adventures of Muammar Qaddafi, the genocide policies of the Malthusian lobby, and the Ayatollah Khomeini's barbarism against Iran's own people and neighboring states.

The institute's call read in part:

"A most bloody and unbending tyranny has been imposed upon the people of Iran, and many hundreds of thousands, probably millions, have died either fighting on the front in a never-ending war, or as a result of ferocious and bestial oppression. Tens of thousands of Iranian children and adolescents have been ritually sacrificed on the military front in the name of an insane interpretation of Islam, used as mine-sweepers to clear the way for adult soldiers. . . .

"This barbarism and these policies shall be considered as crimes against humanity."

A few months ago in France, a book by Freidoune Sahebjam was published: *Je N'ai Plus de Larmes Pour Pleurer (I Have No More Tears to Cry)* (edit. Grasset, Paris: 1985), one of the most dramatic accounts ever published of the crimes against humanity of the Ayatollah's regime, which came to power in February 1979. The book deals with one of the most barbarous aspects of the regime: The systematic massacre of tens of thousands of Iranian children from the spring of 1982 on.

There have been very few eyewitness accounts of such atrocities. As news slowly filtered out into the Western press,

these children were sent to their death through Iraqi minefields, or directly against the Iraqi army, unarmed, or armed only with dud grenades. None of these children knew of their fate, but the officers of the Iranian army and of the *Pasdarans* (Revolutionary Guards) were walking safely far behind the lines of children as the mines exploded.

Most children were killed. In the spring and summer offensives of 1982, more than 7,000 are reported to have been killed. The few survivors on the Iranian side were never allowed to speak. Some 2,000 had the luck of being taken prisoner by Iraq. But few of them were able to speak. Since the Islamic regime of Khomeini has denied ever using children in the war, the existence of these POWs was not acknowledged, and they could not be allowed to return to Iran. For the regime, they are conveniently dead. For the many families who have accepted the social and financial advantages of being a family "of martyrs," in a society where martyrdom is the ultimate blessing, they are also dead.

As Freidoune Sahebjam underlines in the introduction to the account of the story of Reza Behrouzi, as the child is called, it took many months before Reza was ready to speak to what he considered "foreigners." The book is the account of Reza's life as he himself told it. To do so, Reza had to overcome many emotional obstacles—that all he had been told since the age of seven concerning non-Iranians and Iranian opponents of Khomeini was false. He had also to overcome the psychological and physical trauma of what had happened to him since 1979, when he was merely 10-years-old.

The difference between Reza Behrouzi and other children may lie in poetry. From a poor peasant family, Reza was one of the rare children able to go to school and learn how to read and write; most others simply work in the fields. In school,

as he says, he learned poem after poem by Khayyam, Hafiz, and others, which he recited to himself to overcome his fears. "Today, still, my only friends are the poets, Hafez and Khayyam. Without them, I could not have found the strength to survive. They inspired me and helped me to fight when, for the fifth time, my spine was operated on to remove the bullets," writes Reza. Many other Iranian children, younger and older, have not overcome these fears, and have as yet refused to tell their story—it may take years before they fully understand what happened to them, if ever.

### **Destruction of the family**

The story of Reza Behrouzi is the story of an Iranian child who, not yet 13, was sent to the front, and also, the story of how a normal peasant family was utterly destroyed by the Khomeini regime.

Reza was a child in a peasant family living near the village of Botchan, close to Kerramshahr. Only three persons in the village, the mayor, the policeman, and the pharmacist, knew how to read and write; therefore, newspapers could not be read; and radio and television was non-existent. A glimpse of national life came only when the Shah and Shahbanou happened to visit the regional capital, the brother of the Shah came to the mountains to hunt, or an army general passed through.

In such a village, it made little difference when, one day, the portrait of the Shah was replaced by a photo of Khomeini. The villagers had cultivated the land on behalf of a Teheran-based landowner; after 1979, they did it on behalf of the state which had nationalized it.

Life only changed in September 1980, when the war with Iraq erupted. Suddenly, there were regular visits from military officers, to brief the villagers on the progress of the war, led "by the Imam," against the infidels, the Iraqi Sunnis. In the spring of 1981, the adult men of the village were called into the army; none, including Reza's father, ever returned. The family had become the family of a Martyr. In the summer of 1981, Reza's older brother, 17-years-old, was called into the army, and his death was soon announced. In the fall of 1981, his second brother, 15-years-old, was sent to the front and killed. Of what had been a large family, there only remained the mother, three sisters, and Reza.

For each of these martyrs, Reza's mother received a handsome pension from the state. Taken under the protection of a local Hojatesislam who was not uninterested in Reza's mother's new income, the family was moved off the land to a nearby city and given a house. A change of life as well as a change of status; a small peasant family had become one of the pillars of Khomeini's regime by becoming an important Family of Martyrs. There, reports Reza, a dramatic change took place in his mother—still a young woman who had lost everything she had lived for. Threatened by her mullah that refusal would endanger her regular income, his mother decided to send him into the army.

At age 12, Reza found himself on the Iraqi war front; one of the youngest soldiers, he was found unfit to carry weapons. Indeed, his first assignment, in the spring of 1982, together with several thousand other children 13- to 15-years-old, as well as men over 60, was to walk into the Iraqi minefields. They were told to walk straight in front of them toward Najaf and Kerbala. They had been warned, "If one falls, do not stop, go on walking." As Reza describes, none of them ever realized, even afterward, that they were walking on minefields. Explosions took place, but they all believed these were artillery bombardments from the Iraqi side.

The lines of children began faltering. But suddenly, the "12th Imam" appeared on a nearby mountain on a white horse. A brief apparition at first, followed by a longer appearance. It was, of course, an actor who called on the children to go on walking, and to meet him soon in Paradise. For Iranian Shi'ites, who have been expecting the reappearance of the Imam for centuries, the effect was electrifying; children didn't walk, but ran for joy, into the minefields. That day, 1,500 children died. Reza was wounded in the leg and back.

In almost any army, such wounds would have meant discharge—but not in Iran. Treated for a month in Ahwaz, Reza was back in the war by June, helping to clear what remained of the city of Khorramshahr, the houses and the corpses, all dead for more than a year. As the local army commander told them, the prize for the best soldier in Khorramshahr would be the honor of being sent to the front again. Hence, in July 1982, Reza Behrouzi was again at Hossienieh on the Iraqi border, and was told to follow his unit into Iraqi territory, with the orders: "No prisoners, no wounded." That order applied to both Iraqi and Iranian soldiers. Iranian wounded were shot by the Pasdarans, rather than sent back to Ahwaz.

On July 14, 1982, Reza was hit by an Iraqi shell and paralyzed for life. After weeks on the front, where he had less to fear from the Iraqis than from the brutalities of the Pasdarans, and the systematic rape of young children by the mullahs (he narrowly escaped), he was taken prisoner by the Iraqis, who took him to a hospital where his life was saved.

Sahebjam's book has yet to receive the publicity it deserves. This story is still being covered up. The Swiss government, which had originally, through the Red Cross, accepted the creation of Iranian Exile Committees to welcome to Switzerland Iranian child POWs from Iraq, closed them down. In January 1985, a new organization called "Peace for Children" was established with the help of the author of the book, as well as Ali Palhavi, the nephew of the former Shah of Iran, who, imprisoned under the Shah, remained in Iran under Khomeini, until he fled into exile in France. His break with the regime concerned the massacre of Iranian children.

As the Schiller Institute's tribunal call said: "This barbarism and these policies shall be considered as crimes against humanity."

# Gorbachov heralds 1986 as the year of 'major changes'

by Rachel Douglas

On New Year's Eve and New Year's Day, Mikhail Gorbachov succeeded in appearing on nationwide television in both the United States and the Soviet Union. It was an appropriate accomplishment: U.S. policy had been taken over by the Gramm-Rudman bill—Soviet austerity policy for the United States. By contrast, Gorbachov told the Russian people of the great economic and military buildup that would continue in the Soviet Union.

As Gorbachov told the Soviet population, "major changes" were coming in the Soviet Union in the new year, which would see vast increases in productive output, very hard work, and a technological revolution in the Soviet economy—all of it directed to maximize the growth of the Soviet war machine. And, the Kremlin's new bureaucracy would ride roughshod over the Russian people's obstinately backward peasant-outlook to accomplish this goal. As *Pravda's* New Year's message to the Russian people said coldly: "1986, the first year of the 12th Five-Year Plan . . . must begin with an increased work tempo." This will be the "year of hard work . . . and sharpened discipline and order."

Gorbachov stated: "We are still at the beginning of the road, defined by the April Plenum [the first party meeting after Gorbachov took over—ed.] . . . at the very beginning of difficult work and major changes, which demand from us still greater steadfastness, self-sacrifice, and fearless repudiation of everything that has outlived its day, of mental inertia, of habitual, but today useless, schemas and approaches."

Looking to the West, Gorbachov is hungrily anticipating "major changes" such as the collapse of the industrialized economies and spread of the AIDS epidemic. But at home, he has personally taken charge of an agenda that is shaking the Soviet bureaucracy from top to bottom. The roster of officials purged and the sheaves of party documents issued in recent weeks, both at a dizzying pace, point to two areas of action plotted by Gorbachov and his cohorts in the Soviet military: mobilization of the economy and exhortation of the population to make sacrifices for Mother Russia.

## Pre-congress purges

At the late November sessions of the party Central Committee and the Supreme Soviet, Gorbachov rounded off his purge of the upper echelons of the Soviet government, particularly those posts responsible for the economy. Having already installed a new prime minister, Nikolai Ryzhkov, two first deputy prime ministers, and two deputy prime ministers—just in the month of November (*EIR*, Nov. 29, 1985: "Gorbachov's purges signal gear-up of the war economy")—the Soviet boss assaulted a bastion of backwardness in the economy—the agriculture sector.

In one fell swoop, four ministries, one state committee, and sections of three other ministries, all dealing with various aspects of food production, were fused into a single agency called *Gosagroprom*, short for Union-Republic State Agroindustrial Committee of the U.S.S.R., under the supervision of First Deputy Prime Minister Vsevolod Murakhovskii. Like the party Central Committee Secretary for Agriculture, Viktor Nikonov, Murakhovskii hails from Gorbachov's political base in the North Caucasus region, the so-called Stavropol Mafia.

Not stopping with this overhaul, Gorbachov and Ryzhkov proceeded, in the month of December, to replace the leadership of the coal and pharmaceuticals industries. Veteran Finance Minister Vasili Garbuzov, perhaps with a sense that his time was up, died in the midst of the Supreme Soviet session and was succeeded Dec. 15 by Boris Gostev, an associate of Ryzhkov. On Dec. 21, labor expert Yuri Batalin replaced old Brezhnevite Veniamin Dymshits in another of the deputy premier slots.

Politburo member and Central Committee Secretary Yegor Ligachov and his henchmen from the Party Organizational Work Department, meanwhile, have wiped nearly two dozen more regional and provincial party leaders from the scene. The most prominent victim was Viktor Grishin, long-time chief of the Moscow municipal communist party organization and a member of the Politburo since 1971. But the purge has encompassed far-flung *oblasti* (provinces) of So-



viet Russia, the Ukraine, and, in this latest round, Central Asia.

Immediately following the Supreme Soviet session, Gorbachov convoked a meeting of party leaders from around the country, in which he defined the purpose of this mammoth leadership turnover as just one thing: "to speed up the economic development" of the country. For Moscow, this is a central military-strategic problem, posed in the writings of Marshal Nikolai Ogarkov and other Soviet strategists, on achieving a state of war mobilization before war actually commences.

In accord with this purpose, Gorbachov's campaign for discipline and these purges are no mere administrative rejuvenation, but a visibly brutal affair.

The former minister of light industry of the Russian Republic and his deputy for transport, it was announced Dec. 15, have been sentenced to 10 years of hard labor for corruption. In the public discussion of the new economic policy for 1986 and thereafter, economic sociologist Tatyana Zaslavskaya has hinted at very wide application of sanctions, not only for crimes, but for under-par performance.

Zaslavskaya, a Siberian "reformer" linked to the industrial managers being elevated in these purges, complained in a Jan. 6 article for the daily *Sovetskaya Rossiya*: "Economic conditions up to now have allowed unconscientious and irresponsible workers to live comfortably." It is not sufficient to grant bonuses for excellence, she urged, but these must be supplemented by penalties for shoddy work, in order to instill a sense of responsibility. The destiny of some slackards was foreshadowed by Zaslavskaya, as she also leaked a plan for large-scale population resettlement in the 1986-90 period, during which time she said the population of Siberia and the Soviet Far East must receive a net increase of one million workers. Siberia, in Ogarkov's military-economic strategy, must serve as a semi-autonomous industrial powerhouse and strategic reserve for the U.S.S.R.

### Psychological changes for the Motherland

What Gorbachov is doing, according to Marshal Ogarkov's blueprint for the war-economy, confronts him with an even bigger problem than finding the ruthless personnel to manage Soviet industry. The drive for what Moscow calls the "scientific and technological revolution" runs up against the obstinance of the Russian peasant-based population, rooted in the cult of the blood and soil of Mother Russia.

Taking stock of the serious resistance to new technologies and efficient methods, Gorbachov and Ligachov have launched the big propaganda and organizing campaign for "major changes," indicated in the party chief's New Year's message. So far, however, the core of their campaign is nothing other than the cult of Mother Russia and an appeal to bring technology on line as rapidly as possible, in defense of the Motherland.

The direction of this mobilization of the population was evident at the mid-December VI Congress of Writers of the

RSFSR (Russian Republic). In his keynote, RSFSR Writers Union president Sergei Mikhalkov asked, "Is man morally prepared for the headlong acceleration of technical progress by leaps and bounds, and is the writer himself up to date with with the current state of the scientific-technological revolution and its future?"

Yevgenii Yevtushenko, the one-time "angry young poet" of the 1950s, developed this theme: "We literary people will not be worth a straw if we only record and extol social transformations taking place independently of us. It is incumbent on us not only to help these transformations, but to prepare them. Truly civic-minded works not only reflect historical events, but are themselves events in history; the acceleration of scientific and technical progress is inconceivable without the acceleration of spiritual progress."

This means, Yevtushenko explained, having the courage of Lenin, "to attack the new Soviet bureaucracy and communist arrogance . . . [to] fearlessly put the country onto the footing of the New Economic Policy." But it also would mean for "the people . . . to analyze its own errors and tragedies," so as to become "spiritually invincible." Russian writers should be both nationally oriented, and "worldwide" in their approach—"But for us, mankind begins with the Motherland."

Valentin Rasputin, the Siberian star of the "village" prose movement, took up that theme without restraint, saying, "If you imagine our common [literary] field not in an abstract but a concrete picture, then it will be Russia. For us there is no destiny, no word, except Russia." The values of the Russian soil must be carried into the space age, he concluded: "The 'village' prose of the '60s and '70s repaid an essential debt to our parents' Russia, not merely through memories of the past, but also through living, grateful memory, and showed how the national soul was strengthened and what it has carried from the depths of history, and indicated the spiritual and moral values which, if we intend to continue to remain a people and not just a population, will do us no harm in the concrete city either."

Rasputin's ideas on protecting Mother Russia from the ravages of pollution and mining may come into conflict with the Fortress Siberia build-up mandated by Ogarkov, but that is no problem for the Moscow leadership, taking his paeans to blood and soil as the keynote for mass propaganda. According to the *Sunday Times* of London (Jan. 5), Ligachov has given his stamp of approval to a confidential manual for Soviet editors, which instructs them to play up the "patriotic, heroic" Soviet military as the best exemplar of "the great tradition of unquestioning service to the Motherland."

On Dec. 24, Gorbachov himself paid a visit to an art exhibit called "Soviet Russia," featuring works by artists from the RSFSR done in honor of the upcoming 27th Congress. He was accompanied on the tour by RSFSR Culture Minister Melentyev, a person who, 15 years ago, was disciplined and demoted from a high party rank, for excesses of Russian chauvinism.

# Prime Minister Gandhi tells party: Lead movement to 'Build India'

by Ramtanu Maitra

The centennial anniversary of the Indian Congress Party in December in Bombay will be long remembered as the platform Prime Minister Rajiv Gandhi chose to launch a sharp attack on the functioning of India's governing institutions, and a political movement to transform the country. Addressing a huge gathering as president of the Congress Party, an institution which has controlled India's political scene for decades, Prime Minister Gandhi accused the present Congress leaders of being "brokers of power and influence who dispense patronage to convert a mass movement into a feudal oligarchy," and "a set of self-perpetuating cliques, who thrive by invoking the slogans 'caste' and 'religion,' and by enmeshing the living body of the Congress in their net of avarice."

While the prime minister shocked Congress veterans—and the nation—by talking bluntly and straightforwardly, without taking recourse to the self-serving rhetoric for which such occasions are usually used in India, there are reasons to believe that the youth liked what they heard. What will catch their attention is that the prime minister counterposed the lassitude and hypocrisy that has come to characterize the Congress apparatus, to the unique and urgent responsibility of Congress members to lead a new movement, a movement to "Build India."

All accounts of the preparation for the Dec. 27-29 meeting in Bombay indicated that the three-day interlude was meant to be a happy occasion for Congress members from all across the country to gather and reminisce about the past hundred years of the organization's successes. About 100,000 Congress members did arrive in Bombay, from all over India, to commemorate the "good old days," but their merrymaking was short-lived. Prime Minister Gandhi's words, in the midst of the hoopla, brought them quickly back to the reality they did not want to face. To those who would have preferred to bask in the sunshine of the past, Rajiv Gandhi said: "As action has diverged from precept, the ideology of the Congress has acquired the status of an heirloom to be polished and brought out on special occasions." And the Congress organization, in the process, he added, has been reduced to "a shell from which the spirit of service and sacrifice has been emptied."

Prime Minister Gandhi's hard-hitting speech was not directed only toward the weaknesses of his Party's members. Since the Party has controlled the central government for 35

out of the 38 years of the post-independence era, to the Indian public the Congress Party is synonymous with the Indian government; it is difficult to focus on one without taking note of the other. Moreover, the Party's image before the public in distant parts of India fluctuates with the performance of the government in New Delhi. For this reason, Rajiv Gandhi, as head of the government, did not pull his punches against the bureaucrats who have taken over the administrative process—by default of the political leaders.

Mr. Gandhi chose his words carefully in describing the corruption and sloth that has become the hallmark of the Indian bureaucracy—"the fence which has started eating the crop," as he put it. "We have government servants who do not serve but oppress the poor and helpless, police who do not uphold the law but shield the guilty, tax collectors who do not collect taxes but connive with those who cheat the state, and a whole legion whose only concern is their private welfare at the cost of society," Rajiv Gandhi said. "They only have a grasping, mercenary outlook, devoid of competence, integrity, and commitment." It is clear that many would not appreciate the dismal picture that the prime minister painted, but there are hardly any who would deny the accusations.

During the last two decades, the Congress as a political party has lost its moorings. It has been reduced to a shell of its former self, as if its only purpose were to garner votes to win elections. The purpose and commitment of the Party—surely the only party in India which still enjoys a broad national base, from Kashmir to Tamil Nadu, and Gujarat to Assam—have been reduced to a vague slogan of "Serving the People." Only a few leaders, among whom the late Prime Minister Mrs. Indira Gandhi stands out as unique, had from time to time provided new direction and vigor.

## The historical past

The hundred years of the Congress Party is a history of many great moments. It would be, however, wrong to assume that the idea of the Party had caught peoples' imagination from the outset. In 1885, only 28 years after the Indian independence movement spearheaded by Indian soldiers under British rule had been ruthlessly quashed by the colonialists, the first Congress session took place, on Dec. 28, in Bombay. Seventy-two delegates were present for the occasion. Among those heard was the voice of A. O. Hume, a

British civil servant representing the town of Simla, a hill town in northern India. The first Congress session was presided over by an Anglophile, W. C. Bonnerji. The resolutions passed in the session were petty, directed mainly at pleasing the gentry loyal to the British Raj. One resolution deprecated the annexation of Upper Burma by the British crown, and suggested instead that "the entire country of Burma be separated from the Indian Vice Royalty and constituted as a Crown Colony, as distinct in all matters from the government of this country as is Ceylon [now Sri Lanka]." Not a peep was heard about independence, and no one even spoke of self-rule.

It took 20 years before Bal Ganga Dhar Tilak, a fervent nationalist and an intellectual giant in his own right, threw open the Party to the masses with his clarion call: "*Swaraj* [Sanskrit for freedom] is our birthright." Although Congress moderates and other Party members influenced by the British Fabian Society and the Theosophical Society managed to push Tilak out of the Party leadership, the cat was out of the bag. Tilak's slogan, fortified by the blatant British oppression, had planted the seed of independence that finally bore fruit more than four decades later.

While credit for opening up the Congress Party rests squarely with Tilak, it was Mohandas Karamchand Gandhi, a British-trained lawyer who learned politics in South Africa fighting for minority rights, who brought the Indian population into the political mainstream. One campaign after another, some more effective than others, not only politicized the population, but also developed leaders who later became the architects of modern India. During this period a plethora of leaders came to the fore—the list is extensive. To name but a few, one must include Jawaharlal Nehru, Abul Kalam Azad, Subhash Bose, J. B. Kripalani, Ballabhbhai Patel, C. R. Das, Motilal Nehru, C. Rajagopalachari, and Sarojini Naidu.

### **A new and difficult role**

Independence from British rule in 1947 propelled the Congress leadership into a new role, and a difficult one. While it was no doubt a trying task to awaken political awareness among 400 million people from colonial oppression, and to face the wrath of the British Raj, the task of providing food, clothing, and housing to the millions in a depleted economy, and of building the nation at the same time, was found to be even more demanding.

Whereas during the independence struggle a general consensus was easier to arrive at, in the new situation it was sometimes necessary to fight and win an election against former colleagues, in order to stay in power. Only a handful of leaders passed the test, but the mass movement began to turn into another political party with a will to win. Many compromises were made to stay in power, and the Party drifted into the hands of power brokers. In 1969, Mrs. Gandhi split the Party to shake off the excess fat and attempt to revive it. She had to do that again in 1978, soon after her defeat in the general elections following emergency rule.

Today it is clear that all is not well with the Congress Party. There are 9 states out of 22 in which the Congress does not enjoy a majority. Even in states where the Congress Party has won elections, it has done so partly because of the weakness of the opposition parties.

### **A clarion call**

Prime Minister Gandhi's speech in Bombay is a clear signal that he has drawn the battle lines anew. It is evident that the battle has to be fought and won. Rajiv Gandhi has promised that an intra-party election, which has not been held for almost a decade, will take place this spring. The prime minister has canceled his trip to Australia, in order to put his mind to the re-organization process. Measures have already been taken to shape up the taxation system, the banking system, the judiciary, the research and development apparatus, and India's domestic and international agencies.

More clean-ups are in the offing, and from what everyone heard in the prime minister's speech in Bombay, they are coming sooner rather than later.

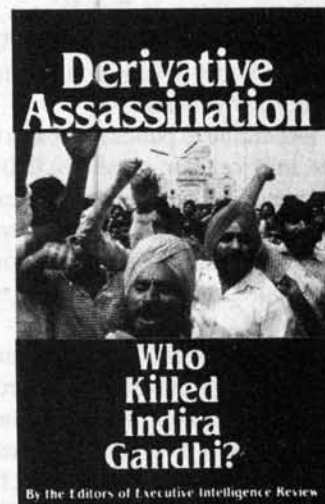
The clean-up of the administration had started a year ago, following the Congress Party's victory in the last election. However, what was missing until now for the clean-up to succeed, was the launching of a political campaign that placed the nation's economic development at the center of the mobilization. Rajiv Gandhi's call to "Build India" is the campaign that many were looking for.

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# Moscow's undeclared war against Pakistan

by Konstantin George

Signalling the coming Russian expansion to the shores of the Indian Ocean, the Soviets began the New Year by loudly endorsing the dismemberment of Pakistan along ethnic-tribal lines, and, barely concealed, a call for a "Greater Afghanistan," to include the Northwest Frontier Provinces (NWFP, known for the Khyber Pass) and the Baluchistan region of Pakistan.

On Jan. 3, the Soviet military newspaper, *Krasnaya Zvezda* (Red Star), ran a landmark article, proclaiming Russian support for "the just cause of the Pushtun patriots"—the Pushtun mountain tribes of the NWFP. At the beginning of December, these tribes, armed and equipped by Russia and its Afghan puppet regime, began an armed separatist insurrection. *Krasnaya Zvezda* hailed the progress of the pro-Soviet uprising, reporting that the tribal "freedom fighters" have inflicted losses of "more than 1,500" against the Pakistani Army, with "hundreds of Pakistani soldiers taken prisoner" in heavy fighting throughout December. *Krasnaya Zvezda* notes that the core tribes of the revolt, the Afridis and the Shinwaris, are "growing in strength" through the "fiery support" of the Waziri, Zalarzai, and Atmankhel tribes, while "combat units" are "now being formed" among the Momand tribe.

Hinting at another target of Soviet-inspired separatism, *Krasnaya Zvezda* also denounced the "brutal" rule of the Pakistani military in Baluchistan, a province bordering Afghanistan, Iran, and the Persian Gulf. Iranian exile sources report an influx of Iranian communists into Iranian Baluchistan, across the border.

According to public estimates by Pakistan's interior minister, in December, some 300,000 rifles and automatic weapons, plus hundreds of heavy weapons, were moved in to the Pushtun tribes by the Soviets. Over the years, Moscow has also funneled thousands of weapons and hundreds of trained agent cadres into Baluchistan, to create the infrastructure for an uprising.

The core-rebel tribes in Pushtunistan, the Afridis and the Shinwaris, are central to the production and shipment of opium and heroin from the Afghanistan-Pakistan border region known as the "Golden Crescent." Pakistan began an admirable crackdown on the drug trade in the NWFP in 1985. The Kremlin exploited the situation, summoning the tribal chiefs/drug kingpins to Kabul for a series of meetings, which

led to the agreement to wage undeclared war against Pakistan.

On Jan. 6, TASS published an "Open Letter" to Indian Prime Minister Rajiv Gandhi by Afridi tribal chieftain Wali Khan Kukhikhel, the Moscow agent leading the mountain tribe revolt. The letter, addressed to Gandhi in his capacity as chairman of the Non-Aligned Movement, calls upon him to grant the Pushtun tribesmen "necessary support" in defense of their "traditional and historical independence." TASS quotes Wali Khan:

"You know, that bands of Afghan counter-revolutionaries operate from the territory of the Free Tribes (of the NWFP), with the help of American imperialism and the Pakistani military regime, and do this in contradiction to the wishes of the population of this region. The subversive activity of the bands is directed against the Democratic Republic of Afghanistan and against the April [1978] Revolution, which brought the Afghan people happiness and prosperity and which enjoys the full support of the Pushtuns."

The Kremlin's publication of this letter comes at precisely a time when India and Pakistan are making strong progress towards reconciliation, with a round of ministerial meetings scheduled throughout this month, and a Rajiv Gandhi visit to Pakistan by mid-year. Moscow is trying to foster an India-Pakistan conflict, by crassly demanding that India join in the dismemberment of Pakistan.

## The partition of Pakistan?

Russia's intention to dismember Pakistan, can be traced to decisions taken soon after Gorbachov's assumption of power in March 1985. In May, an expert in fomenting ethnic separatist unrest, Abdul-Rakhman Khalil oglu Vezirov, was named new ambassador to Pakistan. He is a former party official in the Muslim Trans-Caucasian Republic of Azerbaijan, and protégé of Soviet "Muslim Card" Politburo member and former KGB and party boss in Azerbaijan, Geidar Aliyev (see *EIR*, June 4, 1985).

Then in December, the Soviet media began announcing the NWFP tribal revolt, and denouncing the Pakistani Army's attempt to suppress it. In this time frame, *Izvestia* ran a 1,500-word feature on a Baluchistan tribe which fled to Afghanistan in 1983. The Soviet government paper said: "The incumbent Pakistan regime is increasingly encroaching on the Baluchis' national interests."

In mid-December, Soviet media began turning events and blame upside down Goebbels-style, accusing the Afghan guerrilla fighters of "genocide." Then, on Dec. 27, the sixth anniversary of the Soviet invasion of Afghanistan, *Pravda* charged Pakistan with "open genocide" against the tribes of the NWFP. On Jan. 6, Soviet Foreign Ministry spokesman Lomeiko, in a Moscow press conference, categorically condemned Pakistan for practicing "open genocide" in the NWFP. Similar media campaigns and official charges have preceded partitions and annexations in the past. Will Pakistan become the Poland of the 1980s?

# Of British cocaine runners and addicts

by Mark Burdman

There must be some red faces these days in the parlors and clubs frequented by the higher echelons of Britain's liberal establishment. For better than five years, its representatives have been consuming themselves in rage against *EIR* founder LaRouche, for having commissioned a book, *Dope, Inc.*, which demonstrated that the British Royal Family and its financial instruments were in a controlling position in the international drug-traffic.

It is not customary for the higher nobility of Britain to repent their ways. But two recent developments suggest that at least an apology to Mr. LaRouche for past years' nastiness is in order.

## Churchill turns in his grave

During the week of Dec. 16, James Spencer-Churchill, the Marquess of Blandford and 11th Duke of Marlborough, heir to the Marlborough dukedom's \$75 million-plus fortune centered in the elaborate Blenheim Palace, was brought before a British court of law, and charged with involvement in trafficking in £50,000 of cocaine. One week later, the 30-year-old Marquess, a grand-nephew of the late Sir Winston Churchill, and a distant cousin of Diana, Princess of Wales (formerly Lady Diana Spencer), was remanded in custody, and told to reappear in court within a matter of days. He was in double trouble, since he had been on probation at the time of arrest, after being caught in possession of heroin in April 1985.

On Jan. 7, 1986, Magistrate Sir Eric Crowther angrily denounced Blandford/Marlborough as a "common criminal," whose crimes are made even worse by the fact that he is "one of the most powerful men in the land."

For all that, he was given only a three-month jail sentence.

When the Spencer-Churchill/Blandford story first broke in mid-December, France's *Le Figaro*, commented, "Winston Churchill must be turning in his grave, the gracious Princess Diana, turning red with sham." When this correspondent contacted Lady Di's entourage for a reaction, her butler said that she "declined to comment" about one who was "only a distant cousin." He did admit that the full implications of the case could prove embarrassing.

The Marquess of Blandford is indeed, historically, "one of the most powerful men in the land." The Marlborough dukedom grows out of the titles granted to the Spencer family, after the Stuart ascendancy in 1603, which was, in effect, a coup d'état in Britain by Venetian and Genoese families of users. In fact, one of the listed titles of the current Duke of Marlborough, Blandford's father, is "Prince of the Holy Roman Empire." This imperial title was reserved, by the Venetian/Genoese-controlled Hapsburgs for a select few families, including some names that are among the blackest in the ranks of the European black nobility, like Taxis (Bavaria), Tasso (Italy), Alba (Spain), and Munthe (Sweden).

During mid-December, the special antidrug troubleshooter of the British Home Office, David Mellor, announced that the British government was putting forward anti-drug legislation. On paper, this legislation is very tough, including confiscation of assets of individuals involved in drug-trafficking. Whatever the specifics of this legislation, if certain alert British officials followed the leads in *Dope, Inc.*, British authorities could make financial seizures, which would have truly revolutionary implications!

As *Le Figaro* commented, there is "consternation" in British aristocratic circles: drug scandals, the French paper claims, have also hit the Ormsby-Gore/Harlech, Stockton, Guinness, and Tennant families, among others. The latter, says *Le Figaro*, is "close to Princess Margaret." Other journals are conveying the same message. A *Daily Mail* feature, in early 1985 was entitled, "Aristocracy and Drugs."

## Ruskin the junkie

A second development in December 1985, might have even more portentous longer-range implications.

On Dec. 14, a feature appeared in the London *Guardian* with the title, "John Ruskin Was a Junkie." The article reported on recently released letters of the 19th century Oxford University philosopher and art critic, which provide evidence that Ruskin was addicted to opium for at least fifteen years of his life. This opium addiction, the *Guardian* asserts, is the most likely evidence for deranged and uneven behavior in certain periods of his life.

It is no surprise to learn that Ruskin was deranged: What else could be said, about a man whose intellectual-philosophical career was devoted to destroying the influence of the Golden Renaissance of the 15th century, through his sponsorship of the "Pre-Raphaelite Brotherhood."

This is not a question of idle philosophical ravings. Ruskin was the mother-superior for ensuing generations of British liberal gnostics, those gnostics who created the British Round Table movement, the New York Council on Foreign Relations, and, in more recent times, the Trilateral Commission.

It may be impossible to find a magistrate to try John Ruskin posthumously, but we can certainly say that Ruskin stands accused before the court of history as among the worst of "common criminals."

## On the Soviet threat and prospects for survival of the Western alliance

*Former British prime minister Lord Home of the Hirsell (then Sir Alec Douglas-Home), gave this interview to EIR in London on Dec. 5, 1985. Lord Home was first elected a Member of Parliament in 1931 for the Scottish constituency of South Lanark, was Secretary of State for Commonwealth Relations (1955-60), Conservative leader of the House of Lords (1957-60), foreign minister (1960-63 and 1970-74), and prime minister (1963-64). The interviewers were Laurent Murawiec and Michael Liebig, of EIR's European bureau.*

### The Strategic Defense Initiative

**EIR:** Lord Home, what is your view of SDI?

**Lord Home:** It is a perfectly respectable thing to use conventional weapons to shoot down nuclear missiles. There is nothing reprehensible or immoral about SDI. It is perfectly respectable to put a conventional weapon into space to shoot down a nuclear missile launched in aggression. What usefulness can be ascribed to it must depend on how far we may agree with the scientists—that it *has* a potential which will eventually form a defensive screen. I am not able to judge that, and very few amateurs are. But certainly the research ought to go on. Incidentally the Russians think so too; they are trying to get this weapon as hard as they can.

**EIR:** Reagan's conception of SDI has been from the start that it is the instrument of a shift from MAD [Mutually Assured Destruction—ed.] to Mutually Assured Survival. What is your view of this?

**Lord Home:** The concept is fine. But one has to face the fact that until that concept is seen to be practical, and deployed on the ground, people are going to feel safer with the present situation—and of course Mr. Gorbachov feels safer himself with the present condition; he wants to keep his land-based missiles, and not change that, unless he can be convinced, some years from now, that SDI is a better alternative. And the NATO Alliance feels the same: We should be very unhappy without our deterrent; the weapons should not be scrapped until we are certain that SDI is a reality and not a

fiction. I don't think it is a fiction myself, but quite a lot of people will think it is until it is deployed on the ground.

**EIR:** What of a European Tactical Initiative?

**Lord Home:** I have been through two world wars, which we would have lost if the Americans had not been in them. I always have a horror of being separated from the United States. In this matter, I don't particularly want to see Europe going on its own; I would much rather see Europe joining in the research in which America is indulging. And this is the view of Mrs. Thatcher—she has said that we will join in the research program. I would like to see that, given the priorities of this country. Obviously, I cannot speak for Germany or for France; the French obviously don't think in the same way. But we have, after all, nuclear weapons; we are acquiring the Trident, and we should stick with the American plan. SDI could be the answer to a European defense. We shall see when it is nearer deployment.

**EIR:** Should the emerging SDI technology be "mutilated" in the framework of a new ABM Treaty limiting deployment *a priori*, as the arms-control advocates want, and become solely a point-defense system?

**Lord Home:** I don't know that the West would want that, would it?

**EIR:** At any rate, it would not be the first time in world history that the Soviets would violate a treaty, especially an arms-control treaty.

**Lord Home:** Certainly. Any treaty made with the Soviets, especially in the context of disarmament, has to have a system of verification, otherwise, it's not worth having the treaty.

**EIR:** But they never accepted the Western theory called deterrence—or only for as long as their own nuclear arsenal was inferior to or simply equal to the West's. When the balance tipped to their superiority, their nuclear forces became a first-strike arsenal.

**Lord Home:** I agree—the Russians mistrust everybody from the start. They rely on their present nuclear deployment to make them as secure as they can, but that is not to say that a first strike is their objective. It would be suicidal.

**EIR:** Are the Russians after security or expansion?

**Lord Home:** Both. They'll expand if we're foolish enough. Already they have a *cordon sanitaire* from Afghanistan through Poland, and in Afghanistan they have opened up their options, if they want to go for Pakistan or Iran. They will expand if we're foolish enough to let them.

**EIR:** Aren't they dreaming of extending the *cordon sanitaire* all the way to the Atlantic Ocean?

**Lord Home:** If we're idiotic enough, they would. But we're not going to be so idiotic.

**EIR:** What is Soviet strategy today?

**Lord Home:** It is what it has been for a long time: to weaken almost any country they can if they get an excuse. They try it in Africa, get their fingers burnt a bit; they try in South Africa; they try in the Middle East, although they are as likely to get their fingers burnt there as everybody else has. They try it in South America. They have been supporting North Vietnam, but there they will come up against China. They haven't changed. If they got out of Afghanistan . . . that would be another matter.

### The Gorbachov era

**EIR:** What is your assessment of Mr. Gorbachov, compared to earlier leaders you have known very well?

**Lord Home:** To start with, he's 25 years younger than any Russian I've ever dealt with; therefore, he's a fellow who's prepared to argue a case, which is a change. All the years I was negotiating with Gromyko, when he did not want to argue about something, he simply said, "It is not appropriate to talk about that subject," and that was it. Gorbachov will talk about anything and argue. I guess President Reagan found that out and got that impression. But the policies are broadly the same.

**EIR:** Some say Gorbachov is liable to make major concessions—but in fact he is in the process of pushing through major, Stalin-like purges. How do you assess him?

**Lord Home:** He's pretty tough inside; he won't, for example, talk about human rights inside Russia. He'll let a few people out to give the impression that they are more liberal. Whether he is a "neo-Stalinist" one cannot answer yet. I don't think that modern conditions will allow it.

**EIR:** Whatever arms talks go on, the Soviet military-industrial build-up is reaching a pace and intensity never seen before, and being accelerated.

**Lord Home:** It would be absolutely naive to think that it

could be otherwise. Gorbachov is likely to wait for President Reagan to be out; what does it mean, just waiting another two years? He's a very acute politician who will not make a sacrifice unless he thinks it is necessary, in Russia's interest. The arms momentum is indeed piling up and will not be slackened by the Russians until they get concessions. The next summit meeting with the President will give clearer indications, but I would not be in the least surprised if he did nothing until the third meeting, when the President will be on his way out.

They will keep piling up their arms, and we should keep ours at a level sufficient to deter. We should reinforce our conventional strength, although I am more skeptical about that, because they could have walked over us, in the last 12 years, in Europe; what stopped them was the nuclear deterrent, and they're not going to risk that. If we mean what we say, they have to calculate that if they attack in Europe in a big way, it will be total war. It cannot be limited. We'll use nuclear weapons in response. The Russians know it is inevitable.

**EIR:** Gorbachov is using the so-called Spirit of Geneva to tell the Europeans that he is someone with whom Europe can arrive at specific arrangements. Do you think Europe has to be warned about this?

**Lord Home:** The European democracies will work through NATO and with the United States—this is the key to peace. Of course, it is precarious, and the Russians will try to detach Europe from the United States, as they did with the deployment of cruise and Pershing missiles. They failed then—they will again.

**EIR:** How do you judge Soviet strategy concerning South Africa?

**Lord Home:** They will try to stir up existing trouble, especially through the Cubans in Angola. They won't find it that easy. Mozambique has changed lately, very much more friendly to the West. They will meddle in South Africa. We must not be foolish enough to impose economic sanctions on South Africa—and here I am sorry to say that the U.S. is not being very clever. If we imposed sanctions, if they worked, they would destroy the economies of Swaziland, Mozambique, Zimbabwe, Namibia, Botswana. . . . The one way to let the Communists in is to destroy South Africa's economy through sanctions. We must not do that.

### Drugs and the debt crisis

**EIR:** The debt problem of Latin America has become irrepressible; President García of Peru has imposed his "10% solution." What view do you take of the debt question?

**Lord Home:** The debt problem has to be faced up; the modification of the debt has to be tackled. What machinery should be used, I do not know. It will have to be a vast rescue operation—we're all in the same boat, even Brazil is in

trouble now. I don't know that the U.S. Treasury would think about that. Africa is in a similar situation, country after country goes bust. Latin America would then become another Africa, placing the Russians in an even better position to interfere.

**EIR:** Latin American nations have been told by their official and commercial creditors to increase their "cash-crop" exports of drugs. What do you think of this policy?

**Lord Home:** The drug problem is terrible. But let us deal with it the way we have with Pakistan: We spoke to the government, and they're now cooperating against the drug agents there. That will ease the problem, but will not solve it.

**EIR:** The problem is that the drug money is channeled to banks in London, Zurich, New York, Boston. Would you recommend that governments legislate to stop this?

**Lord Home:** That's what they ought to do, but I'm afraid it may take time to convince them to do so.

**EIR:** What should be done concerning Africa's food problem?

**Lord Home:** Fundamentally, the native people have to learn to practice good husbandry. India showed the way by teaching people the basic rules of agriculture. It is laborious, but it pays. I once asked Nehru, how long could this education take? "Give me 25 years and you will find that India is self-subsisting," he said. And almost to a day, they achieved it. Africa will be much more difficult, as there is no tradition of fixed land tenure. It will need capital; it will need supervision.

**EIR:** Could South Africa play a role in developing black Africa?

**Lord Home:** If the African countries allow them to do so, yes.

### How to deal with the Russians

**EIR:** To return to Soviet affairs, how would you summarize your experience in dealing with the Russian leadership?

**Lord Home:** The first thing you've got to do with the Russians, is to tell them that you know exactly what they're up to. Never let them go away with anything, which would lead them to believe that you are deceived—that's the first rule. If they understand that you understand, then you have a chance of them listening and taking notice. The first time I met Mr. Gromyko, he began to bluster about Russian nuclear strength. I declined to talk on the basis of threats or armed strength. With that established, we had a sensible conversation. Once he had understood that attack would invite retaliation, there was no more talk of confrontation. The Russians are a fairly practical people, but you have to be prepared, if you do sign a treaty with them, especially on disarmament, to be able to verify it. We made a great mistake with Vietnam

[in 1954—ed.]; we signed three treaties with the Russians, and the ink wasn't even dry, that they cheated, and we did not do a thing, and they went on. You cannot take a risk in the disarmament field, you cannot play with the lives of countries.

**EIR:** What of the talk of a "slow American disengagement from Europe," of "reducing American power projection to 25% of what it was in 1945" [as proposed by Henry Kissinger—ed.]? What would you say to America concerning its relation to Western Europe?

**Lord Home:** We're essential to each other. I always return to the fact that we would have lost two wars, if America had not been with us. The Atlantic Ocean is still the most important area of communication. We must defend it together. The greatest element, apart from the nuclear deterrent to deter the Soviets, is that American troops should be seen in West Germany; otherwise, West Germany will lose confidence.

**EIR:** Do you regret General de Gaulle and his vision?

**Lord Home:** He's about the greatest man I ever met. Of course, he got very naughty at the end of his life—you remember the Canadian episode. . . . They weren't particularly pleased with him, but he was a great figure, and he raised the national morale of France, which had fallen low after Algeria. Nobody could have done it except him. There could never have been a unity of Europe without him and Adenauer. They combined over the heads of their people, because they had sufficient authority; they knew the two countries could not fight each other. They started the European Community. I don't know that we have figures comparable to him in Europe today. He was hard on us at times, but he was a fine fellow, a fine man.

**EIR:** What should be Britain's role in international affairs in the future?

**Lord Home:** Our relations with the United States are paramount. I hope we can retain what I still think exists, a prejudice in favor of each other. In Europe, let us remain economically strong, bring confidence. With the Soviets, as a power, they would not necessarily take much notice of us, since the U.S. is so much greater, but we are a nuclear power, and our diplomatic experience is long; it is sometimes quite useful. They respect it.

**EIR:** Churchill, during World War II inspired the British nation. Can such an inspiration be recreated?

**Lord Home:** It's much more difficult to produce the inspiration which will produce a Churchill, who will therefore inspire the nation, without an Empire we haven't got. He was a successful wartime prime minister—not so successful in peacetime. You only get one of these prodigies once in a couple hundred years; you can't count on them. You have to be content, I'm afraid, with rather lesser characters. . . .



# The Club of Rome targets Africa for a 1986 genocide offensive

by Mark Burdman

During the first days of December 1985, a secret meeting took place in the West African nation of Cameroon, between the co-founder of the Club of Rome, Dr. Alexander King, Club of Rome General-Secretary Bertram Schneider, and the leadership of Cameroon. At that meeting, *EIR* has learned, a decision was made to hold the next international members' meeting of the Club of Rome in Cameroon, some time in 1986.

The Club of Rome International, the command-center for Malthusian ("Limits to Growth") planning on behalf of the insurance companies of Venice and Switzerland and leading Malthusian centers in the Soviet Union, has one purpose: to eliminate the "non-white" populations of the world, through "demographic control," through promulgation of "ethnic-separatist" terrorism, and through proliferation of deadly diseases, such as AIDS, which is now rampaging across the African continent. Britain's Dr. Alexander King has stated this policy commitment in a half a dozen discussions in recent years.

Of the same British scientific-philosophical cult that produced Lord Bertrand Russell, King expresses fears, in private, that the "Caucasian race" will soon become an "armed ghetto" surrounded by the "non-white races," unless drastic measures of "population control" are adopted. In the case of Africa, he and his Club of Rome collaborators have lied that the population exceeds the "carrying capacity" of the land. He has further insisted that India's population be reduced by one-half, through cultivation of "regional autonomy movements" against the central Indian state.

The planned event in Cameroon is not the only strategic genocide-planning event of the Club of Rome for Africa for the coming year. King and Schneider are core-members of a project, co-funded by Japanese billionaire Sessakawa, and Geneva, Switzerland-based billionaire Sadruddin Aga, called "Program for Action for Africa/1986-87." This project also involves former U.S. President Jimmy Carter, U.S. Trilateral Commission member Father Theodore Hesburgh of Notre Dame University, Rockefeller Foundation house Malthusian Norman Borlaug of "Green Revolution" fame, and Geneva's Jean Freymond, son of the Nestlé Corporation's Jacques Freymond. The latter was one of a crew at Nestlé's that was instrumental in launching the Club of Rome project.

During 1985, there were at least two secretive meetings

to discuss the "Program for Action," one in Geneva, July 8-12, and one, several weeks later, in Atlanta, Georgia, between King and Jimmy Carter. The policy document for the Project, King affirms, is the latest publication of the Club of Rome, authored by Bertram Schneider, entitled, *The Barefoot Revolution*. According to King, this is about "the spontaneous creation of self-help groups," through "village development, a local approach, for the tribal areas. . . . The issue is to prevent people from migrating to the cities."

## A strategy for mass murder

Alexander King's advocacy of genocide is not an isolated phenomenon; there are more than enough of his collaborators around, to amply fill the docks at a reconstituted Nuremberg tribunal.

The Club of Rome was created in 1968, by the insiders of the European—primarily Swiss-Venetian—insurance cartels, in collaboration with the Anglo-American liberal Establishment and the "systems-analysis" planners of the Soviet Union. King's chief collaborator was Aurelio Peccei, of the Fiat and Olivetti combines, and an individual widely rumored to be an insider in the circles of the "Propaganda-2" (P-2) freemasonic lodge. Peccei controlled the Club of Rome, until his death in March, 1984. Since that time, King has run the show.

The Club of Rome was one among several projects of East-West "convergence" on policies of Malthusianism, or demographic reduction, in the developing world. Parallel to its founding, Soviet planner Dzhermen Gvishiani, nephew of the late Soviet Prime Minister Aleksei Kosygin, and U.S. East Coast establishment head McGeorge Bundy, were creating the International Institute for Applied Systems Analysis, in Austria, an agency primarily involved in studies of food and energy flows that would prove the "necessity" of Malthusian policies. At the time, the World Health Organization in Geneva was putting together a "cost-benefit effectiveness"/systems-analysis study for reducing world health care, under the direction of Dr. Martin Kaplan, who left the WHO in the mid-1970s to assume direction of the Pugwash Conference, the Soviet-appeaser organization created by Lord Bertrand Russell in the 1950s.

Despite all their protestations of support for oppressed African peoples, the Soviets are, in their own right, accom-

plished Malthusian mass-murderers in Africa. The head of the Africa Institute of the Soviet Academy of Sciences, Anatolii Gromyko, frequents meetings in the West of Malthusian organizations. The Soviets are amply willing to give African nations arms to reduce their populations in regional wars, but have never given one iota of meaningful development aid to African nations.

### The insurance cartel

The impulse behind the Club of Rome is the insurance mafia in Switzerland and Venice-Trieste, Italy.

The chief in-house economist of the Club of Rome is Orio Giarini, the secretary-general of the Geneva-based International Association of Insurance Company Economists, whose honorary president is former French prime minister and current presidential aspirant Raymond Barre. This association includes the chief economic planners and/or executives, of almost 50 private insurance companies.

In October 1983, Giarini was the coordinator of a conference in Trieste of insurance-company planners, at which the thesis was put forward that "the past 10,000 years of the Neolithic age, characterized by production of capital, are over," and that the world was entering the age of the "service economy," in which "risk and uncertainty" would be the predominant paradigms for nations and societies. Giarini asserted that "insurers and priests" would be the chief arbiters of social planning.

The Sadruddin Aga Khan is one of the chief bankrollers for the policies devised by the insurance cartel. He and his cousin, Prince Karim Aga Khan, are two of the chief "spiritual leaders" of the Ismaili sect, which was reinvigorated by the British intelligence services in the Indian subcontinent, in the late 18th century, for special operations, including activities related to terrorism. The modern-day Ismailis are particularly influential in economic and financial activities in eastern Africa.

The Aga Khan clan is enormously wealthy. Karim, for example, has, over the past years, bought up the lucrative hotel chain in Italy that was created earlier in this century by Giuseppe Volpi di Misurata, "the last *Doge* of Venice," and the godfather of what is known today as Libya. He also has what is reputed to be the single largest fortune in the Italian region of Sardinia, involving speculation in real estate and other activities.

The Sadruddin Aga Khan also has an immense fortune. Over recent years, he has invested heavily in real estate speculation in Spain, which speculation, in the eyes of Spanish investigators, is related to the dramatic increase of activity in Spain of drug-traffickers.

A British subject, Sadruddin Aga Khan runs a special Third World intelligence project through the London *Economist* magazine. He is one of the founders of the world environmentalist movement, including of the Ecoropa organization, which is closely linked to the Club of Rome. He

was one of the chief behind-the-scenes supporters of the environmentalist-terrorist "Greenpeace" organization, in its campaign against France and against nuclear energy development.

Having formerly been the U.N. High Commissioner for Refugees, the Sadruddin Aga Khan has built an elaborate contact network, both East and West. One of his front organizations, the International Commission for Humanitarian Issues, features Robert "Body Count" McNamara, former head of the World Bank and U.S. defense secretary overseeing the Vietnam war. He also has collected a small circle of "wise men" around him, including Pugwash Conference chief Dr. Kaplan and Nestlé's Freymond.

### 'No to zero growth!'

Happily, a counterpole has developed in European circles, including among certain individuals who formerly advocated Malthusian policies, in favor of the development of Africa and against the Club of Rome's population-reduction policies.

The Schiller Institute, founded by Helga Zepp-LaRouche, has led this fight, and sponsored a conference in Rome Nov. 1-3, celebrating the great African St. Augustine as the founder of Western civilization, and proposing large-scale projects for the developing world. The Institute is planning a conference on the development of Africa to be held in Paris on Feb. 2.

On Oct. 27, 1985, the Italian Catholic daily *Avvenire*, under the headline, "No To Zero Growth," reported on a conference in Messina, Italy, of Catholic and lay development planners, the Fifth International Meeting of the Center for Life. The paper charged the International Planned Parenthood Federation and the International Monetary Fund with using the concept of family planning as a "maneuver" to carry out policies of "forced sterilization and forced abortion, with an aim of zero growth," in the developing world.

A featured speaker was Francesco Forte, undersecretary in the Italian Development Aid Agency, who, in former years, had advocated radical Malthusian population measures. Forte asserted that Europeans cannot answer the development-aid pleas of Africans "with the thesis of the limitation of population, we who have a surplus of grain, meat, and milk. We should answer with direct help, mainly with infrastructural help, to make them able to provide themselves with food self-sufficiency."

Forte insisted that it was not true that economic progress depended on limiting population growth, but that the reverse was true—demographic growth was essential for progress. "Only a population with a larger density than the one we have now," he said, "would help the countries of poor Africa to reach an economic dimension, in the distribution of its population in its territory, to repay the fixed amortization costs. . . . Africa does not have too many inhabitants, but too few."

# The Russian hand in Iran's terror

by Our Special Correspondent

The bloody massacres by suicide terrorists in Rome and Vienna on Dec. 27 were not unexpected. Western intelligence services had been warned that up to 400 Iranian-trained terrorists had been deployed into Europe and were planning hijackings and bombings.

The connection between Libya's terrorist training bases and those of Iran is very close. Over past months, Iranian "diplomats" visiting Libya have helped Qaddafi set up a new revolutionary guard, modeled on Iran's *Pasdarans* (Revolutionary Guards).

There are at least two known hijacker-training centers in Iran, according to information in the possession of U.S. intelligence services: one near Qom, Khomeini's home city, and the other outside of Teheran near the Mehrabad airport. The CIA has detailed reports on the training/brainwashing conducted there, including the passionate commitment of the graduates to die in bliss after killing as many of the "enemies of Iran and Islam" as they can manage.

In the months leading up to the Dec. 27 airport attacks, there occurred a direct intervention by top Soviet officials into the Iranian terrorist apparatus. The drama began on Oct. 10, after terrorists in Lebanon kidnapped 4 Soviet officials, killing one of them. Of utmost importance to the Soviets was securing the release of their officials before the summit meeting between President Reagan and Mikhail Gorbachov on Nov. 19.

The Soviet officials were evidently kidnapped by "Muslims in Tripoli," Lebanon. On Oct. 10, at the request of Vil K. Bouldyref, the Soviet ambassador to Iran, a meeting was held with the Islamic Republic's foreign minister, Ali Akbar Velayati. At that meeting, Bouldyref made it known that Iran's cooperation in releasing the Soviet hostages would improve Iran's position in trade with the Soviet Union, especially in the area of arms shipments and nuclear technology. (Iran has been seeking nuclear technology from Pakistan, India, China, England, Libya, and Spain.)

Velayati then convened a meeting which included the Ayatollah's son, Ahmed Khomeini; also present were Hashemi Rafsanjani, and Ayatollah Khameni. It was decided to refer the matter to the Office of the Supreme Council for the Expansion of the Islamic Revolution, which is headed by Ayatollah Montazeri. Montazeri appointed Ayatollah Ahmad Jannati, a member of the Guardian Council and a deputy in parliament, to head a delegation to conduct the confidential negotiations for the release of the kidnapped Soviets.

On Saturday, Oct. 12, Mohmoud Neorani, Iranian chargé d'affaires in Lebanon, met with a high-ranking Soviet diplomat, conveying Montazeri's message of cooperation concerning the Soviet hostages.

## The kidnappers

On the same day, Sheikh Saeed Sha'aban, whose Sunni militia is based in Tripoli, Lebanon, worked out a deal between his forces, PLO forces, and other small radical groups, including the "Islamic Liberation Front," which all operate in the Towhid movement in Syrian-occupied territory. The Towhid Islamic Movement, headed by Sheikh Saeed Sha'aban, is the only group opposing Syrian takeover of southern Lebanon. As a result of the deal, Sha'aban's group won the support of several pro-Iranian and pro-PLO radical groups, of which the Islamic Liberation Front is one. It is an anti-Syrian and pro-Western Palestinian grouping.

On Oct. 14, Ayatollah Jannati left for Damascus, heading a delegation to carry out the negotiations. Jannati was accompanied by Mahmoud Hashemi, head of the Eighth Political Department of the foreign ministry and an alleged agent of Soviet influence, and several members of the parliament. Also accompanying Jannati was Saifollah Vahid Dastgerdi, head of the Red Crescent Society in Iran, which is a pro-Syrian, pro-Abu Mousa faction of Palestinians, very hostile to the PLO's leader, Yassir Arafat. Dastgerdi has been very active in the Islamic Jihad terrorist movement and was a key organizer of the Hezbollah (Party of God) movement in Lebanon.

Meanwhile, a house-to-house search was conducted by the Amal Shi'ite militia, Syrian forces, and other pro-Syrian groups to free the Soviet hostages. Reportedly, the search led them to the area of Tripoli that is the Towhid Islamic Movement stronghold.

The Iranian delegation, arriving in Damascus, urged Abdul Halim Khadam, Syrian foreign minister, to stop the final assault on Sha'aban and other radical anti-Syrian groups in Tripoli.

Also on Oct. 14, Iranian delegation head Jannati met with Syrian President Hafez Assad, assuring him they would work out a deal to release the hostages. Meanwhile, the Iranian chargé d'affaires in Lebanon, in a meeting with the Italian ambassador to Lebanon, denounced the taking of Soviet hostages as "an American act to involve the Soviet Union in Lebanon's internal affairs."

On Oct. 15, a meeting between the head of Syrian intelligence in Lebanon, a Soviet diplomat, and the Iranian delegation took place. Jannati promised the release of the hostages and stated that he was about to finalize the deal with Sha'aban.

On their way to the town of Jebshit in Southern Lebanon, Jannati and the Iranian delegation were attacked by two unknown gunmen, who fired several Uzi rounds at their armored cars. No one was injured.

Meanwhile, on Oct. 15, the Iranian parliament agreed to send 62 tons of goods and "stuff" to "Muslims in Tripoli." While the deputies were voting, a Boeing 747 with 62 tons of "stuff" had already been loaded and was waiting at the Damascus airport.

### The deal

Prior to the negotiations, Sheikh Mohammed Jalaaluddin, the Mufti of South Lebanon, was chosen as an observer. Jalaaluddin had been accompanying the Iranian delegation in Lebanon, according to informed sources.

In the negotiations, Iran agreed to provide clothing and blankets, foodstuffs, and other necessary materials for the "Muslims of Tripoli" to last through the winter, and Iran also agreed to provide two medical delegations for medical care units, one in Tripoli, and one in the Palestinian camp nearby.

Iran also promised through the Soviets to keep Syrian forces and other Syrian-supported groups from attacking the Tripoli Muslims, and to provide amnesty to several hundred PLO fighters with Towhid.

### The proof

On Oct. 18, Sheikh Sha'aban indicated that the deal had been finalized, in a lecture at the Monsouri Mosque in Trip-

oli. He stated, "The Islamic Republic of Iran is the only country which was responsive to the problems in Lebanon as well as to those concerning the Shi'ite and Sunni Muslims." He also added that the physicians of Tripoli had fled the fighting in the city, but an Iranian medical delegation which arrived there saw to the medical care of the city's people. Sha'aban also said that Iran's recent contributions had paved the way for the Islamic resistance in Lebanon.

On Nov. 10, the Islamic Republic's News Agency reported that the Soviet ambassador in Iran had made a statement to Iranian Foreign Minister Velayati, saying he appreciated Iran's effort to release the hostages. But Velayati, in a press conference on Nov. 6, denied a report by the French news agency that Iran had any input for the release of the three Soviet hostages.

The Soviet/Iranian deal was the first known cooperation between the Soviets and terrorist mastermind Montazeri. It all occurred in the critical weeks prior to the Reagan/Gorbachov summit meeting in mid-November. Consequently, three weeks after the summit, Montazeri was appointed Khomeini's successor by the Council of Guardians, whose most influential member, Jannati, just happened to be appointed by Montazeri to work out the release of the Soviet hostages.

This all happened before the summit. What has happened since is known.

# A COMBAT MANUAL for the WAR ON DRUGS

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## **The PAN and U.S. fundamentalist sects**

*The insurgent party's "Catholicism" is as phony as its "conservatism," according to new investigations.*

**L**ast Jan. 7, leaders of the National Action Party (PAN) met in the border city of Ciudad Juárez, Chihuahua to announce a winter offensive against the federal government.

The insurgent PAN has been carrying out a campaign of violence for several weeks now. In the middle of December, several thousand PAN militants clashed with police forces in the capital of the state of San Luis Potosí, leaving 100 people wounded and one dead. In Chihuahua, the mayor of Ciudad Juárez, Francisco Barrio, declared a hunger strike, and the other PAN mayors of the state's smaller towns joined him. In Chihuahua and Nuevo León, PAN members blocked the highways and seized government offices. In the state capital of Durango, which has a PAN mayor, signatures were collected to protest the electoral law passed by the Chihuahua state legislature, where the PRI, Mexico's ruling Revolutionary Institutional Party, has a thin majority. The law sharply restricts the electoral activities of the National Action Party.

During the meeting in Ciudad Juárez, the PAN leader in the neighboring state of Sonora, Norberto Corrella, blasted President Ronald Reagan for backing Mexico's President Miguel de la Madrid, who is from the PRI. It is no accident that the PAN's forays, although the PAN styles itself as "conservative," are supported in Mexico by the Unified Socialist Party of Mexico (communist party) and the Revolu-

tionary Workers Party (Trotskyist).

At the same time, *EIR's* investigations into the PAN in Chihuahua reveal the relations of this insurgent outfit with pseudo-Christian fundamentalist sects in the United States, whose character is actually satanic.

Herein is revealed another of the ironies between the PAN's public image and its real nature. Although nominally Catholic, the PAN in recent years has been heavily infiltrated by fundamentalist sects. The most interesting case is that of the Movement of the Internal Path of Love, whose matrix in the United States is Insight Transformational Seminars, headquartered in Santa Monica, California.

This sect has held two important seminars. The most recent occurred on Aug. 21-25, 1985, and was attended by PAN leaders from Chihuahua such as Luis H. Alvarez, mayor of Chihuahua City, the capital. But what was surprising was the presence of Alfredo Rohana, the secretary-general of the PRI in Chihuahua and one of the strongmen behind the ruling party's candidate for governor of the state, Fernando Baeza. According to information received by *EIR* on the meeting, its leader, John Roger, "is placed on an altar surrounded by candelabra and lighted candles with a profusion of flowers," and the fanatical practices of the group "have led to neurophysiological and psychological lesions because of the multiple shock therapy administered." In the same sessions

where shocks are given, grave personal conflicts have been provoked which ended in "several divorces, marital conflicts, [fights] between parents and children, alienation of families and political fanaticism." The report also indicated that "death threats against those who publicly denounced the sect" have been made.

Private investigators in Chihuahua have alleged that the head of the sect, John Roger, is the son of an ex-adviser on intelligence matters to Jimmy Carter, the former U.S. President. The assertion is lent probability by the fact that Carter, himself a fundamentalist, was notoriously the creature of the Trilateral Commission of the Rockefeller family, which during his administration fostered and financed Protestant fundamentalist movements in Ibero-America as a means of destroying the values of Catholic morality imbued in those populations. The Rockefellers were denounced by name recently by papal spokesman Cardinal Ratzinger, for fostering such cults in order to promote their own evil economic interests.

Roger is called "The Messenger of Light" or the "Cosmic Voyager," but he prefers to call himself the "Incarnation of Christ." Of course, Charles Manson said he was a kind of Christ, and the world found out what he was capable of. This explains the alarm in certain Mexican military layers over the proliferation of such sects at the northern and southern borders, which they see as a grave threat to Mexico's national security.

In fact, the sessions of the Insight Movement are not delimited to destroying moral values or minds. They are also circulating questionnaires of a strategic character. In one of the questionnaires handed out at the August session, attendees were asked to "briefly describe some kind of military service and your feelings about it."

## Countdown to a Syria-Israel clash

*The sabre-rattling of the Soviet client-state, Syria, in no way contradicts ongoing negotiations between Moscow and Israel.*

The crisis over Libya's involvement in the Dec. 27 massacres at the Rome and Vienna airports, has diverted attention from the developing crisis on the other side of the Mediterranean between Syria and Israel. Has this been a mere oversight or deliberate? A glance at last December's events underlines the coordination between northern Africa and the eastern Mediterranean. During that month, the Soviets provoked two major missile crises, first, when they rushed SAM-5 missiles to Libya, meeting the demand Qaddafi voiced during his visit to Moscow in October, and, second, when Syria moved its batteries of SAM-6, SAM-8, and SAM-2s slightly within Lebanese territory. After a few weeks of protest, the SAM-2 batteries were withdrawn to Syria. The SAM-6 and SAM-8 of a more limited range were still within Lebanese territory, to be apparently withdrawn on Jan. 3.

The maneuvering of the Syrian missiles has two aims: a *fait accompli* to tell Israel that Syria could annex Lebanese territory as part of its own battlefield at any point, and a signal to Israel that Moscow could spark war at any time.

Such behavior does not contradict ongoing Israeli-Soviet negotiations. At the peak of such talks, the Israelis shot down two Syrian MiGs, a reminder that Israel intends to keep the military initiative. Taking note, Moscow gave

the green light to Syria to deploy its missiles on Lebanese territory.

Israeli nervousness is growing at the way Moscow has built the Syrian armed forces since 1983. There has been a buildup in manpower, and an upgrading of the Syrian armed forces' technology. According to *Jane's Defence Weekly*, the Syrian troops withdrawn from Lebanon after Israel's own withdrawal, were put through a military training "unprecedented in scope." Today, the Syrian army, like the Soviet army, needs only a short time-span to shift to the offense.

Syria is again massing troops on the Golan Heights, in numbers much larger than the Israelis, whose total forces of 170,000 are also overstretched along the borders with Jordan and Lebanon. According to *Jane's*, "The present military balance allows the Syrians to take the initiative" before the Israelis could mobilize their forces to fight on the Golan. Israel could be expected to lose the Golan in a surprise Syrian offensive and find itself in the uncomfortable position of being shelled from above.

Syria has large armored tank divisions, some 4,200, of which more than 1,000 are the ultramodern T-72 Soviet tanks. Even for its Merkhavas, whose numbers are unknown, the Israeli Chieftains, Centurions, and even the U.S. tanks are no match. U.S. military sources say that besides recent deliveries of T-72, the Soviets have

refitted the older T-64, making most Israeli anti-tank weapons obsolete. Syria has reportedly put more than 250 T-72 tanks at the Golan since mid-December.

Before Syria withdrew its missile batteries from Lebanon, sources were quoted on Jan. 1 in the *Jerusalem Post* warning that the SAM batteries were a challenge: "Failing to react could be seen as a sign of weakness. Assad has called all the shots until now. It is clear around the cabinet table here that the time has come for Israel to take the initiative." This was also a warning of potential retaliations against the rocket attacks, fired from inside Lebanon, against the northern Israeli city of Kyriat Shimona a few days earlier. On Jan. 7, Syrian SAM-6 missiles, with a 30-km range, were fired at Israeli jets patrolling the Bekaa valley. Fired from within Syrian territory, the missiles had no chance of a hit and represented another warning.

On Jan. 4, Soviet official Karen Brutents warned Israel, in an interview to the Kuwaiti paper *Al Watan*: "I would like to remind you that [the Soviet Union] stands by Syria, with whom we have a treaty of cooperation. . . . Syria will not be alone in the face of any Israeli aggression." The warning parallels those uttered by Moscow over the Libyan crisis.

Certain Israeli leaders such as Sharon would not reject a stage-managed war which could end in a *modus vivendi* with Syria and the Soviet Union at the expense of such regional neighbors as Jordan. But anything related to the Golan Heights is sensitive to the Israeli population, and could easily degenerate into an all-out war, which is not yet Moscow's wish. For the time being, Moscow is keeping Syria on its toes to ensure that at any time, war could be unleashed. This very uncertainty, coupled with Syria's sabre-rattling, may in fact lead to war in the short term.

## **The Genscher-Qaddafi connection**

*Last month, Der Spiegel hinted that the foreign minister was an East bloc asset; now he may be shielding Libya from sanctions.*

**P**resident Reagan's announcement on Jan. 7, that his administration would answer Libyan dictator Muammar Qaddafi's support for international terrorism with economic sanctions, was officially rejected by the government here a day later.

But one day after that, in a TV interview Jan. 9, Qaddafi replied to a question on how he will counter the U.S. economic sanctions, by stating that he will expand support and funding for the pro-Soviet Green Party in West Germany, as a way of driving the United States out of West Germany. He also aims at bringing the Soviets into control in the Mediterranean.

Immediately, the European Labor Party (EAP), led by Helga Zepp-LaRouche, went on a full-scale mobilization against the Green Party. The EAP has exposed the Greens as a neo-Nazi, pro-terrorist group operating under the cover of "ecologism" and "pacifism." The leading edge of the EAP campaign is the demand that the Bonn government fully support the sanctions against Libya. On the basis of Qaddafi's remarks, any politician in West Germany who opposes the boycott against Libya, is exposed as a Soviet agent-of-influence.

The heat will be on Hans-Dietrich Genscher, the foreign minister, the main architect of West German-Libyan relations, and of Bonn's rejection of sanctions.

It has been only a few weeks since *Der Spiegel* magazine dropped the bombshell that "the rumor has made

the circuit of the Chancellor's office, that the vice-chancellor [Genscher] was working for an Eastern secret service." The weekly wrote in December that the Chancellor's office and the interior ministry knew of "certain hints" out of "American and British secret service sources," that "Genscher works for the East, possibly for the Stasi in East Berlin"—but they never told Genscher.

After the cabinet's Jan. 8 meeting, government spokesman Friedhelm Ost told the press that sanctions were rejected "on the basis of experience that this has never proven to be an effective measure." He continued: "The basic roots and causes of the problem of terrorism . . . lie in the absence of a peace settlement for the Mideast." The other reason given was that "the lives and the freedom of 1,500 Germans working in Libya" had to be considered. Qaddafi could easily hold them hostage in retaliation.

But the key to the official rejection of Reagan's appeal lies in the close economic relations the Federal Republic has developed to the dictator in Tripoli. In 1984 and 1985, Libya supplied 15% (!) of West Germany's total crude oil imports. Libya is also a purchaser of German machinery and industrial plant worth \$500 million per year. Construction of a huge industrial facility at Misurata is ongoing—a project estimated to be worth \$850 million.

The government's export risk insurance, the Hermes Facility, has granted guarantees for exports to Lib-

ya totaling \$4 billion.

This economic relationship was developed over the past decade, precisely the period in which Genscher has been foreign minister. For the same 10 years, the economics ministry has been occupied by Genscher's Free Democratic Party. The economics ministry decides which countries are put on the list of those "worthy of Hermes." There are "bad risk" countries like Peru, Brazil, and Nigeria; and "good risk" countries like Iran, Syria, and Libya—all of them Soviet proxies. The foreign ministry advises the economics ministry on who should be on which list.

Libyan terrorists have no problems traveling from the Mideast into Western Europe, via Switzerland and West Germany. Sources say that the air route from Geneva-Zurich to Frankfurt is being used by Libyan and other Arab terrorists with the toleration of the Bonn government—i.e., the foreign ministry. There are no tight security checks for diplomatic couriers on that route, although it is known that many couriers work for terrorism.

The same route was used by Khomeini's son-in-law, Sadegh Tabatabai, when he escaped a German trial for drug smuggling in spring 1984. The foreign ministry had arranged a special flight for him from Frankfurt to Zurich. Tabatabai fled as a court in Duesseldorf was to question the foreign ministry's official testimony, that a trial would interfere with a "special diplomatic mission" the Iranian was involved in. What mission?

The same modus operandi was repeated in various cases of Libyan terrorists, who were tried in Germany, but sent home to Libya instead of being jailed. In each case the foreign ministry argued that imprisonment would have provoked "retaliation of the Libyans against Germans working in Libya"—the same argument used to reject sanctions against Qaddafi.

# International Intelligence

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## **British defense minister resigns**

British Defense Minister Michael Heseltine announced his resignation on Jan. 9. Prime Minister Margaret Thatcher immediately appointed Scottish State Secretary George Younger, a former deputy minister of defense, as his replacement.

The nominal reason for Heseltine's resignation was a fight inside the cabinet over whether Britain's Westland helicopter company, which is the target of two different consortium bids, would accept an American-led Sikorsky-Fiat consortium offer, or would become part of a European-wide consortium; Heseltine has persistently championed the European deal, while Thatcher has favored the American consortium.

Observers, however, say that the Westland issue was being used as a pretext to ease Heseltine out of office, citing as evidence that the Younger appointment was announced only moments after Heseltine resigned. One British source claimed that Thatcher was irritated over Heseltine's barely hidden ambition to be Britain's next prime minister.

Sources also say that Heseltine was much more reluctant to sign the U.S.-British agreement on the Strategic Defense Initiative than was Mrs. Thatcher.

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## **Euthanasia spreading in northern Europe**

The Royal Societies of Medicine and of Pharmacy in the Netherlands are trying to find "the right drug to use for euthanasia, to advise doctors, so they will be able to comply with the Dutch Government Euthanasia Commission's guidelines," a source in the Dutch medical profession told *EIR*. He said: "Doctors who perform euthanasia here must conform to the guidelines which the Commission released in August of 1985: it must be the end of the patient's life; there must be no cure for the ailment; the family must

know; there must be another doctor present; it must be voluntary; the doctor must inform the prosecutor."

Because of the August 1985 Commission report, he stressed, euthanasia in Holland is, already, for all intents and purposes, legal.

Elsewhere, there is resistance, but euthanasia is being pushed strongly. "The Swedish Constitution Prescribes Euthanasia," is the headline of an article that appeared recently in the Swedish daily *Dagens Nyheter*. The author was former chief judge and ombudsman Bertil Wennergren.

According to an associate of Wennergren, "The question is one of free will. The Swedish constitution recognizes the right of free will, so if a person himself expresses a wish to die, the Swedish constitution prescribes, in this sense, euthanasia."

Wennergren's associate said that they expect, nonetheless, some very tough opposition in Sweden, where there is a "lot of fear" about the euthanasia question, particularly from doctors. "People could become afraid that the doctors would take their lives, against their own will."

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## **Soviets deploy missiles in violation of SALT**

In a December report on Soviet violations of the unratified SALT II Treaty, the Reagan administration for the first time gave the numbers of specific Soviet missiles deployed in violation of existing arms-control agreements. Secretary of Defense Caspar Weinberger reported that 27 of the mobile intercontinental ballistic missile designated SS-25, had been deployed, in "a clear violation of the SALT II agreement."

The SS-25 is the second class of ICBM, after the gigantic, mobile SS-24, deployed by the Soviets since SALT II, which limited each side to one new ICBM.

The same Dec. 23 White House report that lodged this official evaluation of the SS-24/SS-25 violation, revealed that new silos observed under construction at two Soviet missile test sites point toward preparations

for initial flight testing of two other mobile ICBMs during 1986. These two weapons, preliminarily tagged the SSX-26 and SSX-27, underwent open-air test firing of their engines several years ago.

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## **Yugoslavia cracks down on Albanian separatists**

In early December, Yugoslav authorities arrested 150 ethnic Albanians on charges of belonging to an illegal Albanian ethnic-separatist organization in the province of Kosovo, called the "Movement for Liberation." According to the police, they wanted to make Kosovo, which was swept by ethnic-separatist riots in 1981, a separate republic in the Yugoslav confederation—stopping just short of breaking Kosovo off from the country and merging it into Albania.

Army officers of Albanian ethnic origin were among those arrested.

On Dec. 27, a Serbian backlash became evident, probably enjoying the sponsorship of some official circles. A petition by 2,000 Serbs and Montenegrins from Kosovo demanded a reduction of Kosovo's autonomy, stronger Serbian rule, and an end to "fascist genocide by the Albanian chauvinists" against the Serbian population. The petition contained a threat of counter-violence: "We Serbs of Kosovo and Metohija are making the final attempt to defend the lives of our families in a legal manner. . . . Our situation is desperate . . . while we are being terrorized every day, the State Institutions in the province remain passive."

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## **Velikhov denies Soviet space weapon program**

On a "Moscow News" interview, Soviet scientist Yevgenii Velikhov, the head of the Soviet laser weapon program, denied the existence of the Soviet laser weapon program. The interview was entitled, "In the Footsteps of General Keegan," the former



head of U.S. Air Force Intelligence who resigned over the Carter administration's refusal to launch a laser weapon program to match the Soviet efforts.

Velikhov was asked to comment on the Pentagon pamphlet on Soviet strategic defense. Velikhov replied: "It is blatant juggling of facts. The research carried out in the Soviet Union in the field of laser technology and that of accelerators . . . is not secret. American experts can easily monitor these tests. They are welcome to come to our laboratories. . . . None of the Soviet research programs involving lasers is aimed at developing anti-missile space weapons."

The Pentagon claims are just as "at odds with reality" as those of "the half-witted Gen. George Keegan," who said that by 1990 the U.S.S.R. would have laser weapons in space.

Velikhov also said, of the Soviet fusion energy program: "The research has reached the required level, and from both the scientific and technological standpoint we are prepared to construct an experimental fusion reactor by 1993. This will enable us to test our basic technological concepts, and by the year 2000 it should be possible to build the first fusion power station."

### ***Soviets blast Bonn for 'preparing war'***

The Soviet military newspaper, *Red Star*, on Jan. 8 launched the strongest-ever tirade against West Germany, accusing Bonn of a "policy of confrontation" and "war preparations." The article charges West Germany with being "especially willing to follow the course of aggressive circles in the United States, for a confrontation with the nations of the Socialist Community."

*Red Star* "informs" the Russian troops that "after the Kohl/Genscher government came to power, the political climate in the Bundeswehr [German army] was transformed into a right-wing conservatism. . . . The war preparations in West Germany are not only confined to increasing the strength

of the Bundeswehr, but are taken into account as part of the general tasks of the entire State and society.

"The Bundeswehr remains the most modern Army with the most modern units and weaponry in Western Europe, so that it, more than ever, can work on and prepare for—in the spirit of anti-Sovietism and revanchism—a war of aggression against the States of the Socialist Community."

### ***Soviets extend backing to Libya***

"The Soviet Union will continue to support Libya," in its opposition and resistance to American "bandit policy," Soviet Deputy Foreign Minister Mikhail Kapitsa declared in response to U.S. threats of military action against terrorist dictator Muammar Qaddafi.

Describing U.S. actions against Libya as "vivid evidence of the policy of neo-globalism," Kapitsa said that the United States had worked out a "secret plan . . . to destabilize Libya and assassinate its leader," and referenced European resistance to such plans.

Kapitsa also described Southeast Asia as "tense," and blamed the United States for "interfering" there. He rejected U.S. accusations of "massive build-up of Soviet military power" in the Pacific, saying it is "the United States and not the Soviet Union that has concentrated its naval forces in the area." The United States has recently been carrying out joint military maneuvers with South Korea and Japan.

On the eve of Foreign Minister Shevardnadze's trip to Japan, Kapitsa said that his country wants to "improve" economic cooperation with Japan. He also spoke of the Soviet intention to work for a non-aggression pact with China. Kapitsa laid out the heavy Soviet diplomacy with Asian countries planned for 1986: In May or June, Chinese Foreign Minister Wu will be in Moscow. Indonesian President Suharto and the Malaysian prime minister are expected to visit Moscow later this year. Party chief Gorbachov will go to India.

## ***Briefly***

● **IZVESTIA**, the Soviet government newspaper, declared that the U.S.S.R. has a "passionate interest" in maintaining peace in the Mediterranean basin, because "our policy in that region is determined by the fact that the Soviet Union, being a Black Sea power, has a vital interest in the maintenance of peace" there.

● **EAST GERMANY** and Poland have declared that they will stand by Libya in the event of any "imperialist attacks."

● **U.S.-GERMAN** talks in Washington will include the Strategic Defense Initiative on their agenda, but that will not be the emphasis as originally planned. Starting Jan. 10, a Bonn government delegation led by Economics Minister Bangemann will be in the United States for six days. The talks, said a Bonn spokesman, "may include SDI, but the main emphasis is on general questions of technology and science cooperation."

● **PRINCE CHARLES** ought to be Hong Kong's last colonial governor before it is handed over to China, the London *Times* has editorialized. Wrote columnist Simon Winchester: "It would be a diplomatic masterstroke," and restore confidence to the colony, bring new warmth to Sino-British relations, and prevent Communist China from interfering with Hong Kong before 1997 when it takes over the colony. Buckingham Palace said merely that it knew of no constitutional reason why a crown prince should not hold such an office.

● **YEVGENII PRIMAKOV**, long-time director of Moscow's Institute of Oriental Studies, has been promoted to head the flagship international affairs think tank of the Soviet Academy of Sciences, the Institute of the World Economy and International Relations (IMEMO). At the orientology institute, Primakov coordinated the work of ethnographers and political scientists, who chart opportunities for Soviet asset-building in the Third World.

## How Kissinger shut down U.S. bio-research capability

by Warren J. Hamerman

In order to initiate a full-scale basic biomedical crash research program to combat AIDS, the treasonous public and *secret* biological protocols negotiated during the first Nixon administration by America's Iago, Henry A. Kissinger, and the British oligarchy, must be overturned. The international network which defined the treacherous actions of Kissinger in the late 1960s—the Pugwash Movement, the World Federation of Sciences, the Stockholm Peace Research Institute (SIPRI), the United Nations Task Force on Biological Weapons, and the Geneva-based World Health Organization (WHO)—is today the principal force standing in the way of the United States' launching a full-scale basic research program to combat AIDS.

It is by no means accidental that the very same network is the principal grouping opposed to the Strategic Defense Initiative (SDI). The case of Jeremy Rifkin's noisy opposition to both basic biological and laser defense research demonstrates the point.

Not coincidentally, among the first two announced budget cuts coming as a consequence of the Gramm-Rudman "balanced budget" legislation were: 1) biomedical research funds to combat AIDS, and 2) basic components of the Strategic Defense Initiative.

As a result of the hoax perpetrated by the Kissinger crowd in the late 1960s and early 1970s, the United States' biophysics efforts and basic biological research capabilities were unilaterally destroyed, just before the AIDS virus was first introduced into the U.S. population. Under the guise of preventing the unspeakable horrors of biological and bacteriological warfare, Bertrand Russell's Pugwash Movement and allied forces stopped virtually *all* research in those very areas which are most crucial to researching and preventing epidemics such as AIDS. The Soviets, meanwhile, accelerated their programs in precisely the areas of biological and bacteriological research which the United States had just terminated.

The argument used by the Pugwashers to sell this policy

to the American President was the same as that used to dismantle American nuclear superiority, to Soviet advantage: Since war is horrible, we must disarm ourselves; since war is too horrible to contemplate, it will never be fought, and the "arms race" is "destabilizing"! Soviet propaganda sanctimoniously agreed, while the Moscow General Staff merely used the opportunity to forge ahead in every area of weapons research.

Just as the Kissinger grouping is now working to undermine President Reagan's shift in strategic doctrine away from Mutually Assured Destruction (MAD) toward Mutually Assured Survival (MAS), so too are these forces opposed to the revival of U.S. basic biophysics capabilities, such as biological optical spectroscopy, so necessary for a successful war on AIDS.

### The Nixon surrender

In an extraordinary declaration on Nov. 25, 1969, President Richard Nixon announced that the United States was unilaterally and unconditionally destroying its basic biological research capabilities under the advice of his National Security Council, which was directed by Henry A. Kissinger. Nixon stated:

Soon after taking office I directed a comprehensive study of our chemical and biological defense policies and programs. There had been no such review in over 15 years. As a result, objectives and policies in this field were unclear and programs lacked definition and direction. . . .

Biological weapons have massive, unpredictable and potentially uncontrollable consequences. They may produce global epidemics and impair the health of future generations. I have therefore decided that:

—The United States shall renounce the use of lethal biological agents and weapons, and all other

methods of biological warfare.

—The United States will confine its biological research to defensive measures such as immunization and safety measures.

—The Department of Defense has been asked to make recommendations as to the disposal of existing stocks of bacteriological weapons.

In the spirit of these decisions, the United States associates itself with the principles and objectives of the United Kingdom Draft Convention which would ban the use of biological methods of warfare. . . .

The Nixon surrender on the question of advancing U.S. biological research capabilities led, less than two years later, to the signing of the 1972 tripartite American, British, and Soviet "Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons, and on Their Destruction"—which we can call the Kissinger Biological Protocols. The Protocols were signed at the precise historic moment that scientific research indicates that the AIDS virus was being introduced into the American population.

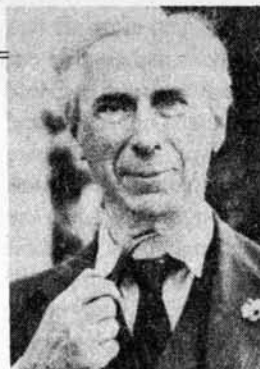
Despite their signature to the 1972 Treaty, the Soviets have never wavered from the biological strategic doctrine enunciated by **Marshal V.D. Sokolovskii** in his famous book *Military Strategy*, whose first edition appeared in 1962. Concerning what Sokolovskii called the coming "total war," he wrote: "In the coming total war, one must expect the aggressor to use bacteriological weapons in conjunction with nuclear ones." A little later: "In the future war, one must definitely anticipate the employment of chemical and bacteriological weapons."

This Soviet doctrine is a consistent policy which can be traced directly to statements made by Josef Stalin himself in 1938, the so-called 1925 Geneva Convention on Biologicals notwithstanding, that the Soviets would commit themselves to developing the capability to retaliate against any aggressor utilizing biological methods, particularly because they are an efficient means of taking the conflict directly to the enemy's own soil.

The massive Soviet non-compliance with the 1972 Kissinger Biological Protocols was publicly revealed by President Reagan in both his 1984 and 1985 "Reports on Soviet Noncompliance with Arms Control Agreements" to the U.S. Congress, in which he stated that the Soviets had grossly violated the 1972 protocols by maintaining an "offensive" biological warfare program and capability.

In April 1984, Secretary of Defense Caspar Weinberger characterized the current state of the Soviet effort:

There is an apparent effort on the part of the Soviets to transfer selected aspects of genetic engineering research to their biological warfare centers. . . . Soviet research efforts in the area of genetic engineering may also have a connection with their biological warfare



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**A**t present the population of the world is increasing at about 58,000 per diem. War, so far, has had no very great effect on this increase, which continued throughout each of the world wars. . . . War has hitherto been disappointing in this respect . . . but perhaps bacteriological war may prove effective. If a Black Death could spread through the world once in every generation, survivors could procreate freely without making the world too full. The state of affairs might be unpleasant, but what of it?

—Bertrand Russell

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program. . . . Normally harmless, non-disease-producing organisms could be modified to become highly toxic or produce diseases for which an opponent has no known treatment or cure. Other agents, now considered too unstable for storage or biological warfare applications, could be changed sufficiently to be an effective agent.

The surface-level story behind the Kissinger Protocols is revealed in President Nixon's own letter of transmittal of the 1972 Convention to the U.S. Senate on Aug. 10, 1972. Nixon wrote:

The text of this Convention is the result of some three years of intensive debate and negotiation at the Conference of the Committee on Disarmament at Geneva and at the United Nations. It provides that the Parties undertake not to develop, produce, stockpile, acquire or retain biological agents or toxins, of types and in quantities that have no justification for peaceful purposes, as well as weapons, equipment and means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict. . . .

It was about two years ago that this Government renounced, unilaterally and unconditionally, the use

of all biological and toxin weapons and affirmed that we would destroy our existing stocks and confine our programs to strictly defined defensive purposes. These initiatives reflected a deep national conviction and contributed in a very substantial way to the ultimate success of the negotiations leading to this Convention.

At the same time, we looked to the day when the community of nations would act together to prohibit biological warfare and weaponry. We accompanied our renunciation of these weapons with support for the principles and objectives of the United Kingdom's 1968 draft convention in this field. On December 16, 1971, the Convention transmitted herewith, which would provide a binding international prohibition on the weapons we have renounced, was overwhelmingly recommended by the General Assembly of the United Nations.

In short, Richard Nixon gives the credit to the British and United Nations for leading the way to the Convention. Who were these British and U.N. friends of Henry Kissinger, and what were their motives?

Key to the implementation of the British policy was a conference which took place in 1968 on chemical and biological warfare weapons. It was held at the Bonnington Hotel in London, on Feb. 22-23, 1968. It was paid for by the **J. D. Bernal Peace Library** and the **Bertrand Russell War Crimes Tribunal**. J. D. Bernal, a Cambridge physicist, had received the Lenin Peace Prize in 1953, was made an honorary professor at Moscow University in 1956, and his most famous book was called *Marx and Science*. He and the other Cambridge "biological holists" are the most important Soviet assets in Western science, and have destroyed Western capabilities in this century. The Cambridge "holists" include most notably Jan Smuts, J. B. S. Haldane, Arthur Koestler, the Huxley family, and Francis Crick. This circle has a stated philosophic preference for the "utility" of bacteriological warfare in world population reduction programs. Their philosophical spokesman in this century was Bertrand Russell, who enunciated their Malthusian purpose in his *Impact of Science on Society*:

At present the population of the world is increasing at about 58,000 per diem. War, so far, has had no very great effect on this increase, which continued throughout each of the world wars. . . . War has hitherto been disappointing in this respect . . . but perhaps bacteriological war may prove effective. If a Black Death could spread through the world once in every generation, survivors could procreate freely without making the world too full. The state of affairs might be unpleasant, but what of it?

The keynote speech at the British 1968 Bonnington Hotel conference was given by **Lord Ritchie Calder**, who had been director of Plans and Political Warfare in the British

Foreign Office during World War II. He was a professor at Edinburgh University, and science editor of the *London News Chronicle*. In his keynote speech, he defined the purpose of the conference as to design a draft for governments to adopt. Kissinger got the Nixon administration to do just that.

The first panel was on the question of biological weaponry and biological warfare; it was led by **Ivan Malek**, a member of the Czechoslovakian Academy of Sciences from the Czechoslovakian Biological Institute. He was an executive of the Pugwash Conference, coordinator of biological research questions for its study group, and a founding member of the World Federation of Scientific Workers. In 1967, he received a Lenin Peace Prize. He wrote the biological warfare subsections of documents issued by the Stockholm Peace Research Institute (SIPRI).

Another individual involved in the last phase of the Lyndon Johnson administration was journalist **Seymour M. Hersch**, who had been press secretary for Sen. Eugene McCarthy, was a Pentagon reporter for AP, and more recently has been the military reporter for the *New York Times*. Hersch authored a book entitled *Chemical and Biological Warfare: America's Hidden Arsenal*, which led the campaign in the United States to get Nixon to unilaterally and unconditionally destroy U.S. capabilities. He based much of his information on leaks from one of the coordinators of biological programs in the Department of Defense in the Johnson administration. This individual held the position of deputy secretary of defense; in May 1967, he testified before the U.S. Senate, as follows: "It is clearly our new policy not to initiate the use of lethal biologicals."

Who was the man who enunciated this new policy? None other than **Cyrus R. Vance**, later Jimmy Carter's secretary of state.

In 1969, just before Richard Nixon was made to dismantle U.S. biophysics capabilities in the wake of the Vietnam War, the United Nations drafted a comprehensive guideline on the way the United States should destroy its biological capabilities, administered through the U.N.'s World Health Organization, of course. This report was entitled, "U.N. Report on Chemical, Bacteriological, and Biological Weapons," and was drafted in Geneva. The two principal authors were **Academician O. A. Reutov**, the director of virology at Moscow State University, and **Sir Solly Zuckerman**, chief scientific adviser to the government of Great Britain, professor emeritus, University of Birmingham, the leading scientific light of the *New Scientist*. The U.N. report acknowledges the crucial contribution of four organizations: the World Health Organization of Geneva, the Red Cross—Switzerland-based—the Pugwash Conference on science and world affairs, and SIPRI in Stockholm.

In short, the network that succeeded in getting a U.S. President to destroy America's basic biological capabilities, at just about the time that the AIDS pandemic was being generated, was this grouping of world federalists from Ge-

neva, London, and Moscow. They have the same policy toward the Third World that Bertrand Russell expressed in his Malthusian ravings.

### Zuckerman and Kaplan

On Oct. 25, 1985, *EIR* released our widely discussed cover story exposing "The Soviet role in covering up the deadly threat of AIDS" (Vol. 12, No. 42), revealing the nest of Soviet infectious disease experts—Dr. Sergei Litvinov, Dr. T. A. Bektimirov, Dr. Morosov, et. al.—controlling the Communicable Diseases Division of the World Health Organization. Five days later, the Oct. 30 issue of *Literaturnaya Gazeta* published a hysterical counter to the *EIR* exposé, charging that the AIDS virus may have been manufactured in laboratories by the CIA and the Pentagon, and referring to the "just-received sensational report" by *EIR*, which is "run by the grouping of LaRouche," and "may be a clumsy attempt at cover-up."

The *EIR* exposé also provoked a hysterical response from Lord Solly Zuckerman's *New Scientist* crowd in Great Britain and the entire Pugwash apparatus. It is this grouping which is the precise link between the IMF's Malthusian policy—to kill billions in Africa, Asia, and Latin America—and the Soviet policy, based on military-strategic calculations, to cripple the populations of the West and blame this on the United States.

Zuckerman's *New Scientist* in early December 1985 denounced this writer's work in circulating the *EIR* exposé of the extent of the African AIDS epidemic and the Soviet control of WHO, at the late November Brussels conference on AIDS in Africa. Subsequently, the entire Pugwash apparatus was monitored to "light up" on the question of *EIR* and its founder Lyndon LaRouche.

**Dr. Martin Kaplan**, secretary-general of Pugwash, which has its headquarters in Geneva, Switzerland, across the street from WHO headquarters, recently had a most unusual response to the *EIR*. Dr. Kaplan is a virologist; before he took over the secretary-generalship of the Pugwash organization, he was director of biological research programs at the WHO for 30 years. He is a specialist in systems analysis and has worked on numerous projects on global systems-analysis modeling at the Vienna International Institute of Applied Systems Analysis (IIASA).

Dr. Kaplan was reported to have had the following to say about the furious responses of the Soviet Union to *EIR*'s charges:

*EIR* and LaRouche provoked the Soviets. *EIR* is a mischievous group, which plants all sorts of scenarios. They want to increase the level of hostility and confrontation with the Soviet Union. LaRouche started to put out this disinformation. LaRouche started the whole thing. It's totally out of control. . . . *EIR* doesn't know what it is doing. It could destroy the whole review of the 1972 biological Protocols; this is the

centerpiece of the upcoming Geneva conference in September 1986.

Furthermore, the director of Pugwash in London, who coordinated the recent SIPRI secret conference on biological warfare in Stockholm, **Julian Robinson**, reportedly expressed the following view of the charges and countercharges on the Soviet role in the spread of disinformation on AIDS:

The people responsible for this are all working for this man LaRouche and his *Executive Intelligence Review*. They have to be watched carefully. They provoked the Soviets; the Soviets are just responding.

To bring the matter directly to the door of Henry Kissinger, look at the response of **Alexander Markovitch**, the director of Pugwash in France. He is an expert on chemical-biological warfare and a close associate of Kissinger. He testified at the Bertrand Russell War Crimes Tribunal, condemning the United States for its role in Vietnam, and his specialty at that point was the use of napalm, defoliants, and bacteriological weapons. He reportedly was the man who accompanied Henry Kissinger to Moscow, when the 1972 convention was signed outlawing biological warfare research in the West. Dr. Markovitch is currently drawing up French policy for the 1986 Geneva conference on biological warfare. Reliable sources indicate that Dr. Markovitch believes that *EIR* has started uncontrolled panic, which could sabotage the successful review of the 1972 Kissinger Protocols.

One of the reasons that the Pugwash/Kissinger crowd is so upset, is that they fear that, as a result of the AIDS crisis, not merely will LaRouche succeed in catalyzing the implementation of public-health measures and defense in the West, but that this crisis will spark the revival of a basic science development orientation in optical biophysics.

Who was to inspect and verify that biological research would not go on? The World Health Organization's Communicable Diseases Division, under Warsaw Pact control! The picture is even more insidious. In the same period that Marshal Sokolovskii composed his doctrine for "the coming total war," the Soviet Union proposed what it called the General and Comprehensive Disarmament proposal on biological weaponry. The GCD proposal advocated a three-stage disarmament process. All stages were implemented unilaterally and unconditionally in the United States by the Henry Kissinger control over the first Nixon administration in the late 1960s and early 1970s.

### Common aims of Soviet and Western oligarchs

I have often been asked, "Are you actually saying that the IMF and World Bank are allowing AIDS to proliferate as a way to kill billions in Africa and the Third World, to reduce what they feel are 'excess eaters'? Or are you saying that the Soviets, through the World Health Organization, are deploying AIDS as a biological warfare weapon against the West?" In fact there is no difference between the two, as shown by

the overlap of networks and common policy objectives documented here. The networks of Russell, Zuckerman, Kaplan, and so forth, which are seeking an oligarchical world rule, will, by 1990 at best, reduce the world's population by over a billion, if they have their way. This is the same policy which the Soviet Union has, for military-strategic reasons.

The role of the World Health Organization, and the Atlanta Centers for Disease Control (CDC), which gets its policy lines from the WHO, must be seen from this standpoint. The CDC is a governmental agency, and has been ordered by the brutal cost-cutting of Don Regan, James Baker III, the Office of Management and Budget, and, ultimately, the International Monetary Fund, to downplay the extent of the AIDS disease, and specifically to promote in the United States the Soviet-authored disinformation line on AIDS. Budget allocations are very costly, and therefore the CDC and the U.S. Cabinet have been ordered not to veer at all from the policy emanating from the WHO. In the context of the Gramm-Rudman budget structure, AIDS research funds will be curtailed even more brutally. This is also the most convenient policy for the U.S. State Department, which has a long-standing program—developed by the Carter administration under the rubric of *Global 2000*—to reduce the world's population by one billion before the year 2000—especially through genocide in Africa.

### The Soviet biowarfare specialists

The efficient model to understand the common ground between the Soviets and the Western Malthusians, is to consider the case of Dr. Sergei K. Litvinov, who, while he was in Ghana in the 1970s, was paid by U.S. State Department funds, out of an Agency for International Development (AID) program for population reduction. He was conducting Malthusian population reduction programs in Africa, funded by the U.S. State Department! The funds were conduited through the "Demographics Project" of the geography division at the University of Ghana. The Soviets are conducting their global strategic warfare of population reduction; they are the enforcers for the State Department and the International Monetary Fund.

What is the coordination mechanism which the Malthusian IMF grouping, and its representatives such as Don Regan and James Baker III in the U.S. Cabinet, are utilizing to be in phase with Soviet military developments? The Soviet nest at WHO is controlled by a specific scientific circle of Dr. Litvinov, Dr. Bektimirov, Dr. Morosov, and the other Warsaw Pact coordinators at the World Health Organization, and their boss, Dr. Yevgenii Chazov, who recently received the Nobel Peace Prize in Oslo.

Litvinov's assistant, Dr. T. A. Bektimirov, is the man who runs, on a day-to-day basis, all world surveillance and coordination of research on AIDS and other infectious diseases; in the late 1960s and early 1970s, he was a leading member of a team of Soviet scientists whose specialty was the development of biological infectious disease agents. Bek-

timirov, in the late 1960s and early 1970s, published numerous papers in Soviet scientific journals on the question of the means by which new forms of leukovirus could be isolated from continuous human cell lines, and then injected into African Green Monkeys—the species in which the AIDS virus is believed to have originated, before it "jumped the species barrier" to man. Among Bektimirov's co-workers in the late 1960s, with whom he published numerous scientific papers, was a man named Boris Lapin, from the Sukhumi Research Center in the Soviet Union.

Boris Lapin published a paper in 1969 entitled "Experiments in Monkeys With Human Leukemia," and another in 1973 on the "Epidemiological and Genetic Aspects of an Outbreak of Leukemia Among the Sukhumi Monkey Colony, Specifically the African Green Monkey Section of Sukhumi."

The third member of this scientific team in the late 1960s and early 1970s, was V. M. Zhdanov, who is today the director of the Ivanovskii Institute in Moscow. This is the institute which recently sent an expert to the World Health Organization meeting on AIDS. Zhdanov's team published a paper in 1972 on "The Possibility of Overcoming Species Barriers and Resistance in the Transference of Tumor Viruses"; a second paper was "On the Accumulation of Ribonucleoprotein Structures in Chronically Virus-Infected Cells After Transference Between Monkeys and Man."

This team was investigating the questions of species jumps of strange new leukemia viruses between monkeys and man. Dr. Lapin, as Sukhumi Research Director, was in close coordination with the sister institution to Sukhumi, the Yerkes Primate Center, directed by Geoffrey Bourne, the father of the man who administered mind-altering drugs to members of the Jimmy Carter White House staff. Bourne is the director of the St. George's Medical School, Grenada; he is a biochemist and nutritionist, an expert on the relationship between malnutrition and disease.

The Soviet grouping at the WHO has been working together since the 1960s. Are they merely opportunists trying to augment the spread of AIDS in the West, or did they have a direct hand in starting the epidemic?

Only two groups in the world have claimed that the AIDS virus was a man-made biological warfare agent: the Soviets themselves and the British.

One can only wonder at how loudly the Soviet experts laughed when the Nixon administration proceeded to destroy basic U.S. biological research centers, in strict accord with the Kissinger Protocols.

To combat AIDS successfully, it is precisely the costly basic biomedical research associated with optical spectroscopy which must be encouraged. The United States must overturn the Kissinger Protocols and embark on a true basic biomedical Apollo Research program, utilizing both conventional and unconventional means of research. The first line of defense in any nation's security must be to prevent its population from dying of disease.

# 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.

## Gramm-Rudman bill's impact begins a political upheaval

by Vin Berg

President Ronald Reagan, in an effort to save his defense budget from devastation by the Gramm-Rudman-Hollings "balanced budget" bill, will attempt to have Congress alter its budget-approval procedures, according to a UPI wire since confirmed by White House spokesman Larry Speakes. Reagan signed the bill on Dec. 12, and thereby signed into law an austerity program for the United States that commits the nation to destroying itself. That is what will be required to meet interest payments to the holders of the nation's debt, the one area of "spending" Gramm-Rudman will not cut.

If it has not yet dawned on the President that Gramm-Rudman will destroy the nation in the service of usury, it has dawned on him, at least, that Gramm-Rudman will destroy the defense budget. According to latest reports, he will, therefore, use his State of the Union Address Jan. 29 to ask Congress to change its budget process, by setting a binding limit on spending at the outset. This will avoid the provision of Gramm-Rudman which institutes automatic cuts, 50% of them defense cuts, if total budgetary allocations exceed Gramm-Rudman target ceilings in any of the years between now and 1991. That is the year that the budget is supposed to be balanced—but of course, at the rate debt service will grow, it won't be.

Instead of passing a concurrent budget resolution that does not have the force of law, as Congress now does in its yearly budget process, the President would have Congress pass a joint resolution that would require the President's signature. This binding budget resolution would meet the deficit-reduction targets specified by Gramm-Rudman for the relevant fiscal year.

Thus, by staying within Gramm-Rudman's overall ceiling, the automatic-cuts provision would not be triggered, and so, the defense budget would not automatically have to be cut—although everyone knows that, with this Congress, the defense budget is certain to be cut massively anyway, to stay within the overall ceiling.

In sum, President Reagan's ignorance of economics, the "free market" idiocy that has made him putty in Chief of Staff Don Regan's hands, has placed him in a trap. It is a trap from which there is no escape until it is recognized that "balancing the budget" is no priority at all—except from the standpoint of usury; that the issue is not between raising taxes and cutting spending, but one of using the powers of government to create currency and credit and a tax structure that favor growth in manufactures and agriculture, and penalizes the sort of "services" that have proliferated over the past decade, especially since the Volcker measures of 1979. In that event, the federal budget, through expansion of the revenue base, will tend automatically to come into balance.

### The constitutional issue

On the same day that Gramm-Rudman was signed, two law suits challenging the constitutionality of portions of the bill were filed, one by 11 congressmen led by Mike Synar (D-Okla.), the other by the National Association of Retired Federal Employees. Neither suit challenges the Gramm-Rudman bill's constitutionality, only the constitutionality of mechanisms established in the bill, which even Phil Gramm, Warren Rudman, and Ernest Hollings must know to be un-



constitutional. These involve, in the event the "automatic cuts" provision is triggered, the binding character of cut-recommendations by congressional agencies, the Congressional Budget Office and the Comptroller General, instead of Executive Branch agencies.

The Synar suit (see *Documentation*) was in fact undertaken as provided for by the Gramm-Rudman bill itself. Said Synar's Dec. 12 press statement: "A balanced budget is important. Our goal is to correct the Gramm-Rudman process so that we achieve a balanced budget without trampling our Constitution or permanently altering the balance of power. We can do this through the fallback.

"... It provides that if the 'automatic pilot' feature of Gramm-Rudman is found to be invalid, it will be replaced with a vote by the Congress.

"In other words, each fiscal year, if Congress has failed to meet the deficit targets, the CBO and OMB would report that fact to Congress. Each House then would have to vote up or down whether to allow the sequestration process to go forwards. . . ."

The retired employees' association suit, according to a NARF release, challenges the Gramm-Rudman provision which suspends payment of the 3.1% cost-of-living adjustment to federal retirees, effective under law as of Dec. 1, and whose suspension therefore deprives recipients of property without just compensation, violating the Fifth Amendment.

Everyone knows and states, including the President and the Justice Department, that the mechanisms now in Gramm-Rudman violate the separation of powers and law-making procedures established by the Constitution. Therefore, there is little doubt that the bill's "fallback" alternative, as described by Synar, will eventually be the bill's final shape, even though at present it appears that both lawsuits will be dismissed from federal court on a technicality: that the plaintiffs do not have standing to sue, because the bill has not yet gone into effect.

In any case, the suits, the congressmen, the President, and the Department of Justice all miss the point. It is not Gramm-Rudman mechanisms that are unconstitutional, but Gramm-Rudman itself.

The same point arises when considering President Reagan's expressed desire to move toward a "balanced budget amendment" to the Constitution. That would make the Constitution itself unconstitutional, so to speak.

The American Constitution was drafted in order to establish a nation-state republic whose affairs, regardless of the opinions of episodic majorities, would be governed by natural law. Natural law dictates the material and moral development of a sovereign people, if that people is to survive. With this in mind, the Constitution established the purposes of government: "to promote the general welfare," to promote "the progress of science and the useful arts," to "provide for the common defense."

Instead, Gramm-Rudman dictates the dismantling of any

and all government activity toward those ends, as necessary to provide for the general welfare of usury. Gramm-Rudman is an attack on natural law and an attack on the very existence of the U.S. Constitution.

## **A national upheaval**

Gramm-Rudman's prima facie unconstitutionality is not a matter of mere legal argumentation, but an immediate, practical reality. The horrifying impact that Gramm-Rudman will have on the national well-being is sinking in at all levels of the national polity. Slowly, state, county, and municipal governing bodies are reviewing their own budgetary situations from the standpoint of losing the federal monies Gramm-Rudman will steal from them to pay federal debt-service. One knows when such reviews have been completed in any locality, for, as a general rule, howls and screams such as have never been heard before arise from the shocked officials who have just engaged in the review.

As such reviews slowly expand around the nation, a political time-bomb is being created, as awareness spreads that nothing of political machines or social order will remain in the wake of Gramm-Rudman's devastation.

In this circumstance, a nationally significant political campaign was launched in New Hampshire on Jan. 10, when Major Robert Patton, U.S. Air Force (ret.), announced that he would run for the U.S. Senate seat now occupied by Warren G. Rudman (R). Before a large group of reporters, Major Patton blasted Rudman, calling his bill the morally repulsive act of a gutless legislator and a vote to destroy the United States, "without the Soviets having to fire a shot."

Patton is only one of the candidates now backed by Lyndon LaRouche's National Democratic Policy Committee—a sign of things to come as the NDPC goes after every congressional seat in the nation.

## **Cuts at the state level**

The relevant facts on Gramm-Rudman's nationwide impact are as follows.

The states of the United States have an aggregate budget of \$500 billion in spending for all purposes. Fully \$100 billion of this comes from the federal government in one form or another. In short, one-fifth of all state spending in the United States comes from the federal government. That \$100 billion will be among the first federal expenditures Gramm-Rudman, or the President and Congress under the sword of Gramm-Rudman, will eliminate. And, those cuts will start to hit within weeks, perhaps days, if they have not already hit as federal agencies anticipate Gramm-Rudman going into effect.

Under the present timetable, as of Jan. 10, the Office of Management and Budget and the Congressional Budget Office will have prepared projections on the relevant features of income, expenses, the deficit, inflation, unemployment, and economic growth. They will then have given these projec-

tions to the Comptroller General. By Jan. 15, the Comptroller will announce whether or not the two projections agree, and if they disagree, he will then take a statistical average between the two. That will be the basis of a report to the President, which will contain designated budget cuts the President is ordered to implement.

In the bill's own language: "There is no legislative, judicial, or administrative recourse or appeal against the methods or assumptions in making the projections." The bill emphasizes that under all circumstances, net interest—debt-service—must be paid.

For the states, counties, and municipalities of the country, federal funds for transportation, health, sanitation and sewage, education, and unemployment compensation, will be eliminated year by year.

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## Documentation

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# Congress, Justice try to save the bill

*The following is excerpted from President Reagan's written statement upon signing the legislation containing the Gramm-Rudman amendment, Dec. 12, 1985.*

Today I have signed H.J. Res. 372, which increases the statutory limit on the public debt and includes the Balanced Budget and Emergency Control Act of 1985. . . . With the passage of this landmark legislation, the Congress has made an important step toward putting our fiscal house in order. Deficit reduction is no longer simply our hope and our goal—deficit reduction is now the law. From here to the end of the decade, mandated cuts can put the deficit on a declining path and eliminate governmental overspending by 1991. . . .

. . . This legislation mandates that the President and the Congress work together to eliminate the deficit over the next five years. The first step in that process will begin early next year. At that time I anticipate that we will have to take some significant across-the-board reductions in a wide range of programs. . . . Whether increased government spending is financed through taxes or borrowing, it imposes a heavy burden on the private economy. . . . That is why increasing taxes is not an option: deficit reduction must mean spending reductions.

We must also never lose sight of the necessity to maintain a strong national defense. Restoring our defenses has been vital not only to our security, but to the cause of freedom. . . . I am confident that implementing our previous agreements with Congress for steady real growth in defense will keep our defenses secure.

In signing this bill, I am mindful of the serious constitutional questions raised by some of its provisions. The bill

assigns a significant role to the Director of the Congressional Budget Office and the Comptroller General in calculating the budget estimates that trigger the operative provisions of the bill. Under the system of separated powers established by the Constitution, however, executive functions may only be performed by officers in the Executive Branch. The Director of the Congressional Budget Office and the Comptroller General are agents of Congress, not officers in the Executive Branch.

The bill itself recognizes this problem, and provides procedures for testing the constitutionality of the dubious provisions. The bill also provides a constitutionally valid alternative mechanism should the role of the Director of the Congressional Budget Office and the Comptroller General be struck down. *It is my hope that these outstanding constitutional questions can be promptly resolved.*

Similar constitutional concerns are raised by a provision in the bill authorizing the President to terminate or modify defense contracts for deficit reduction purposes, but only if the action is approved by the Comptroller General. Under our constitutional system, an agent of Congress may not exercise such supervisory authority over the President. As the Supreme Court made clear in its *Chadha* decision, Congress can "veto" Presidential action only through a constitutionally established procedure of passing a bill through both Houses and presenting it to the President.

*The following is from the press statement issued by Rep. Mike Synar on Dec. 12, 1985.*

Today, I am filing suit in Federal District Court challenging the constitutionality of the Gramm-Rudman balanced-budget [sic]. If I prevail, the legislation will not be struck down in its entirety but rather the "fallback" mechanism contained in the bill, which is constitutional, will be activated.

I support a balanced budget. . . .

As a conferee on Gramm-Rudman, I spent long hours trying to find a way to cure its constitutional problems. The end result of our efforts, however, was to agree to disagree and to provide for expedited review by the courts. . . .

A balanced budget is important. Our goal is to correct the Gramm-Rudman process so that we achieve a balanced budget without trampling our Constitution or permanently altering the balance of power. We can do this through the fallback.

. . . It provides that if the "automatic pilot" feature of Gramm-Rudman is found to be invalid, it will be replaced with a vote by the Congress.

In other words, each fiscal year, if Congress has failed to meet the deficit targets, the CBO and OMB would report that fact to Congress. Each House then would have to vote up or down whether to allow the sequestration process to go forwards. . . .

*The following is excerpted from the civil action filed Dec.*

12 by Rep. Synar and 11 other congressmen.

1. This is an action seeking a declaratory judgment that the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 . . . which authorize reductions in federal spending other than by the passage or legislation requiring such reductions, are unconstitutional because they violate the lawmaking procedures of the Constitution and principles of separation of powers. . . .

5. . . . The principal purpose of the Act is to create a mechanism by which the federal deficit can be reduced below the levels otherwise anticipated for the next six years, with the objective of achieving a balanced budget by fiscal 1991. The method chosen to accomplish this is a process described in sections 251 and 252 of the Act, which automatically causes across-the-board reductions . . . to go into effect through a Presidential order. . . .

6. Under section 251, the determination described in paragraph 5 is initially made jointly by the Director of the Office of Management and Budget, an officer of the executive branch of the government, and the Director of the Congressional Budget Office, an officer of the legislative branch of the government. That determination is then reviewed by the Comptroller General, an official of the legislative branch, who issues a final determination to the President . . . and under section 252 the President is obligated to carry out the budget cuts detailed in a report of the Comptroller General. . . .

8. Because the presidential order accomplishing the spending reductions will have the effect of changing existing laws mandating higher levels of spending, it is valid only if the power to amend spending laws is one that can be delegated to the President. . . . Article 1, section 7 of the Constitution requires that all laws, including spending laws, be passed by both Houses of Congress and are either signed by the President or approved by two-thirds of each House following a veto. Since the process of amending spending laws provided in the Act does not meet those requirements, it is constitutionally invalid as an unauthorized attempt to make law.

9. Even if the power to alter spending levels provided for in the Act could constitutionally be delegated by Congress, the delegation in this Act is still invalid because it is made to the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General, and only the first of these is an official of the executive branch. . . [Therefore,] the delegation is unconstitutional as a violation of principles of separation of powers. . . .

*The following is excerpted from a memorandum from Attorney-General Edwin Meese to Vice-President George Bush, in his capacity as President of the Senate, and Tip O'Neill, Speaker of the House.*

This is written to advise you of litigation initiated by several Members of Congress to challenge the constitutionality of

portions of the Balanced Budget and Emergency Deficit Control Act of 1985. . . . The suit has been filed pursuant to paragraph 1 of subsection 274(a) of the Act, which purports to give Members of Congress standing to challenge the constitutionality of any Presidential order that might be issued pursuant to section 252.

. . . It is our view that the plaintiffs in *Synar* have no standing to sue and that section 274(a)(1) cannot confer such standing in the absence of a case or controversy as required by Article III of the Constitution. Accordingly the Department intends to file a motion to dismiss the *Synar* action on December 30, 1985. . . .

In the event that the case is not dismissed, you should be advised of our view that the role prescribed for the Comptroller General in sections 251 and 252 of the Act is not constitutional. . . . The Department cannot defend this aspect of the law. We also believe that the same constitutional limitation applies to the role that the Director of the Congressional Budget Office may perform pursuant to sections 251 and 252.

I should emphasize that our position on this issue will not prevent the important purposes of the Act from being accomplished in a timely fashion. As the President's signing statement noted, the Act provides a constitutionally valid alternative mechanism should the procedures involving the Comptroller General be held invalid. We look forward to working cooperatively with the Congress in carrying out the objectives of this landmark legislation.

*The following is excerpted from a release of the National Association of Retired Federal Employees.*

On Friday, December 20, the NARFE and its National Officers filed suit in the U.S. District Court for the District of Columbia, challenging as unconstitutional the provisions of the Gramm-Rudman-Hollings Deficit Control Act which suspend payment of the 3.1 percent cost-of-living adjustment that is due to nearly two million federal annuitants and survivors in January.

The lawsuit claims that the cost-of-living adjustment was effective under law as of December 1 and that the 3.1 percent increase is required to be included with the January annuity check. Because payment was suspended, the suit claims, the annuitants and survivors have had their property taken away without just compensation, inviolation of the Fifth Amendment to the U.S. Constitution. . . .

In addition to the legal point on which our lawsuit is based, we feel that Gramm-Rudman-Hollings violates the basic tenets of fairness and equity by discriminating between different non-means-tested retirement programs sponsored by the federal government. It shelters protection for 36 million persons covered by Social Security while suspending such protection for 1.9 million federal retirees and survivors. Inflation does not discriminate between classes of the elderly; neither should inflation protection. . . .

## Your congressman's votes on the issues

by John Chambless

As part of its ambitious initiative to challenge every congressional seat in 1986, the National Democratic Policy Committee (NDPC), the political action committee which shares the ideas of presidential candidate of Lyndon H. LaRouche, has announced the forthcoming publication of a Voter Rating Book on members of Congress who will be up for re-election in 1986.

Certain problems are attendant on the publication of such a rating. First, as demonstrated in the recent overwhelming vote in favor of the Gramm-Rudman "balanced budget" legislation, Congress has abandoned its responsibility as a legislative body, and the membership as a whole has revealed itself as morally unfit to be returned to office. This creates difficulties in the formulation of categories with which to classify the congressmen. The authors of the rating book have tentatively come up with three categories, into which each congressman will be placed: the first is "Totally Unacceptable"; the third is "Potentially Salvagable." In between, the category currently lacks a name, but is tentatively called "Generally Spineless, But Not Totally Unacceptable."

As part of the preparation for the rating book, the NDPC has prepared a tally sheet on every congressman, indicating their votes on crucial issues during the past three years. This tally sheet will be printed as an appendix to the rating book. However, one of the major problems in construction of this tally sheet was finding legislation which truly posed the crucial issues of national survival in a clear way—particularly when it comes to economic policy. Of course, there are a few clear cases—the vote on the re-confirmation of Federal Reserve chairman Paul Volcker, for example, or the vote in 1983 to continue U.S. authorization for the International Monetary Fund (IMF). Defense issues in general were also a good indication of a congressman's commitment to the national interest, as were, to a lesser extent, farm appropriations. But, in general, there were few clear cases in which the American System of economics was the issue in a vote. Likewise, there were few votes on education policy in which the issues were clear.

Despite the problems, 20 votes were identified for the Senate and 13 for the House of Representatives for inclusion in the tally sheet. Among the votes chosen for the Senate are

the following: the 1983 vote on Volcker's nomination; the 1983 vote on supplemental appropriations, the final motion in favor of the IMF; the 1983 vote on supplemental appropriations, to kill an amendment to reduce U.S. authorization to the IMF; the 1985 Department of Defense Authorization, the Hart amendment against initial MX production; the 1984 Omnibus Defense Authorization, the Tower motion to kill the Moynihan amendment to stop MX deployment; the 1985 DoD Authorization, amendment to move toward deployment of some SDI components; the 1985 DoD Authorization, Gore amendment to reduce SDI funds; the 1985 DoD Authorization, Bumpers amendment to limit SDI research and cut budget; the 1984 Omnibus Defense Authorization, Tower motion to kill Nunn NATO troop pullout; the 1985 confirmation of Richard Burt as ambassador to West Germany; the 1985 State Department Authorizations, Kassebaum amendment to table Helms amendment to curtail U.S. support for international population control efforts; the 1985 Agriculture Appropriations, Cochrane motion to kill Proxmire amendment to reduce agriculture budget by 4%; the 1985 final vote on Gramm-Rudman bill; and the 1985 vote on the nomination of euthanasia-advocate Otis Bowen as Secretary of Health and Human Services.

For the House, the votes used include: the 1985 vote on DoD authorization, Aspin amendment to cut overall defense budget; the 1985 vote on Courter amendment to DoD Authorization to fully fund SDI, per President's request; the 1983, vote on final IMF passage; the 1984, Kazen amendment to H.R. 1652 against waterway user charges; the 1985 vote on Smith amendment to H.R. 1555 against international population control measures; the 1984 Chandler amendment to H.R. 1904 against "Baby Doe" protections for severely handicapped infants; and the 1985 vote on Gramm-Rudman.

The results of the NDPC tally are hardly surprising, but in many cases reveal that certain "presidential hopefuls" currently being pushed by the media as "conservatives" or "moderates" are just as liberal as their avowedly liberal colleagues. Joseph Biden (D-Md.) scored 5%, exactly the same as ultra-liberal basketball player Bill Bradley (D-N.J.), and Gary Hart (D-Colo.) scored 25%, the same percentage as liberal Mark Hatfield (D-Oreg.). Perennial non-candidate Teddy Kennedy (D-Mass.), who briefly donned a "conservative" image, scored 30%, the same as Thomas Eagleton (D-Mo.).

For the most part, in the night of Congress, all the cows are more or less black. No senator scored higher than 75%—James McClure (R-Idaho), Howell Heflin (D-Ala.), Edward Zorinsky (D-Neb.), and Jesse Helms (R-N.C.) scored exactly 75%—and only 15 scored higher than 50%. In the House, a total of 9 representatives scored over 90%, while 17 were below 10%.

The authors of the rating sheet emphasize that the NDPC plans to challenge every congressman who is running in 1986, and that the primary purpose of the rating sheet is to establish priorities for attack rather than to provide endorsements. As far as the NDPC is concerned, not a single congressman is morally fit to continue to hold office.

# NDPC campaigns turn politics upside down

by Stephen Pepper

The National Democratic Policy Committee is currently building slates of congressional candidates in each of the 50 states, to win significant gains in the general election in 1986. The NDPC is a political action committee seeking to oust the "fruits and nuts"—and Soviet agents of influence—from the Democratic Party, and return the party to the labor, farm, and industry policies which it traditionally represented. This year, the committee's goal is to channel the ferment among usually passive voters, caused by such crises as the impact of the Gramm-Rudman bill and the AIDS outbreak, to bring about a fundamental policy shift in the nation.

The preliminary developments of the NDPC campaign indicate that most people did not initially realize how devastating the effects of Gramm-Rudman would be; but as the impact of the massive, automated, budget cuts begins to receive publicity, alarm is spreading across the nation. One legislator in North Carolina summed this up when she said, "This crazy thing will cause havoc . . . and I hope it does."

The context in which this social and political chaos is going to hit will determine how politics will unfold in 1986. Congress voted up Gramm-Rudman for one overriding reason: It wished to relieve itself of the constitutional responsibility to deal with the budget crisis. The voters are not so stupid; they will not allow the 99th Congress to walk away from its responsibilities—while shutting down defense capabilities, hospital care, urban infrastructure, Social Security, and other services. Over the next two months, Americans will be in a lynching mood toward their congressmen.

## A political realignment

A political vacuum exists in both national parties, but this is particularly evident in the Democratic Party. The national media has been giving considerable attention to a group of "new leaders," stabled together under the colors of the Democratic Leadership Council. Among these thoroughbreds is Charles Robb, former governor of Virginia, Missouri congressman Richard Gephardt, and Bruce Babbitt, former governor of Arizona. Governor Robb speaks for this group when he declares that the era of Carter-Mondale is dead, and that

the Democratic Party should no longer feel obliged to defend their record.

Senator Ted Kennedy's withdrawal from the 1988 race cuts the only other tie to the previous 20 years of party politics. While Kennedy is a hollow individual, the Kennedy name still held appeal for Democratic political machines across the country. No present Democratic candidate commands such loyalty. Governor Cuomo of New York hopes to fill this void, but lacks any real national constituency to achieve it. Therefore, a mad scramble has started to "reposition" the Democratic Party to the right, to conform to the political professionals' perception of voter attitudes.

But while the professionals follow events, the NDPC candidacies will shape them. Democratic presidential candidate Lyndon LaRouche, a founding member of the NDPC, built a wide following during the 1984 presidential election campaign, with 15 national television presentations; the NDPC candidates' movement will bring this force into the limelight in 1986. The movement includes significant representatives of traditional Democrats now in office, or recent office-holders. One Democratic governor has indicated his openness to meeting with LaRouche's representative, and is seeking the endorsement of the NDPC. These developments indicate that the regroupment now going on nationally is casting LaRouche and his movement as the pole, around which the revival of the traditional Democrats can take place. This will produce shock waves, since the Eastern Establishment was certain that its dirty-tricks operations—like the Abscam and Brilab "stings" run by the FBI—had flattened the traditional wing forever.

Leading NDPC candidates are currently demonstrating LaRouche's dictum that "your greatest asset as a candidate is your moral authority." Maj. Robert Patton, U.S. Air Force (ret.), has announced his candidacy against New Hampshire congressman Warren Rudman, the man with the Gramm-sized brain. Patton held a well-attended press conference on Jan. 9 to announce his candidacy, briefing the 10 assembled press on the devastating effects of the Gramm-Rudman amendment and the international confrontation with Libyan dictator Muammar Qaddafi.

On Jan. 6, Don Scott announced his candidacy against John Glenn of Ohio for the Democratic nomination for Senate. Scott, a well-known farm activist in the state, won the Democratic nomination for Congress in the 7th district in 1984—whereupon Democratic State chairman James Ruvolo, a Mondale man, endorsed the Republican candidate. In his announcement, Scott said, "John Glenn turned a blind eye and deaf ear to the drug-money takeover of the U.S. banking system. Could it be that John Glenn is that stupid? Or is he controlled by the same Soviet-connected drug-money interests connected to Marvin Warner, who bought up the Democratic Party and large chunks of the Republican Party in Ohio?"

The same day, Richard Black announced his candidacy to succeed Topsy O'Neill in Massachusetts' 8th congressional district.

## 1988: the year of born-again paganism?

by Kathleen Klenetsky

Back in 1980, the London *Economist*, commenting on the growth of fundamentalism in the United States, gloatingly predicted that Britain's former colonies would soon be overrun by an American version of Khomeinism, which would finally wipe out the last remnants of America's commitment to an increasing standard of living, and return a chastened population to "spiritual values."

It may be becoming true. With two of the most visible of the new generation of Billy Sundays, Pat Robertson and Jerry Falwell, throwing themselves into presidential politics with a vengeance, 1988 is shaping up as the year when the much-touted "born-again" fundamentalist movement in the United States starts to really flex its muscle.

Falwell has just formed a new political action group, the Liberty Federation. The group's main purpose, he says, is to build a grass-roots movement that will back more than 200 candidates for federal and local office, and will bring "20 million religious conservatives to the polls nationally in the presidential election."

Given that Falwell has enthusiastically lined up behind George Bush's presidential candidacy, and given that Bush will be the featured speaker at the Liberty Federation's leadership seminar at the end of January, it doesn't require an excess of political cynicism to realize that the real aim of the new organization is to line up anti-Establishment voters behind the oh-so-blueblood Bush.

While Falwell's operation has created the biggest media splash, it is Robertson's that should cause real concern, though certainly not from the standpoint of the ACLU's hysterical complaints about bringing religion into politics. Religion—if defined on the basis of natural law and the moral ordering of the state—most emphatically does belong in politics. But what Robertson, and to a lesser extent, Falwell, are peddling as "religion" would make the Whore of Babylon blush.

The root problem with Robertson, Falwell, and other less celebrated figures, is that the American fundamentalist movement is controlled—as it has been historically—by oligarchical Swiss-based interests, who see "religious" fanaticism and irrationalism as a battering ram against nation-state republics.

Although claiming to be a red-blooded conservative, Pat Robertson has allied himself with the Club-of-Rome-inspired "steady-state" economics promulgated by Jeremy Rifkin, a frequent guest on Robertson's national cable television show, the "700 Club." A radical left-winger, Rifkin authored a book in 1979 predicting that the emerging evangelical movement would grow into a "fourth great awakening" which would enforce a paradigm shift in the American consciousness, away from the traditional belief in technology-vectored progress, which stems from God's injunction to man to have dominion over the rest of creation, and into a zero-growth, pagan nature worship, in which man is seen as no more important than algae.

Robertson's message fits Rifkin's prescriptions to a tee. He has bemoaned the population explosion and the excessive use of energy by industrial companies, and has insisted that U.S. basic industry is a dinosaur.

More recently, Robertson proclaimed: "The federal deficit is the symptom of a deeper moral problem which says, 'I want it now,' instead of deferring gratification until funds are available to pay for it" (UPI interview). Where does Robertson propose to get the funds, if he's against basic industry? Does he care about the millions who will suffer needlessly as the government imposes cutbacks in medical care, social services, and defense, in insane pursuit of a balanced budget? Or does he think that faith-healing, which he practices regularly, will take care of all problems, including a Soviet first-strike?

Falwell is equally immoral on the economic issue. At a recent press conference, he told an *EIR* reporter that he and his candidates would back Gramm-Rudman, even while admitting this contradicts his claimed "pro-life" outlook.

Robertson is no old-time camp preacher, but scion of one of Virginia's most prominent, patrician "first families," making him more of an Establishment figure than Bush. His father, Willis, served in Congress for over 30 years, rising to head the powerful Senate Banking and Currency Committee.

Educated at Yale Law School, the younger Robertson underwent a "conversion experience" during the 1950s while working as a troubleshooter in South America for W.R. Grace, which has extensive ties to Soviet-sponsored narco-terrorism.

With this background, it is not surprising that Robertson has been able to build a multimillion-dollar media empire capable of transmitting his anti-Christian message far and wide. Robertson's Christian Broadcasting Network takes in \$230 million annually in donations and advertising—more than double any other television evangelist. The A.C. Nielsen Co. reports that the "700 Club" has a monthly audience of 29 million. In addition to a university and media center in Virginia, Robertson's far-flung propaganda machine also includes operations in Ibero-America and the Mideast—not surprising, since Robertson purveys an Israel-centered Armageddon scenario which has, unfortunately, become the hallmark of most American fundamentalists.

## Shultz stunned by EIR inquiry

This reporter stunned Secretary of State George Shultz by confronting him with the Ariel Sharon link to the Abu Nidal terrorists during a rare appearance before the press corps at the State Department Jan. 9.

Shultz neither confirmed nor denied the link. I asked him of the implications of reports that not only did Sharon have two of his men in the leadership of the Abu Nidal organization, but that Sharon ordered the bombing of the Vienna and Rome airports as part of an effort to strike a deal with the Soviets and take the Pollard spy case off the front pages. I said that reference to this had been made in the *Washington Post*.

Shultz could only limply reply, "I suggest you talk to the *Washington Post* about that."

Shultz even admitted that economic sanctions do not work. "They can have some effect, but no one contends they have a decisive effect," he said.

In a potentially important change of inflection on another important African matter, however, Shultz did confirm that "we're on Savimbi's side" in the southern African conflict against the Soviet-Cuban-backed Angolan government. This departs from the State Department's earlier line, which sought to discourage congressional action to give aid to Savimbi and his Unita organization in the name of "negotiations."

Now, Shultz said that acknowledging support for Savimbi, and "remaining prepared to see if a negotiated outcome to the crisis can be reached," represent "no contradiction" to him.

## Reagan: poor press conference showing

Two days before, at his first press conference since September, President Reagan's poor showing went beyond the seemingly impotent measures he announced against Libya.

The President was visibly less than his usual self. When he stumbled through his opening statement, members of the press corps were seen whispering, "It's going to be one of those nights," alluding to the kind of "off-night" that temporarily jeopardized the President's re-election in his first debate with Mondale in fall 1984.

The President was further destabilized by the first question from the floor. Sara McClendon, a Washington institution who runs her own news service, was welcomed back to the White House press corps in a warm statement by the President. She had been in the hospital with an extended illness, and Reagan greeted her and offered her the first question.

She told the President the truth: that under the systematic cutbacks of the Medicare system, and especially with the adoption of the "prospective payment" policy restricting Medicare reimbursements to hospitals, elderly patients are being thrown out of hospitals before they are well. She continued that with Gramm-Rudman, the elderly (like herself) are becoming even more worried that things are going to get even worse, and she wanted to know what the President was going to do.

Well, if the President's opening statement was rough, it was nothing compared to the stammering and gulping he exhibited in trying to evade the honest question of a woman he had just commended. He said that medical costs are among the highest in the country, and that "we're looking into it." That was all.

Sara's follow-up question was a

proposal that the President look at the Canadian system of free hospital and medical care for everyone. Again, the President did everything but physically duck.

## LaRouche: Make hospitalization free

In reality, as declared candidate for the 1988 Democratic presidential race, Lyndon LaRouche, has asserted, it is cheaper to run a hospital by offering free care than by charging. The costs that go into high medical expenses come from real estate speculation, debt service, and insurance on the one hand, and administrative and other "paperwork" overhead expenses on the other.

The fact that doctors commonly pay \$100,000 a year for malpractice insurance alone, can be corrected, LaRouche says, by a policy of total transparency of the insurance and reinsurance companies.

This, combined with a policy of equity for 1) the patient, who accepts a certain risk and therefore must accept a limit on liability; 2) the physician, who must also assume a certain risk to perform competently; and 3) the insurance company, which must accept total transparency to demonstrate the need to charge the premiums it does, will resolve this runaway problem.

Increasing frequency of use of the most advanced medical equipment lowers the per-use cost, and raises the efficiency of care, LaRouche argued. With the nation's health care crisis set to detonate as a result of the AIDS pandemic and other diseases associated with nutritional and sanitation breakdowns under Gramm-Rudman, it is a choice of this approach—or escalating the systematic euthanasia which has already begun to be practiced, LaRouche asserted.

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# National News

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## 'Marlboro country' not such a nice place

University of Massachusetts Medical School researchers released a study of cigarette smokers in early January which attempts to link personal morality with the habit.

The study shows that smokers are (on the average) 3-1/2 times more likely to drive while intoxicated than non-smokers, and that 1 in 3 smokers are classified as alcoholics, as opposed to 1 in 70 non-smokers.

Smokers have 40% more car accidents, get more traffic tickets, and don't wear seat-belts as often. Basically, the numbers imply that people with less concern for survival (theirs or others) have less concern about smoking, and therefore demonstrate a level of immaturity that insurers want to charge more for.

The study implies there may be large legal repercussions. Tobacco manufacturers say this is discrimination and violates a person's "civil right." Over 300,000 appear to die annually nationwide from smoking, but the blame hasn't yet been legally tied to the tobacco industry in any lawsuit.

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## 'Farm-debt summit' scheduled in Iowa

A "farm debt summit," expected to attract executives from more than 20 agribusinesses, will be held Jan. 27-28 in Des Moines, Iowa.

The meeting is linked to a recently formed organization called Farm Care (for "Concerned Agricultural and Rural Executives"), established in December by Richard Swarzentruher, president of the Cedar Rapids-based Vigortone Agricultural Products, Inc.

Executives from agricultural businesses such as Occidental Agricultural Chemicals and ABC Agricultural Group will attend.

Ideas to be discussed include going to Congress for a new farm credit bill and having agrobusinesses finance short-term credit to farmers.

Neil Harl of Iowa State will be a keynote speaker. If that is any indication, nothing good will come of the conference. Harl is notorious for insisting that the United States has too many farmers, and that farmers themselves are responsible for their plight. He is a leading spokesman for the policies of the grain cartel which has bankrupted American farmers through control of the Agriculture Department.

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## Homosexuals react to Los Angeles AIDS poll

The AIDS Project LA, a group of homosexuals and supporters, is quite distressed over the results of the *Los Angeles Times* poll that showed that, of over 2,300 people polled, half said AIDS victims should be quarantined.

"It's like a blind fear. Everyone has gotten hysterical," said the spokesman of the group. Director of the project, Paula Van Ness, says politicians are using AIDS to get rid of "gay" support. Proposals such as that of Rep. William Dannemeyer (R-Calif.) to lock the AIDS victims up in leper colonies are generally dismissed by the homosexual leaders, but Dannemeyer's proposal got a 77% vote of support in the poll.

Eric Rofes, executive director of the Gay and Lesbian Community Service Center, predicts that homosexuals are in for "a tough couple of years."

More than 1 in 3 polled said homosexuals have too much power, and 73% said homosexuality was wrong. In San Francisco, not surprisingly, 44% said it was all right.

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## AIDS victims sent to hospice to die

Nobel Peace Prize winner Mother Teresa has received her first consignment of dying prisoners straight from the Sing-Sing Penitentiary. They are dying of AIDS and will end their lives in the Greenwich Village Hospice run by the nun.

The Catholic Church in New York City apparently made the arrangements, even though it had strongly denied in late December that it would do so.

The State Correction Commissioner said there are 53 inmates with the disease in the New York City prison system. Mother Teresa's Missionaries of Charity at St. Veronica's Rectory in Greenwich Village has 14 beds.

Mother Teresa has asked publicly for the donation of a farm, a camp, or a suburban estate where AIDS victims who are not former inmates can be "cared for."

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## Weinberg proposed break with SALT

Secretary of Defense Caspar Weinberger has sent a report to President Reagan urging him to break with SALT II, in response to repeated Soviet violations of various arms control agreements.

Entitled "Responding to Soviet Violations Policy Study," the secret report contains a number of recommendations that would put the United States in conflict with the Salt II accord—which, under State Department prodding, the administration announced on Jan. 1 it would continue to comply with.

According to the *New York Times*, Weinberger recommended against the dismantling of two Poseidon subs in May; for replacing some single-warhead Minuteman-2 missiles with multiple-warhead Minuteman-3s; and stepping up research on biological and chemical weapons. He also proposed encoding signals sent by missiles during tests, to deny the Soviet Union information about the tests.

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## San Francisco becomes 'sanctuary city'

On Dec. 23, San Francisco voted to become a so-called Sanctuary City: The city will not



inform the federal government of any illegal aliens present, and will not cooperate in enforcing U.S. immigration laws. New York City has had this policy at least as long as Edward Koch has been mayor.

The supposed reason for Sanctuary status is to protect the poor immigrant looking for work. In actual fact, it is the terrorist and drug mafia which will actually receive protection.

The San Francisco Board of Supervisors voted 8 to 3 to become a "City of Refuge" for El Salvadorans and Guatemalans who would face persecution if they returned home. Mayor Feinstein had until Jan. 3 to veto the action, otherwise making it the 13th Sanctuary City nationwide and the 5th in California. In late December, Sacramento, California, became the 12th city. Los Angeles and Chicago have done likewise.

Federal officials say that, despite any such status, immigrants will be prosecuted or deported if caught.

## Gramm-Rudman will kill airline passengers

The president of a union of aviation electronics technicians said on Jan. 6 that \$135 million in anticipated Federal Aviation Administration budget cuts could lead to "deaths of passengers and aircraft crews."

Howard Johannssen, president of the Professional Airway System Specialists, said that to maintain air safety standards, the FAA should be exempt from mandatory across-the-board cuts under the Gramm-Rudman amendment. He said the FAA's \$4.9 billion 1986 budget was pared by \$55 million by Congress from the agency's original request, and that another 5% cut in March, required by Gramm-Rudman, would be a "fiscal act of terrorism."

The effect of the Gramm-Rudman cuts "will hold the entire American air traveling public as hostage," Johannssen told a press conference. "I do not exaggerate when I say that it will almost inevitably lead to the death of passengers and aircraft crews in the increasingly crowded American air space."

## Cranston leads revolt against aid to Saudis

Sen. Alan Cranston (D-Calif.) is using the current anger at Muammar Qaddafi's terrorism to demand that U.S. aid to Saudi Arabia be cut off. The senator said that he has lined-up 56 members of the Senate behind a resolution sponsored by himself and Sen. Robert Packwood (R-Ore.) to block a planned \$1.1 billion arms deal with Saudi Arabia.

Cranston called on President Reagan to block the sale, charging that Saudi Arabia supports Libya and other nations who aid terrorists.

"It would be unwise and imprudent for our government to sell advanced arms to a nation that is actively giving aid and comfort to Libya," Cranston said. "The Saudis continue to bankroll Syria and the PLO—protectors of the terrorists who have murdered hundreds of Americans and torn Lebanon asunder."

## Birds of a feather receive degrees

Lane Kirkland, head of the AFL-CIO, and "conservative" marijuana advocate William Buckley both received honorary degrees from the University of South Carolina at commencement ceremonies on Dec. 15.

Waxing eloquent about Buckley, purported labor-leader Kirkland said, "I know enough about Bill, both at first and second hand, to appreciate that the rigor of his views—few of which I share—is balanced by a good-natured, private tolerance and even a puckish enjoyment of the company of those of an errant disposition. . . . We enjoy a certain symbiosis, for if it weren't for people like him there might be less need for people like me. . . ."

Kirkland became positively dialectical at the finish, quoting Sidney Hook: "From him I learned the difference between a truth and a deep truth. A deep truth is a truth the converse of which is equally true."

## Briefly

● **DR. ALVIN NOVAK**, an AIDS researcher at Yale University, said on Dec. 22 that the AIDS blood test could fail up to 10% of the time. The government's claims of reliability are "grossly inaccurate and at best misleading." He said that in the early stages of infection there will be no anti-bodies. In fact, there might never be any anti-bodies. Even in later stages, there are often not enough to register. In defense, Dr. John Ward of the Centers for Disease Control stated: "It's a fairly young science. . . . You only have what you have."

● **MOBIL OIL** has begun an advertising campaign on behalf of a "tax on consumption," in apparent support for rumored future administration efforts to establish such a tax. In an ad entitled "It's time for a tax on consumption," appearing in the Jan. 7 *Chicago Tribune*, Mobil argues that current proposals for tax reform would not reduce the deficit, but that a consumption tax of, say, 1%, would, with the added "benefit" that, by penalizing spending, it would encourage savings and investment.

● **THE ACLU** is suing the Big Brothers volunteer organization in Los Angeles, California, for refusing to accept an adult applicant who is bisexual. The ACLU claims it is attempting to protect the "civil rights" of single parents who wish to expose their sons to role models who are perverts.

● **GEORGE A. KEYWORTH**, outgoing presidential science adviser, predicted on Jan. 2 in an interview with the *Washington Times* that there would be rapid breakthroughs in research on the SDI program. "There have been monumental breakthroughs that have made us far more confident 2½ years later than we projected even in the optimistic tone that was evident in the original speech [of President Reagan]," Keyworth said.

# The Mossad-Third Rome alliance

In our editorial last week, we promised our readers a "tumultuous New Year," and the developments of the past week certainly bear that out—but not in the way that your newspaper headlines would suggest. A great sound and fury has arisen over how the United States should respond to the terrorist outrages of the closing days of 1985. But the United States should not respond directly to the provocation purportedly carried out by Libya. Something more interesting is occurring behind the scenes, for which the Libya fracas is a diversion.

Is there Libyan terrorism? You bet there is. Is it really Libya's? Don't bet on it.

To understand what is going on out of the public purview, two crucial factors must be added to the picture: 1) the Israeli secret intelligence service, the Mossad, especially the Sharon wing, and 2) U.S. Secretary of State George Shultz's promise to the Russians during the Geneva summit, that the United States would do nothing which would upset Soviet calculations prior to the 27th Congress of the Soviet Communist Party in February.

Now look at Libya: Everyone who knows anything about the Middle East, knows that the terrorism which is called Libya's, is not only led by the East bloc but is to a large extent promoted by the Israeli Mossad. Officials of the Palestine Liberation Organization, including Yasser Arafat, have repeatedly stressed in January that the so-called Abu Nidal organization has killed more *Palestinians* than it has Israelis.

Libyan terrorism and the Mossad are very similar beasts, descended from the same parent, the oligarchical conspiracy of Soviet and Western operatives known as "The Trust."

Few realize that the Israeli Mossad is committed to enforcing Shultz's promise to the Russians, that the United States will do nothing to rock the boat until Moscow gives the go-ahead. The Mossad is acting as a *de facto* guarantor of Soviet interests in the Western hemisphere. It has deep hooks into the U.S. intelligence community, as the recent espionage scandal involving Jonathan Jay Pollard demonstrated. Pollard was not

simply an Israeli agent; he was a "false flag" spy for the Soviet KGB, working through a Moscow-linked network of Israelis grouped around former defense minister Ariel Sharon and longtime agent of "The Trust" Armand Hammer. Some in U.S. intelligence circles broke the Pollard affair, in an effort to crack the Soviet-Mossad infiltration of American policymaking. And indeed, one aim of the Sharon-Qaddafi "Abu Nidal" offensive was to divert attention from the still potentially explosive Pollard affair.

To understand why the enemies of the United States wish to elicit a knee-jerk U.S. reaction against Libyan terror, one must take into account the fact that Defense Secretary Caspar Weinberger decided, after the Geneva summit, that the United States should continue providing for its own defense, despite Shultz's assurances to the Russians to the contrary.

Weinberger sent a secret report to President Reagan, urging him to break with the unsigned SALT II treaty, in response to repeated Soviet violations of arms-control agreements. Further, he disclosed in a public speech that the Soviets have deployed a minimum of 45 of the new SS-25 ICBMs, in violation of the SALT accords.

Both the Israeli Mossad and Shultz were anxious to plunge the United States headlong into military action against Libya—which, under current circumstances, would only deliver the entire Mediterranean into Soviet hands. Why? We are not about to publicize certain information too sensitive to be revealed, but we can offer the following perception to our readers:

1986 will indeed be the year of tumultuous strategic crises. The Russians and their assets in the Middle East, the Mediterranean, and Europe, intend to blind and defang American defenses during this year. The Israeli Mossad and its assets—in the Arab world and outside of it—are committed to assisting the Soviets to carry out their 1986 perspective.

The United States will have to fight this unholy alliance between the Soviet Third Rome and the Mossad.

# EIR

Quarterly Economic Report

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## The Political Economy of AIDS and How to Fight It

Third Quarter 1985

Executive Intelligence Review

212 pages, over 150 tables and graphs

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- **AIDS is becoming the Black Death of the 20th century:** Nearly 10% of the population in a nine-nation "AIDS Belt" in Africa may already be infected; U.S. cases may be 10 times the acknowledged number, and doubling every six months.
- **It is probable that AIDS can be transmitted by respiratory aerosols** as in tuberculosis, and by "mechanical" vectors such as insects in the tropics. It is not merely a sexual and blood disease, but a disease of economic breakdown—the IMF causes AIDS!
- **The Soviet Union controls information flow on AIDS.** Soviet health nistry officials under Sergei Litvinov run the relevant sections of the World Health Organization, and are responsible for the "guidelines" blocking measures of quarantine, prevention, and medical treatment in the West.



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